

**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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**Bosideng International Holdings Limited**

**波司登國際控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 3998)**

**CONNECTED TRANSACTION  
NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL**

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



A letter from the Board is set out on pages 4 to 14 of this circular.

A letter from the Independent Board Committee (as defined in this circular) containing its advice to the Independent Shareholders (as defined in this circular) is set out on pages 15 to 16 of this circular.

A letter from Access Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 28 of this circular.

A notice convening the EGM of the Company to be convened and held at Tianshan Room, Level 5, Island Shangri-La, Pacific Place, Supreme Court Road, Central, Hong Kong on 26 September 2008 at 10:30 a.m. (or so soon thereafter as the annual general meeting of the Company convened at the same place and date at 10:00 a.m. shall have concluded or adjourned) is set out on pages 37 to 38 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 Rooms 1806–1807, 18th 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.

11 September 2008

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## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 29 August 2008
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Bosideng BVI”	Bosideng International Fashion Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“Call Option”	a conditional call option granted by GHL to Bosideng BVI for the indirect acquisition of 100% of the equity interest of the Menswear Company through the acquisition of 100% of the equity interest of YFL
“Changshu Bosideng”	常熟市波司登服飾有限公司 (Changshu Bosideng Fashion Co., Ltd.*), a limited liability company established in the PRC, whose principal business activities are processing, manufacturing and sale of apparel, and sale of fabric, ancillary materials, bedding, textile, suitcases, leather products and shoes.
“Company”	Bosideng International Holdings Limited (波司登國際控股有限公司), a company incorporated in the Cayman Islands, whose shares are listed on the Stock Exchange
“Conditional Call Option Agreement”	the agreement dated 29 August 2008 between GHL, HFL and Bosideng BVI in relation to the grant by GHL of the Call Option to Bosideng BVI
“connected person”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Transaction and other matters contemplated thereunder
“GHL”	Goldwai Holdings Limited (金威控股有限公司), a company incorporated in the British Virgin Islands, a direct wholly-owned subsidiary of HFL and an Independent Third Party
“Group”	the Company and its subsidiaries
“HFL”	Harvest Fancy Limited (盛怡有限公司), a company incorporated under the laws of Hong Kong, the sole shareholder of GHL and an Independent Third Party

## DEFINITIONS

“Holdback Amount”	the holdback amount comprising the remaining 30% of the option exercise price of the Call Option under the Conditional Call Option Agreement and including any accumulated interest arising therefrom
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company consisting exclusively of independent non-executive Directors who do not have a material interest in the matter (namely Mr. Dong Binggen, Mr. Jiang Hengjie, Mr. Wang Yao and Mr. Ngai Wai Fung)
“Independent Financial Adviser” or “Access Capital”	Access Capital Limited (卓怡融資有限公司), the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transaction, which is a licensed corporation holding a licence under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“Independent Shareholders”	the Shareholders other than Mr. Gao Dekang, Ms. Mei Dong, Ms. Gao Miaoqin, Mr. Gao Xiaodong, Kong Bo Investment Limited and Kong Bo Development Limited (and any of their respective associates)
“Independent Third Party”	an independent third party (to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry), including the ultimate beneficial owners of such party, not connected with the Company or any of its subsidiaries or any of their respective directors, chief executive or substantial shareholders or any of their respective associates (within the meaning of the Listing Rules)
“Latest Practicable Date”	5 September 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained therein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LPL”	Long Pacific (H.K.) Limited (長隆(香港)有限公司), a company incorporated under the laws of Hong Kong, a direct wholly-owned subsidiary of YFL and an Independent Third Party
“Menswear Business”	the design, production and sale of menswear (other than down apparel products)
“Menswear Company”	江蘇康博製衣有限公司 (Jiangsu Kangbo Apparel Co., Ltd.*), a limited liability company established in the PRC, which is primarily engaged in the Menswear Business

## DEFINITIONS

“Non-competition Deed”	the deed of non-competition dated 15 September 2007 entered into by Mr. Gao Dekang in favour of the Company, further details of which are disclosed in the Prospectus under the section “Relationship with Controlling Shareholders and Connected Transactions — Non-Competition Undertaking”
“NPAT”	the net profit after tax of YFL based on the consolidated audited financial statements of the relevant financial year ended 31 March in accordance with the International Financial Reporting Standards
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus issued by the Company dated 27 September 2007
“Right of First Refusal”	the right of first refusal offered by Mr. Gao Dekang or any of his associates (except any members of the Group) to the Company under the Non-competition Deed in the event of a disposal relating to 70% of the equity interest of the Menswear Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	the holders of the Shares
“Shares”	ordinary shares with nominal value of US\$0.00001 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Transaction”	the connected transaction under Rule 14A.70(3) of the Listing Rules in relation to the Board’s issuance of a letter to Changshu Bosideng to inform them of the non-exercise of the Right of First Refusal
“YFL”	Ying Fai Int’l Investment Limited (盈輝國際投資有限公司), a company incorporated in the British Virgin Island, a direct wholly-owned subsidiary of GHL and an Independent Third Party
“%”	per cent

\* For identification purpose only

## LETTER FROM THE BOARD



### **Bosideng International Holdings Limited**

**波司登國際控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 3998)**

*Executive Directors:*

Mr. Gao Dekang (*Chairman and Chief Executive Officer*)  
Ms. Mei Dong  
Ms. Gao Miaoqin  
Dr. Kong Shengyuan  
Ms. Huang Qiaolian  
Ms. Wang Yunlei

*Non Executive Director*

Mr. Shen Jingwu

*Independent Non-Executive Directors:*

Mr. Dong Binggen  
Mr. Jiang Hengjie  
Mr. Wang Yao  
Mr. Ngai Wai Fung

*Registered Office:*

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

*Place of Business in Hong Kong:*

Room 1703A, 17/F  
Harcourt House  
39 Gloucester Road  
Wanchai  
Hong Kong

11 September 2008

*To the Shareholders*

Dear Shareholder,

### **CONNECTED TRANSACTION NON-EXERCISE OF RIGHT OF FIRST REFUSAL**

#### **1. INTRODUCTION**

References are made to the Announcement.

On 8 August 2008, pursuant to the Non-competition Deed, Changshu Bosideng (an associate of Mr. Gao Dekang) served a written notice to the Company of its intention to transfer 70% of its equity interest in the Menswear Company to LPL (an indirect wholly-owned subsidiary of HFL) for a consideration of RMB385,000,000. The consideration was appraised pursuant to a valuation report dated 31 July 2008 by Jiangsu Zhongtian Assets Appraisal Office Co., Ltd., which was derived after having considered, among others, the historical performance of the Menswear Business, its management team, its research and development capability, its brand equity and the future prospects of the menswear

## LETTER FROM THE BOARD

industry. Under this written notice, the sale of the 70% equity interest in the Menswear Company by Changshu Bosideng to LPL will not proceed if the Company exercises its Right of First Refusal to acquire 70% equity interest in the Menswear Company at a consideration of RMB385,000,000. The terms of sale relating to the 70% equity interest in the Menswear Company offered by Changshu Bosideng to LPL are not more favourable than those offered to the Company under the written notice by Changshu Bosideng. Mr. Gao Xiaodong (being the son and an associate of Mr. Gao Dekang) owns 83% of the equity interest of Changshu Bosideng, which in turn owns 70% of the equity interest of the Menswear Company, to which the Right of First Refusal relates. The Company intends to notify Changshu Bosideng of its decision as to whether to exercise the Right of First Refusal.

The Directors (excluding the independent non-executive Directors who reserve their views pending receipt of advice from the Independent Financial Advisor) are of the opinion that it is not appropriate and is not in the best interests of the Company and the Shareholders as a whole, for the Company to exercise the Right of First Refusal at the present time. Accordingly, subject to compliance with the requirements of the Listing Rules, the Board intends to issue a letter to Changshu Bosideng to inform them of the non-exercise of the Right of First Refusal.

The non-exercise of the Right of First Refusal constitutes a connected transaction of the Company under Rule 14A.70(3) of the Listing Rules. The applicable percentage ratios (other than the profit ratio) relating to the non-exercise of the Right of First Refusal would exceed 2.5% under the Listing Rules. As such, the non-exercise of the Right of First Refusal is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The purpose of this circular is:

1. to provide you with further details of the Transaction;
2. to set out the advice of the Independent Financial Adviser to the Independent Board Committee and the Shareholders in respect of the Transaction;
3. to set out the recommendation of the Independent Board Committee in respect of the Transaction; and
4. to give you notice of the EGM at which ordinary resolutions will be proposed for the Independent Shareholders to consider, and if thought fit, to approve the Transaction.

## **2. THE CONNECTED TRANSACTION — NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL**

### **A. Background**

As disclosed in the Prospectus, under the Non-competition Deed, if Mr. Gao Dekang or any of his associates (except any members of the Group) intend to dispose of the Menswear Business, the seller shall first offer to the Company the right to acquire such business. Even if the Company rejects such offer, Mr. Gao Dekang and his associates (except any members of the Group) may not proceed with such disposal to any third party unless the terms of disposal are not more favourable

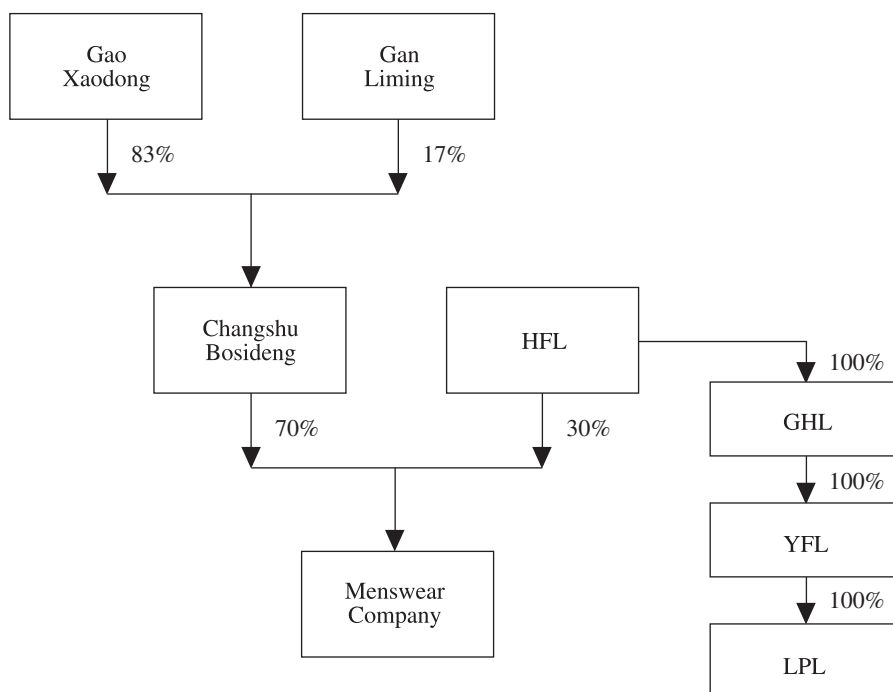
## LETTER FROM THE BOARD

than those offered to the Company. As required under the Non-competition Deed, the Company will also seek approval from the Independent Board Committee as to whether to pursue or decline such offer. The Right of First Refusal is valid for the period during which:

- (i) the shares of the Company remain listed on the Stock Exchange; and
- (ii) Mr. Gao Dekang and/or his associates (other than members of the Group), individually or jointly, are entitled to exercise or control the exercise of not less than 30% of the voting power at general meetings of the Company; or
- (iii) Mr. Gao Dekang or the relevant associates remain as a director of any member of the Group.

### B. Non-exercise of Right of First Refusal

Mr. Gao Xiaodong (being the son and an associate of Mr. Gao Dekang) owns 83% of the equity interest of Changshu Bosideng, which in turn owns 70% of the equity interest of the Menswear Company, to which the Right of First Refusal relates. Mr. Gan Liming, an Independent Third Party, owns the remaining 17% equity interest of Changshu Bosideng. The remaining 30% of the equity interest of the Menswear Company is owned by HFL (which is an Independent Third Party). The current shareholding structure of the Menswear Company is set out below.

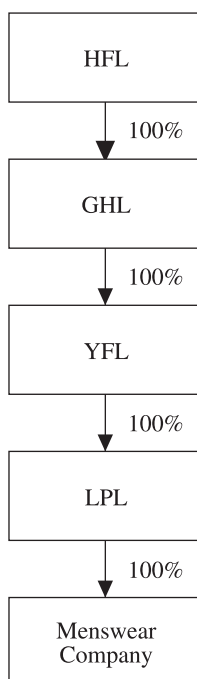


On 8 August 2008, pursuant to the Non-competition Deed, Changshu Bosideng issued a written notice to the Company of its intention to sell 70% of its equity interest in the Menswear Company to LPL (an indirect wholly-owned subsidiary of HFL) for a consideration of RMB385,000,000. The consideration was appraised pursuant to a valuation report dated 31 July 2008 by Jiangsu Zhongtian Assets Appraisal Office Co., Ltd., which was derived after having considered, among others, the historical performance of the Menswear Business, its management



## LETTER FROM THE BOARD

team, its research and development capability, its brand equity and the future prospects of the menswear industry. Under this written notice, the sale of the 70% equity interest in the Menswear Company by Changshu Bosideng to LPL will not proceed if the Company exercises its Right of First Refusal to acquire 70% equity interest in the Menswear Company at a consideration of RMB385,000,000. The terms of sale relating to the 70% equity interest in the Menswear Company offered by Changshu Bosideng to LPL are not more favourable than those offered to the Company under the written notice by Changshu Bosideng. The written notice also stated that HFL intends to transfer its 30% equity interest of the Menswear Company to LPL. Consequently, if the Company decides not to exercise the Right of First Refusal, LPL will be the sole shareholder of the Menswear Company and the shareholding structure of the Menswear Company will be as set out below.



Changshu Bosideng has, through this written notice, also sought the Company's decision as to whether it will exercise its Right of First Refusal to acquire the said 70% of the equity interest of the Menswear Company.

### C. Reasons For Non-Exercise of The Right Of First Refusal

Having taken into account the principal factors and considerations set out below, the Directors (including the independent non-executive Directors who have considered the advice and opinion of the Independent Financial Advisor) consider that it would not be in the best interests of the Company and the Shareholders as a whole to exercise the Right of First Refusal at the present time.

- Given the relative short operating history of the Menswear Business under the Menswear Company following the injection of the Menswear Business into the Menswear Company by Changshu Bosideng in April 2008, there is no assurance that the operational and financial results of the Menswear Company will be consistent and

## LETTER FROM THE BOARD

achieve continuous growth in view of the macro-economic factors and the competitive landscape of the menswear apparel industry. Furthermore, there is no assurance that the senior management team and other key personnel of the Menswear Company will remain with the Menswear Company.

- Exercising the Right of First Refusal will only result in the Company having ownership of 70% of the equity interest of the Menswear Company. There is no assurance that the Company will be able to acquire the remaining 30% of the equity interest of the Menswear Company and its extent of management and shareholding control over the Menswear Company may therefore be limited.
- As the foreign investor of the Menswear Company, HFL is currently contributing its resources to the Menswear Company for the purposes of exploring suitable overseas markets. As such, the Directors are of the view that more time is required to evaluate the extent to which such overseas expansion plans have been beneficial to the financial performance of the Menswear Company before deciding whether to acquire the Menswear Company.
- Even if the Company (upon obtaining approval from the Independent Board Committee and Independent Shareholders) does not exercise the Right of First Refusal, it may exercise the Call Option to indirectly acquire the entire equity interest of the Menswear Company in the future should the Board consider it appropriate, pursuant to arrangements provided under the Conditional Call Option Agreement (further details of which are disclosed under the heading “Conditional Call Option Agreement” below). The Call Option also provides the Company with the added advantage of having more time to evaluate the commercial viability of acquiring the Menswear Company in the future at such consideration derived from a price-earnings ratio (ranging from 9 to 10) which will not be higher than the price-earnings ratio in relation to the price offered by Changshu Bosideng under its written notice (being approximately 10.4 based on the net profit of the Menswear Business amounting to approximately RMB53 million for the financial year ended 31 December 2007).

The Directors (including the independent non-executive Directors who have considered the advice and opinion of the Independent Financial Advisor) are of the opinion that the terms of the Conditional Call Option Agreement are in the best interests of the Company and the Shareholders as a whole.

Accordingly, subject to compliance with the requirements of the Listing Rules (including obtaining the approval of the Independent Shareholders), the Board intends to issue a letter to Changshu Bosideng to inform them of the non-exercise of the Right of First Refusal.

### **D. Conditional Call Option Agreement**

In order to retain the option to acquire the Menswear Business at an appropriate time in the future and pursuant to further discussions between the Company, Changshu Bosideng and HFL, Bosideng BVI entered into a Conditional Call Option Agreement on 29 August 2008 with HFL (as guarantor of GHF’s obligations) and GHF (as grantor of the Call Option, and which will indirectly own the entire issued share capital of the Menswear Company if the Company does not exercise its

## LETTER FROM THE BOARD

Right of First Refusal). The Conditional Call Option Agreement was entered into based on negotiations on an arm's length basis and on normal commercial terms. Save for the facilitation by Changshu Bosideng of communications between the Company and HFL, Mr. Gao Dekang and his associates (as defined in the Listing Rules and except any members of the Group) have not been involved in the negotiations of the Conditional Call Option Agreement.

Under the Conditional Call Option Agreement, GHL has agreed to grant a Call Option in favour of Bosideng BVI at a nominal consideration of HK\$10. The Conditional Call Option Agreement shall only be effective upon the later of (i) the date of approval by the Independent Board Committee and the Independent Shareholders of the Company's non-exercise of the Right of First Refusal, and (ii) the date on which LPL (an indirect wholly-owned subsidiary of GHL) is registered as the sole shareholder of the Menswear Company (as evidenced in the business licence of the Menswear Company). On and after the effective date of the Call Option, Bosideng BVI has a right (but is not obliged) to indirectly acquire the entire equity interest of the Menswear Company through purchasing the entire issued share capital of YFL (a direct wholly-owned subsidiary of GHL), which will in turn indirectly own 100% of the equity interest of the Menswear Company through LPL, its wholly-owned subsidiary.

The Call Option will be exercised only once upon the satisfaction of any of the following stipulated NPAT targets of the Menswear Business:

- (a) the audited NPAT for the financial year ending 31 March 2009 is not less than RMB55 million;
- (b) the audited NPAT for the financial year ending 31 March 2010 is not less than RMB65 million; or
- (c) the audited NPAT for the financial year ending 31 March 2011 is not less than RMB75 million.

The option exercise price under the Call Option will be determined as follows:

- (x) if the Call Option is exercised within the financial year ending 31 March 2010, the option exercise price shall be 10 times the audited NPAT for the financial year ended 31 March 2009 and shall not be more than RMB650 million;
- (y) if the Call Option is exercised within the financial year ending 31 March 2011, the option exercise price shall be 9.5 times the audited NPAT for the financial year ended 31 March 2010 and shall not be more than RMB750 million; and
- (z) if the Call Option is exercised within the financial year ending 31 March 2012, the option exercise price shall be 9 times the audited NPAT for the financial year ended 31 March 2011 and shall not be more than RMB850 million.

The premium over the audited NPAT for the relevant financial year was determined with reference to the price-to-earnings ratio of comparable companies and market transactions. This premium is also reflective of the future development potential of the Menswear Business, taking

## LETTER FROM THE BOARD

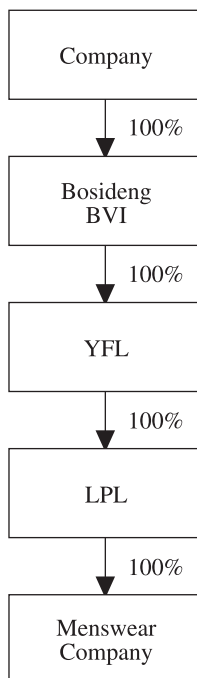
into consideration the potential economic growth in the PRC, the increasing disposable income of PRC residents within major cities, the increasing fashion-consciousness of the general public in the PRC and the Menswear Company's expertise and experience in the Menswear Business.

Upon any exercise of the Call Option, Bosideng BVI will pay GHL 70% of the total option exercise price upon Bosideng BVI becoming registered as the indirect owner of the entire equity interest of the Menswear Company. The remaining 30% of the option exercise price (comprising the Holdback Amount) will be kept in an escrow account and may be payable to in up to three separate annual installments, each of which comprises 10% of the option exercise price. Payment of each installment is conditional upon the satisfaction of stipulated targets relating to the year-on-year increase of the audited NPAT ("**Rate of Increase**") for each of the subsequent three consecutive financial years immediately following the financial year in which the Call Option is exercised. The Holdback Amount for a particular financial year will generally (a) not be paid (if the Rate of Increase is less than 15%), (b) be partially paid (if the Rate of Increase ranges from 15% to 30%), or (c) be paid in full (if the Rate of Increase exceeds 30%). As an example, if the Call Option is exercised within the financial year ending 31 March 2010, the Holdback Amount may be payable (either partly or wholly) in three annual installments during the financial years ending 31 March 2011, 31 March 2012 and 31 March 2013, respectively. Bosideng BVI shall be entitled to any remaining Holdback Amount which has not been paid to GHL after the elapse of these three subsequent financial years.

The Conditional Call Option Agreement shall terminate upon the occurrence of any of the following: (1) (if the Call Option is exercised) the outstanding Holdback Amount has been fully paid to GHL or Bosideng BVI (as the case may be) in accordance with the Conditional Call Option Agreement, (2) (if the Call Option has not been exercised) the expiry of a sixty-day period commencing from the issuance date of the audited consolidated financial statements of YFL for the financial year ending 31 March 2011, or (3) Bosideng BVI, HFL and GHL have agreed in writing to terminate the Conditional Call Option Agreement.

## LETTER FROM THE BOARD

The shareholding structure of the Menswear Company (in the event that the Company exercises the Call Option) is set out below.



### E. Listing Rules Requirements

#### *Non-exercise of Right of First Refusal*

Mr. Gao Xiaodong is one of the Company's substantial shareholders since he is, together with Mr. Gao Dekang, entitled to exercise or control the exercise of 10% or more of the voting power at general meetings of the Company. Mr. Gao Xiaodong also owns 83% of the equity interest of Changshu Bosideng. Changshu Bosideng is therefore an associate of Mr. Gao Xiaodong and is regarded as a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Transaction would constitute a connected transaction of the Company under Rule 14A.70(3) of the Listing Rules.

The total consideration relating to 70% of the equity interest of the Menswear Company (amounting to RMB385,000,000) exceeds HK\$10,000,000, and the applicable percentage ratios (other than the profit ratio) relating to the Transaction would exceed 2.5% under the Listing Rules. As such, the Transaction would be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to the Listing Rules, Shareholders and their associates who have a material interest in the Transaction shall abstain from voting on the resolution approving the Transaction. Mr. Gao Dekang, Ms. Mei Dong, Ms. Gao Miaoqin, Mr. Gao Xiaodong, Kong Bo Investment Limited and Kong Bo Development Limited (and any of their respective associates) are therefore required to abstain from voting on the resolution approving the Transaction, and voting will be conducted by way of poll.

## LETTER FROM THE BOARD

### *Conditional Call Option Agreement*

As the Call Option was granted by GHIL to Bosideng BVI at a nominal consideration of HK\$10, the Call Option constitutes a *de minimis* transaction exempt from reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company will issue an announcement upon the exercise, expiry or transfer of the Call Option in accordance with the applicable requirements under the Listing Rules.

### **F. Information on the Menswear Business**

Changshu Bosideng was the entity which was engaged in the Menswear Business prior to the injection of the Menswear Business into the Menswear Company in April 2008. The Menswear Company is an equity joint venture company incorporated in the PRC on 13 October 2006 and is owned by Changshu Bosideng (as to 70%) and HFL (as to 30%). HFL is an Independent Third Party and is not a connected person (as defined in the Listing Rules) of the Company. The business scope of the Menswear Company primarily relates to the design, production and sale of menswear (other than down apparel products) within the PRC under the *Bosideng* brand. Based on the unaudited PRC financial statements of Changshu Bosideng (as the entity operating the Menswear Business prior to April 2008) for the years ended 31 December 2006 and 31 December 2007, the Menswear Business recorded the following:

	<b>For the year ended 31 December</b>	
	<b>2006</b>	<b>2007</b>
	<i>RMB</i>	<i>RMB</i>
Sales revenue	250,934,190.76	266,526,197.40
Net Profit		
Before income tax	41,890,043.33	53,662,878.57
After income tax	41,282,532.93	52,850,401.75
Net assets	79,090,935.77	131,941,337.52

As the Menswear Company commenced operations of the Menswear Business in April 2008, no financial statements for the preceding two financial years ended 31 December 2006 and 31 December 2007 have been prepared.

YFL and LPL (which were incorporated on 2 June 2008 and 22 May 2008, respectively) are investment holding companies which have not booked in any revenue, profits and assets since their respective incorporation dates.

### **G. Information on the Group**

The Group primarily focuses on developing and managing its portfolio of down apparel brands, which includes research, design and development, raw materials procurement, outsourced manufacturing, and marketing and distribution of branded down apparel products.

### **3. EGM**

Set out in pages 37 to 38 of this circular is the notice to convene and hold the EGM at Tianshan Room, Level 5, Island Shangri-La, Pacific Place, Supreme Court Road, Central, Hong Kong on 26 September 2008 at 10:30 a.m. (or so soon thereafter as the annual general meeting of the Company convened at the same place and date at 10:00 a.m. shall have concluded or adjourned). It is proposed

## LETTER FROM THE BOARD

that an ordinary resolution for the approval of the connected transaction relating to the Company's non-exercise of the Right of First Refusal be put to the Independent Shareholders for their consideration and voting at the EGM. Voting will be conducted by way of poll pursuant to Rule 14A.52 of the Listing Rules.

Under the Listing Rules, Shareholders and their associates who have a material interest in the Transaction are required to abstain from voting at the EGM. Mr. Gao Dekang, Ms. Mei Dong, Ms. Gao Miaoqin, Mr. Gao Xiaodong, Kong Bo Investment Limited and Kong Bo Development Limited will therefore abstain from voting at the EGM. To the knowledge of the Directors, having made all reasonable enquiries, (i) Mr. Gao Dekang, Ms. Mei Dong, Ms. Gao Miaoqin, Mr. Gao Xiaodong, Kong Bo Investment Limited and Kong Bo Development Limited control or are entitled to exercise control over the voting rights in respect of 5,267,643,855 Shares, representing approximately 66.37% of the total issued share capital of the Company as at the Latest practicable Date and; (ii) no other Shareholders and Directors have any material interest in the Transaction and are required to abstain from voting at the EGM under the Listing Rules.

For the purposes of the EGM, the register of members of the Company will be closed from 23 September 2008 to 26 September 2008 (both days inclusive), during which no transfer of Shares will be registered. Accordingly, holders of Shares whose names appear on the register of members of the Company at the close of business on 22 September 2008 shall have the right to attend the EGM.

Each Shareholder who has the right to attend and vote at the EGM is entitled to appoint one or more proxies, whether they are Shareholders or not, to attend and vote on his behalf at the EGM. The proxy form for use in connection with the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, please complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as practicable and in any event at least 48 hours before the time appointed for holding of the meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

#### **4. POLL PROCEDURE**

In compliance with Rule 14A.52 of the Listing Rules, the votes to be taken at the EGM in respect of the Transaction will be taken by poll, the results of which will be announced after the EGM.

Pursuant to Article 66 of the Company's articles of association, a poll can be demanded:

- (i) by the chairman of the meeting; or
- (ii) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting; or

## LETTER FROM THE BOARD

- (iv) by a Shareholder or Shareholders present in person (or in the case of Shareholder being a corporation, by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to attend and vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (v) if required by the Listing Rules, or by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. or more of the total voting rights at such meeting.

### 5. RECOMMENDATION

The Board, including the independent non-executive Directors who are members of the Independent Board Committee, is of the opinion that the terms of the Transaction have been entered into on normal commercial terms, and are fair and reasonable so far as the Company is concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board, including the independent non-executive Directors who are members of the Independent Board Committee, recommends that the Independent Shareholders vote in favour of the resolution set out in the notice of the EGM for the approval of the Transaction.

### 6. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee has been established to advise the Shareholders in respect of the Transaction. Access Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Transaction.

### 7. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee, the letter from Access Capital, and the additional information set out in the appendices to this circular.

Yours faithfully,  
For and on behalf of the Board  
**Bosideng International Holdings Limited**  
**Mr. Gao Dekang**  
*Chairman and Chief Executive Officer*





**Bosideng International Holdings Limited**

**波司登國際控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 3998)**

*Independent Board Committee*

Mr. Dong Binggen

Mr. Jiang Hengjie

Mr. Wang Yao

Mr. Ngai Wai Fung

11 September 2008

*To the Shareholders*

Dear Shareholder,

**CONNECTED TRANSACTION  
NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL**

We refer to the circular dated 11 September 2008 issued by the Company to its Shareholders (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall 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 the Independent Board Committee to advise you as a Shareholder in connection with the Transaction, details of which are set out in the Letter from the Board contained in the Circular.

As your Independent Board Committee, we have discussed with the management of the Company the reasons for the non-exercise of the Right of First Refusal. We have also considered the key factors taken into account by Access Capital in arriving at its opinion regarding the non-exercise of the Right of First Refusal as set out in the letter from Access Capital on pages 17 to 28 of the Circular, which we urge you to read carefully.

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, after taking into account, amongst other things, the views of Access Capital, the independent financial advisor to the Independent Board Committee and the Shareholders, considers that the non-exercise of the Right of First Refusal is in the best interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Shareholders are concerned. Accordingly, we recommend that the Independent Shareholders vote in favour of the resolution set out in the notice of the EGM for the approval of the Transaction.

Yours faithfully,  
Independent Board Committee

**Dong Binggen**

**Jiang Hengjie**

**Wang Yao**

**Ngai Wai Fung**

*Independent non-executive Directors*

## LETTER FROM ACCESS CAPITAL LIMITED

*The following is the text of the letter of advice from Access Capital to the Independent Board Committee and the Independent Shareholders in relation to the Transaction prepared for the purpose of incorporation in this circular.*



Suite 606, 6th Floor  
Bank of America Tower  
12 Harcourt Road  
Central  
Hong Kong

11 September 2008

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

Dear Sirs,

**(1) CONNECTED TRANSACTION  
NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL  
(2) CONDITIONAL CALL OPTION AGREEMENT**

### INTRODUCTION

We refer to our appointment as the independent financial advisor to the Independent Board Committee and the Independent Shareholders in respect of the Transaction, details of which have been set out in the circular to the Shareholders dated 11 September 2008 (the "Circular"), of which this letter forms part. This letter contains our advice to the Independent Board Committee and the Independent Shareholders in respect of the Transaction. Unless the context otherwise requires, terms used in this letter have the same meanings as those defined in the Circular.

The Board announced that on 8 August 2008, pursuant to the Non-competition Deed, Changshu Bosideng (an associate of Mr. Gao Dekang) served a written notice to the Company of its intention to transfer 70% of its equity interest in the Menswear Company to LPL (an indirect wholly owned subsidiary of HFL) for a consideration of RMB385,000,000. Under this written notice, the sale of the 70% equity interest in the Menswear Company by Changshu Bosideng to LPL will not proceed if the Company exercises its Right of First Refusal to acquire 70% equity interest in the Menswear Company at a consideration of RMB385,000,000. The terms of sale relating to the 70% equity interest in the Menswear Company offered by Changshu Bosideng to LPL are not more favourable than those offered to the Company under the written notice by Changshu Bosideng. Mr. Gao Xiaodong (being the son and an associate of Mr. Gao Dekang) owns 83% of the equity interest of Changshu Bosideng, which in turn owns 70% of the equity interest of the Menswear Company, to which the Right of First Refusal relates.

## LETTER FROM ACCESS CAPITAL LIMITED

Changshu Bosideng has, through this written notice, also sought the Company's decision as to whether it will exercise its Right of First Refusal to acquire the said 70% equity interest of the Menswear Company.

The Directors (excluding the independent non-executive Directors who reserve their views pending receipt of advice from the Independent Financial Advisor) are of the opinion that it is not appropriate and is not in the best interests of the Company and the Shareholders as a whole, for the Company to exercise the Right of First Refusal at the present time. Accordingly, subject to compliance with the requirements of the Listing Rules, the Board intends to issue a letter to Changsu Bosideng to inform them of the non-exercise of the Right of First Refusal.

The non-exercise of the Right of First Refusal constitutes a connected transaction of the Company under Rule 14A.70(3) of the Listing Rules. The applicable percentage ratios (other than the profit ratio) relating to the non-exercise of the Right of First Refusal would exceed 2.5% under the Listing Rules. As such, the non-exercise of the Right of First Refusal is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **THE INDEPENDENT BOARD COMMITTEE**

The Board currently consists of six executive Directors, namely Mr. Gao Dekang, Ms. Mei Dong, Ms. Gao Miaoqin, Dr. Kong Shengyuan, Ms. Huang Qiaolian and Ms. Wang Yunlei; one non-executive Director, namely Mr. Shen Jingwu; and four independent non-executive Directors, namely Mr. Dong Binggen, Mr. Jiang Hengjie, Mr. Wang Yao and Mr. Ngai Wai Fung.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Dong Binggen, Mr. Jiang Hengjie, Mr. Wang Yao and Mr. Ngai Wai Fung, has been established to consider the terms of the Transaction and to advise the Independent Shareholders as to whether the non-exercise of the Right of First Refusal is in the best interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholder on how to vote on the resolution at the EGM.

The role of the Independent Financial Advisor is to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Transaction have been entered into on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We have been appointed as the Independent Financial Advisor to give our opinion to the Independent Board Committee in relation to the terms of the Transaction for its consideration when making its recommendation to the Independent Shareholders and as to how the Independent Shareholders should vote on the resolution at the EGM.

### **BASIS AND ASSUMPTIONS OF THE ADVICE**

In formulating our advice, we have relied solely on the statements, information, opinions and representations for matters relating to the Group contained in the Circular and the information and representations provided to us by the Group and/or its senior management staff and/or the Directors. We have assumed that all such statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular or otherwise provided or made or given by the Group and/or its senior management staff and/or the Directors and for which it is/they are solely responsible were true, accurate and valid at the time they were made and given and continue to be true and valid as

## LETTER FROM ACCESS CAPITAL LIMITED

at the date of the Circular. We have assumed that all the opinions and representations for matters relating to the Group made or provided by the Directors and/or the senior management staff of the Group contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Group and/or its senior management staff and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed all currently available information and documents which are available 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 opinions. 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 its senior management staff and/or the Directors and their respective advisors 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 an independent verification of the information provided, nor have we conducted an independent investigation into the business and affairs of the Company or any of its subsidiaries.

### PRINCIPAL FACTORS CONSIDERED

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

#### 1. Background information

##### i) *Information on the Group*

The Group primarily focuses on developing and managing its portfolio of down apparel brands, which include research, design and development, raw materials procurement, outsourced manufacturing, and marketing and distribution of branded down apparel products. As set out in the Company's annual report for the financial year ended 31 March 2008, the Group's operations can be categorized into two segments, namely branded down apparels and OEM management.

The following is the breakdown in turnover of the Group by the two business segments for each of the three financial years ended 31 March 2008, which is extracted from the Company's Prospectus and annual report for the financial year ended 31 March 2008.

	For the year ended 31 March		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)
Down apparels	3,102,145	4,980,569	4,654,306
OEM management	<u>596,496</u>	<u>652,398</u>	<u>625,110</u>
Total turnover	<u><u>3,698,641</u></u>	<u><u>5,632,967</u></u>	<u><u>5,279,416</u></u>

## LETTER FROM ACCESS CAPITAL LIMITED

As indicated in the above table, the branded down apparels business has been the core business of the Group and such business segment accounted for approximately 83.9%, 88.4% and 88.2% of the Group's total turnover for each of the three financial years ended 31 March 2008, respectively.

The Group recorded a decrease of approximately 6.3% in its turnover from approximately RMB5,633 million for the financial year ended 31 March 2007 to approximately RMB5,279 million for the financial year ended 31 March 2008.

### ii) *Information on the Menswear Business*

Changshu Bosideng was the entity which was engaged in the Menswear Business prior to the injection of the Menswear Business into the Menswear Company in April 2008. The Menswear Company is an equity joint venture company incorporated in the PRC on 13 October 2006 and is owned by Changshu Bosideng (as to 70%) and HFL (as to 30%). HFL is an Independent Third Party and is not a connected person (as defined in the Listing Rules) of the Company. The business scope of the Menswear Company primarily relates to the design, production and sale of menswear (other than down apparel products) within the PRC under the Bosideng brand. Based on the unaudited PRC financial statements of Changshu Bosideng (as the entity operating the Menswear Business prior to April 2008) for the years ended 31 December 2006 and 31 December 2007, the Menswear Business recorded the following:

	<b>For the year ended 31 December</b>	
	<b>2006</b>	<b>2007</b>
	<i>RMB</i>	<i>RMB</i>
Sales revenue	250,934,190.76	266,526,197.40
Net Profit		
Before income tax	41,890,043.33	53,662,878.57
After income tax	41,282,532.93	52,850,401.75
Net assets	79,090,935.77	131,941,337.52

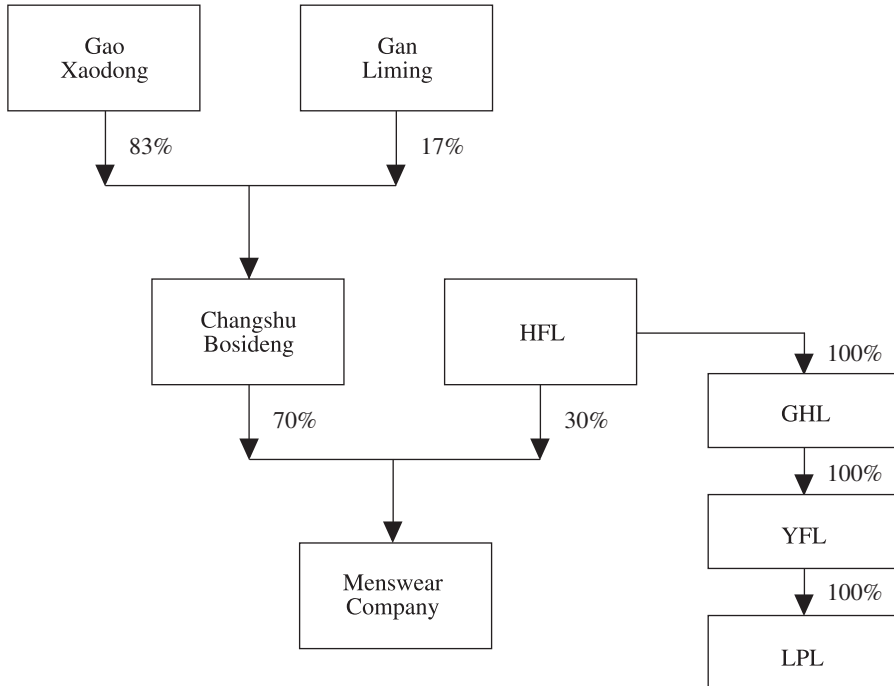
As the Menswear Company commenced operations of the Menswear Business in April 2008, no financial statements for the preceding two financial years ended 31 December 2006 and 31 December 2007 have been prepared.

YFL and LPL (which were incorporated on 2 June 2008 and 22 May 2008, respectively) are investment holding companies which have not booked in any revenue, profits and assets since their respective incorporation dates.

# LETTER FROM ACCESS CAPITAL LIMITED

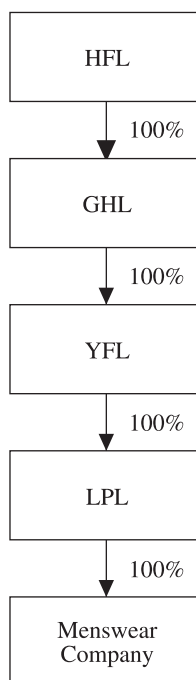
## 2. Non-Exercise of the Right of First Refusal

Mr. Gao Xiaodong (being the son and an associate of Mr. Gao Dekang) owns 83% of the equity interest of Changshu Bosideng, which in turn owns 70% of the equity interest of the Menswear Company, to which the Right of First Refusal relates. Mr. Gan Liming, an Independent Third Party, owns the remaining 17% equity interest of Changshu Bosideng. The remaining 30% of the equity interest of the Menswear Company is owned by HFL (which is an Independent Third Party). The current shareholding structure of the Menswear Company is set out below.



## LETTER FROM ACCESS CAPITAL LIMITED

On 8 August 2008, pursuant to the Non-competition Deed, Changshu Bosideng (an associate of Mr. Gao Dekang) issued a written notice to the Company of its intention to sell 70% of its equity interest in the Menswear Company to LPL (an indirect wholly-owned subsidiary of HFL) for a consideration of RMB385,000,000. Under this written notice, the sale of the 70% equity interest in the Menswear Company by Changshu Bosideng to LPL will not proceed if the Company exercises its Right of First Refusal to acquire 70% equity interest in the Menswear Company at a consideration of RMB385,000,000. The terms of sale relating to the 70% equity interest in the Menswear Company offered by Changshu Bosideng to LPL are not more favourable than those offered to the Company under the written notice by Changshu Bosideng. The written notice also stated that HFL intends to transfer its 30% equity interest of the Menswear Company to LPL. Consequently, if the Company decides not to exercise the Right of First Refusal, LPL will be the sole shareholder of the Menswear Company and the shareholding structure of the Menswear Company will be as set out below.



Changshu Bosideng has, through this written notice, also sought the Company's decision as to whether it will exercise its Right of First Refusal to acquire the said 70% of the equity interest of the Menswear Company.

### 3. Non-Exercise of the Right of First Refusal

Having taken into account the principal factors and considerations set out below, the Directors (including the independent non-executive Directors who have considered the advice and opinion of the Independent Financial Advisor) consider that it would not be in the best interests of the Company and the Shareholders as a whole to exercise the Right of First Refusal at the present time.



## LETTER FROM ACCESS CAPITAL LIMITED

- Given the relative short operating history of the Menswear Business under the Menswear Company following the injection of the Menswear Business into the Menswear Company by Changshu Bosideng in April 2008, there is no assurance that the operational and financial results of the Menswear Company will be consistent and achieve continuous growth in view of the macro-economic factors and the competitive landscape of the menswear apparel industry in the PRC. Furthermore, there is no assurance that the senior management team and other key personnel of the Menswear Company will remain with the Menswear Company. As at the Latest Practicable Date, the Directors are not aware of any long-term service agreements entered into by the senior management team and other key personnel of the Menswear Company. As such, the loss of services from any of these key personnel could impair the ability of the Menswear Company to operate and execute its business strategies. Any inability to replace such personnel within a reasonable time period with other personnel of equivalent expertise and experience may severely disrupt the financial performance of the Menswear Company.
- Exercising the Right of First Refusal will only result in the Company having ownership of 70% of the equity interest of the Menswear Company. There is no assurance that the Company will be able to acquire the remaining 30% of the equity interest of the Menswear Company and its extent of management and shareholding control over the Menswear Company may therefore be limited. We note that if the Company exercises the Right of First Refusal, the Menswear Company will become a non-wholly owned subsidiary of the Company, while the remaining equity holding of the Menswear Company will be held by HFL, whose strategies and objectives of holding the Menswear Company as well as its management style and corporate culture may be different from the Company. This will reduce the effectiveness of exercising control of the Menswear Company by the Company as well as result in potential conflict between the Company and HFL. Therefore, we concur with the Company's view that the extent of management and shareholding control over the Menswear Company may therefore be limited.
- As the foreign investor of the Menswear Company, HFL is currently contributing its resources to the Menswear Company for the purposes of exploring suitable overseas markets. However, we note that the Menswear Business only recorded a turnover of approximately RMB6.5 million from its operations in the United Kingdom, being the only overseas market, in 2007. As such, the Directors are of the view that more time is required to evaluate the extent to which such overseas expansion plans have been beneficial to the financial performance of the Menswear Company before deciding whether to acquire the Menswear Company. Although HFL will (as a strategic shareholder of the Menswear Company) leverage its strong experience in the overseas menswear apparel markets to implement the overseas expansion plans of the Menswear Company, we are of the view that the operating history of the Menswear Business by the Menswear Company (which has only been approximately 4 months since April 2008) is too short. Therefore, it will be difficult to reasonably assess whether such overseas expansion plans will enhance the financial performance of the Menswear Company to a meaningful extent.

## LETTER FROM ACCESS CAPITAL LIMITED

- Even if the Company (upon obtaining approval from the Independent Board Committee and Independent Shareholders) does not exercise the Right of First Refusal, it may exercise the Call Option to indirectly acquire the entire equity interest of the Menswear Company in the future should the Board consider it appropriate, pursuant to arrangements provided under the Conditional Call Option Agreement (further details of which are disclosed below). The Call Option also provides the Company with the added advantage of having more time to evaluate the commercial viability of acquiring the Menswear Company in the future at such consideration derived from a price-earnings ratio (ranging from 9 to 10) which will not be higher than the price-earnings ratio in relation to the price offered by Changshu Bosideng under its written notice (being approximately 10.4 based on the net profit of the Menswear Business amounting to approximately RMB53 million for the financial year ended 31 December 2007). In any case, the Conditional Call Option Agreement provides the Company with the flexibility to elect to acquire the Menswear Business upon its effective date and up to the expiry of the sixty-day period commencing from the issuance date of the audited consolidated financial statements of YFL for the financial year ending 31 March 2011. For the reasons elucidated under the section “Terms of the Conditional Call Option Agreement” below, we are also of the view that the terms of the Conditional Call Option Agreement are in the best interests of the Company and Shareholders as a whole and are fair and reasonable so far as the Shareholders are concerned (regardless of whether the the Right of First Refusal has been exercised).

Accordingly, subject to compliance with the requirements of the Listing Rules (including obtaining the approval of the Independent Shareholders), the Board intends to issue a letter to Changshu Bosideng to inform them of the non-exercise of the Right of First Refusal. In view of the foregoing reasons, we are of the opinion that the non-exercise of the Right of First Refusal is fair and reasonable.

#### **4. Terms of the Conditional Call Option Agreement**

In order to retain the option to acquire the Menswear Business at an appropriate time in the future and pursuant to further discussions between the Company, Changshu Bosideng and HFL, Bosideng BVI entered into a Conditional Call Option Agreement on 29 August 2008 with HFL (as guarantor of GHG's obligations) and GHG (as grantor of the Call Option, and which will indirectly own the entire issued share capital of the Menswear Company if the Company does not exercise its Right of First Refusal). The Conditional Call Option Agreement was entered into based on negotiations on an arm's length basis and on normal commercial terms.

Under the Conditional Call Option Agreement, GHG has agreed to grant a Call Option in favour of Bosideng BVI at a nominal consideration of HK\$10. The Conditional Call Option Agreement shall only be effective upon the later of (i) the date of approval by the Independent Board Committee and the Independent Shareholders of the Company's non-exercise of the Right of First Refusal, and (ii) the date on which LPL (an indirect wholly owned subsidiary of GHG) is registered as the sole shareholder of the Menswear Company (as evidenced in the business licence of the Menswear Company). On and after the effective date of the Call Option, Bosideng BVI has a right (but is not obliged) to indirectly acquire the entire equity interest of the Menswear

## LETTER FROM ACCESS CAPITAL LIMITED

Company through purchasing the entire issued share capital of YFL (a direct wholly-owned subsidiary of GHL), which will in turn indirectly own 100% of the equity interest of the Menswear Company through LPL, its wholly-owned subsidiary.

The Call Option will be exercised only once upon the satisfaction of any of the following stipulated NPAT targets of the Menswear Business:

- (a) the audited NPAT for the financial year ending 31 March 2009 is not less than RMB55 million;
- (b) the audited NPAT for the financial year ending 31 March 2010 is not less than RMB65 million; or
- (c) the audited NPAT for the financial year ending 31 March 2011 is not less than RMB75 million.

The option exercise price under the Call Option will be determined as follows:

- (x) if the Call Option is exercised within the financial year ending 31 March 2010, the option exercise price shall be 10 times the audited NPAT for the financial year ended 31 March 2009 and shall not be more than RMB650 million;
- (y) if the Call Option is exercised within the financial year ending 31 March 2011, the option exercise price shall be 9.5 times the audited NPAT for the financial year ended 31 March 2010 and shall not be more than RMB750 million; and
- (z) if the Call Option is exercised within the financial year ending 31 March 2012, the option exercise price shall be 9 times the audited NPAT for the financial year ended 31 March 2011 and shall not be more than RMB850 million.

The premium over the audited NPAT for the relevant financial year was determined with reference to the price-to-earnings ratio of comparable companies and market transactions. This premium is also reflective of the future development potential of the Menswear Business, taking into consideration the potential economic growth in the PRC, the increasing disposable income of PRC residents within major cities, the increasing fashion-consciousness of the general public in the PRC and the Menswear Company's expertise and experience in the Menswear Business.

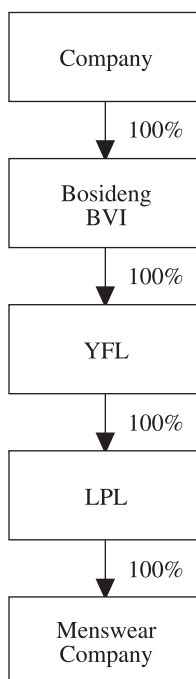
Upon exercise of the Call Option, Bosideng BVI will pay GHL 70% of the total option exercise price upon Bosideng BVI becoming registered as the indirect owner of the entire equity interest of the Menswear Company. The remaining 30% of the option exercise price (comprising the Holdback Amount) will be kept in an escrow account and may be payable to in up to three separate annual installments, each of which comprises 10% of the option exercise price. Payment of each annual installment is conditional upon the satisfaction of stipulated targets relating to the year-on-year increase of the audited NPAT ("**Rate of Increase**") for each of the subsequent three consecutive financial years immediately following the financial year in which the Call Option is exercised. The Holdback Amount for a particular financial year will (a) not be paid (if the Rate of Increase is less than 15%), (b) be partially paid (if the Rate of Increase ranges from 15% to 30%), or (c) be paid in full (if the Rate of Increase exceeds 30%). As an example, if the Call Option is

## LETTER FROM ACCESS CAPITAL LIMITED

exercised within the financial year ending 31 March 2010, the Holdback Amount may be payable (either partly or wholly) in three annual installments during the financial years ending 31 March 2011, 31 March 2012 and 31 March 2013, respectively. Bosideng BVI shall be entitled to any remaining Holdback Amount which has not been paid to GHL after the elapse of these three subsequent financial years.

The Conditional Call Option Agreement shall terminate upon the occurrence of any of the following: (1) (if the Call Option is exercised) the outstanding Holdback Amount has been fully paid to GHL or Bosideng BVI (as the case may be) in accordance with the Conditional Call Option Agreement, (2) (if the Call Option has not been exercised) the expiry of a sixty-day period commencing from the issuance date of the audited consolidated financial statements of YFL for the financial year ending 31 March 2011, or (3) Bosideng BVI, HFL and GHL have agreed in writing to terminate the Conditional Call Option Agreement.

The shareholding structure of the Menswear Company (in the event that the Company exercises the Call Option) is set out below.



### *NPAT targets*

The nominal consideration of HK\$10 for the Call Option is immaterial. By entering into the Conditional Call Option Agreement, the Company acquires the right to buy 100% of the Menswear Company if any of the NPAT targets can be achieved by the Menswear Company. We understand that the NPAT targets are negotiated at arm's length which give an upside potential to HFL if it manages to achieve a better result and therefore provides an incentive for HFL to agree to grant the Call Option. We therefore of the view that the NPAT targets are fair and reasonable.

## LETTER FROM ACCESS CAPITAL LIMITED

### *Price-earnings ratio*

The exercise prices under the Call Option represent price-earnings ratios ranging from 9 to 10. To assess the fairness and reasonableness of the price-earnings ratio adopted for calculating the option exercise price, we have obtained the price-earnings ratios of companies whose shares are listed on the Stock Exchange (“**Comparable Companies**”) and whose businesses, products, markets and size are similar to that of the Menswear Company. These ratios are set out below:

Name	Stock Code	Closing price as at Latest Practicable Date	Price to earnings ratio
Anta Sports Products Limited	2020	5.50	15.36
Bossini International Holdings Limited	592	0.285	8.36
China Dongxiang (Group) Co., Ltd.	3818	2.98	16.44
Esprit Holdings Limited	330	59.85	11.49
Giordano International Limited	709	3.07	12.53
Glorious Sun Enterprises Limited	393	3.60	7.41
Li Ning Company Limited	2331	17.86	26.60
Ports Design Limited	589	18.76	20.81
Xtep International Holdings Limited	1368	2.14	12.41
<b>Average</b>			14.60
<b>Median</b>			12.53

*Source:* Bloomberg

We note that the price-earnings ratios set for the NPAT targets (which are between 9 and 10) are lower than the average and median of the Comparable Companies. Therefore, we are of the view that the price-earnings ratio of each NPAT targets set are fair and reasonable.

### *Other terms*

Upon any exercise of the Call Option, Bosideng BVI will pay GHL 70% of the total option exercise price upon Bosideng BVI becoming registered as the indirect owner of the entire equity interest of the Menswear Company. The remaining 30% of the option exercise price (comprising the Holdback Amount) will be kept in an escrow account and may be payable to GHL in up to three separate annual installments, each of which comprises 10% of the option exercise price.

Based on the payment mechanism of the Holdback Amount under the Conditional Call Option Agreement (and as more fully described above), we note that the Company is not required to fully pay the Holdback Amount if HFL (through its subsidiaries) does not ensure the NPAT of the Menswear Company is maintained at an optimal level corresponding to a Rate of Increase exceeding 30%. This has the advantage of incentivising the optimal financial

## LETTER FROM ACCESS CAPITAL LIMITED

performance of the Menswear Company before the Company makes any further payment of the Holdback Amount and is therefore beneficial to the Company and Shareholders as a whole.

Based on the above analysis, we are therefore of the view that the terms of the Conditional Call Option Agreement are in the best interests of the Company and Shareholders as a whole and are fair and reasonable so far as the Shareholders are concerned.

### RECOMMENDATION

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders, we have considered the above principal factors and reasons, in particular, the following:

- (i) the background of and the reasons for the Transaction;
- (ii) the reasons for the non-exercise of the Right of First Refusal;
- (iii) the terms of the Conditional Call Option Agreement; and
- (iv) the valuation of the Comparable Companies for similar business in Hong Kong.

Based on the above consideration, we are of the opinion that the Transaction is on normal commercial terms, and that the non-exercise of the Right of First Refusal is in the best interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Shareholders are concerned. Accordingly, we would advise the Independent Board Committee and the Independent Shareholders that the Independent Shareholders should vote in favour of the resolution to approve the Transaction at the EGM.

Yours faithfully,  
For and on behalf of  
**Access Capital Limited**

**Alexander Tai**  
*Principal Director*

**Ivan Chan**  
*Senior Vice President*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

### (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 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 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 issued share capital of Company
Mr. Gao Dekang	Interest of controlled corporation ( <i>Note 1</i> )	5,154,719,202	64.95%
	Deemed interest ( <i>Note 2</i> )	69,000,846	0.87%
Ms. Mei Dong	Interest of controlled corporation ( <i>Note 3</i> )	52,571,999	0.66%
	Beneficial owner ( <i>Note 4</i> )	2,763,697	0.03%
Ms. Gao Miaoqin	Beneficial owner ( <i>Note 4</i> )	2,763,697	0.03%
Dr. Kong Shengyuan	Beneficial owner ( <i>Note 4</i> )	2,763,697	0.03%
Ms. Huang Qiaolian	Beneficial owner ( <i>Note 4</i> )	2,763,697	0.03%
Ms. Wang Yunlei	Beneficial owner ( <i>Note 4</i> )	1,878,242	0.02%

*Notes:*

- (1) Mr. Gao Dekang is the beneficial owner of 95% of the issued share capital of Kong Bo Investment Limited (with the remaining beneficial owner of 5% of the issued share capital of Kong Bo Investment Limited being Mr. Gao Xiaodong, the son of Mr. Gao Dekang). Mr. Gao Dekang is deemed to be interested in the number of shares of the Company held by Kong Bo Investment Limited.
- (2) The Share Scheme (which was adopted by a resolution of the Company's board of directors on 14 June 2007) comprises 69,000,846 shares of the Company held by Gather Wealth Holdings Limited (as trustee of the Share Scheme). Mr. Gao Dekang is deemed to be interested in the 69,000,846 shares of the Company held by Gather Wealth Holdings Limited in his capacity as of one of the founders of the Share Scheme.
- (3) Ms. Mei Dong beneficially owns the entire issued share capital of Kong Bo Development Limited and is deemed to be interested in the number of shares of the Company held by Kong Bo Development Limited.
- (4) Each of Ms. Mei Dong, Ms. Gao Miaoqin, Dr. Kong Shengyuan and Ms. Huang Qiaolian was granted 2,763,697 shares of the Company, and Ms. Wang Yunlei was granted 1,878,242 shares of the Company, under the Share Scheme over a vesting period.

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 for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

- (b) *Long position in the associated corporation 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 issued share capital of associated corporation
Mr. Gao Dekang	Other	Kong Bo Investment Limited	95	95.00%



**(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:

<b>Name of shareholder</b>	<b>Nature of interest</b>	<b>Number of Shares held</b>	<b>Approximate percentage of interest in the issued share capital of the Company</b>
Kong Bo Investment Limited	Corporate interest	5,154,719,202	64.95%
Shanghai Olympics Investment Holdings Company Limited ("Olympics Investment")	Corporate interest ( <i>Note 2</i> ) Deemed interest ( <i>Note 1</i> )	616,151,953 69,000,846	7.76% 0.87%
The HSBC Private Equity Fund 3 Limited ("HSBC Private Equity")	Corporate interest ( <i>Note 2</i> )	685,152,799	8.63%
Solandra Investments Limited	Corporate interest ( <i>Note 2</i> )	685,152,799	8.63%
HSBC Entities	Corporate interest ( <i>Note 3</i> )	685,152,799	8.63%
Capital Research and Management Company	Corporate interest	402,586,000	5.07%

*Notes:*

- (1) The Share Scheme comprises 69,000,846 shares of the Company held by Gather Wealth Holdings Limited (as trustee of the Share Scheme). Olympics Investment is deemed to be interested in the 69,000,846 shares of the Company held by Gather Wealth Holdings Limited in its capacity as one of the founders of the Share Scheme.

- (2) Olympics Investment is a wholly-owned subsidiary of HSBC Private Equity. Solandra Investments Limited owns 33.8% of the shareholding interest of HSBC Private Equity. Solandra Investments Limited is an indirect wholly-owned subsidiary of its ultimate holding company, HSBC Holdings plc. Each of HSBC Private Equity and Solandra Investments Limited is deemed to be interested in the shares of the Company held by Olympics Investment.
- (3) This refers to the shareholding of each of the HSBC Entities, which comprise The Hongkong and Shanghai Banking Corporation Limited, HSBC Asia Holdings B.V., HSBC Asia Holdings (UK), HSBC Holdings B.V., HSBC Finance (Netherlands) and HSBC Holdings plc, each of which is deemed to be interested in the shares of the Company held by Olympics Investment. Olympics Investment is a wholly-owned subsidiary of HSBC Private Equity. Solandra Investments Limited owns 33.8% of the shareholding interests of HSBC Private Equity. Solandra Investments Limited is directly wholly-owned by The Hongkong and Shanghai Banking Corporation Limited, which is directly wholly-owned by HSBC Asia Holdings B.V., a direct wholly-owned subsidiary of HSBC Asia Holdings (UK). HSBC Asia Holdings (UK) is in turn directly wholly-owned by HSBC Holdings B.V., which is directly wholly-owned by HSBC Finance (Netherlands), a direct wholly-owned subsidiary of HSBC Holdings plc.

Save as disclosed above, as at Latest Practicable Date, none of the substantial shareholders of the Company has 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.

As at the Latest Practicable Date, Mr. Gao Dekang (as Chairman and Chief Executive Officer of the Company) is a director of Kong Bo Investment Limited, and Mr. Shen Jingwu (as the non-executive Director of the Company) is a director of Olympics Investment.

### (C) Material Interests

As disclosed in the Announcement, the non-exercise of the Right of First Refusal relates to the refusal by the Company to exercise its right to acquire a 70% equity interest in the Menswear Company, which is an associate of Mr. Gao Dekang.

As disclosed in the Prospectus and the Annual Report of the Company for the financial year ended 31 March 2008 under “Report of Directors — Continuing Connected Transactions”, the Group entered into the following transactions with Mr. Gao Dekang and his associates other than members of the Group (the “**Parent Group**”).

#### (a) *Framework Trademark Licensing Agreements*

The Group entered into a framework trademark licensing agreement dated 15 September 2007 with Mr. Gao Dekang and the Parent Group, pursuant to which the Group licensed all the trademarks that are relevant to the Group’s core business to the Parent Group solely for use in connection with business operations which are outside the scope of the Group’s business (excluding any use as company names and on properties invested by the Parent Group) for a term of three years. In consideration, the Parent Group will pay the Group royalties based on arms-length commercial terms and by reference to the royalties charged by the Group on independent third parties. In addition, the Group also entered into a framework trademark licensing agreement dated 15 September 2007 with Mr. Gao Dekang and the

Parent Group, pursuant to which the Group licensed all the aforesaid trademarks to the Parent Group for use as company names and on properties invested by the Parent Group for a term of three years at no consideration.

(b) *Framework Manufacturing Outsourcing and Agency Agreement*

The Company entered into a framework manufacturing outsourcing and agency agreement dated 15 September 2007 with Mr. Gao Dekang, pursuant to which the Group agreed to outsource the manufacturing process of down apparel and original equipment manufacturing products to the Parent Group on a non-exclusive basis, and the Group pays the Parent Group a fee based on the agreed production volume. Under such agreement, the Parent Group also from time to time procures raw materials for the Group's business from independent third party suppliers in the PRC on the Group's behalf and in accordance with the Group's instructions, and no agency fee is payable by the Group to the Parent Group. The term of the framework outsourcing manufacturing agreement is three years.

(c) *Framework Raw Material Purchase Agreement*

The Company entered into a framework raw material purchase agreement dated 15 September 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. 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.

(d) *Framework Distribution and Sale Agreement*

The Company entered into a framework distribution and sale agreement dated 15 September 2007 with Mr. Gao Dekang, pursuant to which the Parent Group sells the Group's down apparel through its distribution and sales channels for a commission fee calculated as an agreed percentage of the monthly sales receipts. Under this agreement, the commission rate applicable to the Group is in line with the rate offered by the Parent Group to independent third parties. The term of the framework distribution and sale agreement is three years.

(e) *Property Lease Agreement*

The Company entered into a framework property lease agreement with Mr. Gao Dekang dated 15 September 2007, pursuant to which Mr. Gao Dekang procured the Parent Group to lease 12 properties with a total area of approximately 55,824 square metres to the Group for a term of no more than 20 years. The rental payable under the property lease agreement is 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.

(f) *Framework Integrated Service Agreement*

The Company entered into a framework integrated service agreement dated 15 September 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. The framework integrated service agreement was entered into on terms no less favourable to the Group than terms available to independent third parties.

Save as disclosed in the Announcement and the Annual Report of the Company for the financial year ended 31 March 2008 under “Report of Directors — Continuing Connected Transactions”, 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 the Announcement and the Annual Report of the Company for the financial year ended 31 March 2008 under “Report of Directors — Continuing Connected Transactions”, none of the Directors or any professional advisers named in paragraph 7 of this Appendix has had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2008, 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. LITIGATION**

As at the Latest Practicable Date, the Group was not engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Group.

**4. SERVICE CONTRACTS**

All of the Directors were appointed for a term of three years with effect from 15 September 2007. In accordance with Article 87 of the Articles of Association of the Company, at each annual general meeting of the Company, one-third of the Directors for the time being shall retire from office by rotation and a retiring Director shall be eligible for re-election at that annual general meeting.

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.

## 5. MATERIAL ADVERSE CHANGE

Save as disclosed herein, as at the Latest Practicable Date, the Directors confirm that there has not been any material adverse change in the financial or trading position of the Company since 31 March 2008, being the date of the latest published audited financial statements of the Company.

## 6. CONSENTS

Access Capital 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.

## 7. QUALIFICATIONS OF EXPERTS

The following are the qualifications of the professional advisers who have given opinions or advice contained in this circular:

Names	Qualifications
Access Capital	A licensed corporation in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO

As at the Latest Practicable Date, Access Capital 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 and nor had any interest, either directly or indirectly, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

## 8. 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, 17/F 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.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at Freshfields Bruckhaus Deringer at 11th Floor, 2 Exchange Square, Central, Hong Kong during normal business hours on any business day from the date of this circular up to and including 25 September 2008:

- (a) the memorandum and articles of association of the Company;
- (b) the letter from the Independent Board Committee set out in this circular;
- (c) the letter of advice from Access Capital to the Independent Board Committee and the Shareholders set out in this circular;
- (d) the letter of consent from Access Capital referred to in paragraph 7 of this Appendix;
- (e) the Non-competition Deed; and
- (f) the Conditional Call Option Agreement.

**Bosideng International Holdings Limited****波司登國際控股有限公司***(incorporated in the Cayman Islands with limited liability)***(Stock code: 3998)****NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of Bosideng International Holdings Limited (the “**Company**”) will be held at Tianshan Room, Level 5, Island Shangri-La, Pacific Place, Supreme Court Road, Central, Hong Kong on 26 September 2008 at 10:30 a.m. (or so soon thereafter as the annual general meeting of the Company convened at the same place and date at 10:00 a.m. shall have concluded or adjourned) for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

**ORDINARY RESOLUTION****“THAT:**

- (a) the non-exercise of the right of first refusal offered by Changshu Bosideng (as an associate of Mr. Gao Dekang) to the Company under the Non-competition Deed dated 15 September 2007 in the event of a disposal relating to 70% of the equity interest of Jiangsu Kangbo Apparel Co., Ltd. (the “**Right of First Refusal**”, as defined and further described in the circular to the shareholders of the Company dated 11 September 2008) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) the directors and company secretary of the Company be and are hereby authorised to do all such further acts and things and execute such further documents and take all steps which in their opinion may be necessary, desirable or expedient to effect and implement the non-exercise of the Right of First Refusal and the transactions contemplated thereunder, with any changes as such directors and company secretary of the Company may consider necessary, desirable or expedient.”

By Order of the Board of  
**Bosideng International Holdings Limited**  
**Gao Dekang**  
*Chairman*

Hong Kong, 11 September 2008

*Notes:*

1. A shareholder entitled to attend and vote at the above meeting is entitled to appoint another person as his proxy to attend and vote instead of him; a proxy need not be a shareholder of the Company.
2. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, a form of proxy must be deposited the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1806–07, 18th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof. The completion and return of the form of proxy shall not preclude members of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.

*At the date of this notice, the executive directors of the Company are Mr. Gao Dekang, Ms. Mei Dong, Ms. Gao Miaoqin, Dr. Kong Shengyuan, Ms. Huang Qiaolian and Ms. Wang Yunlei; the non-executive director of the Company is Mr. Shen Jingwu; and the independent non-executive directors of the Company are Mr. Dong Binggen, Mr. Jiang Hengjie, Mr. Wang Yao and Mr. Ngai Wai Fung.*