
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)

CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF EGM

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



A letter from the Board is set out on pages 4 to 9 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 10 to 11 of this circular.

A letter from Investec Capital Asia Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Shareholders is set out on pages 12 to 19 of this circular.

A notice convening the EGM to be convened and held at 10:30 a.m., Hong Kong on 22 February 2012 at Regus Conference Centre, 35/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong is set out on pages 27 to 28 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.

7 February 2012

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DEFINITIONS

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

“Agreement”	the framework manufacturing outsourcing and agency agreement entered into between the Company and Mr. Gao Dekang dated 15 September 2007, in respect of which a notice of renewal was served by the Company to the Parent Group on 22 May 2010 for a further term of three years from 15 September 2010 and pursuant to which the Group agrees to outsource its manufacturing process of down apparel to the Parent Group on a non-exclusive basis
“Announcement”	the announcement made by the Company dated 9 January 2012
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Bosideng International Holdings Limited, an exempted company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held to consider and approve the extension of the term of the Agreement and the New Annual Caps
“Group”	the Company and its subsidiaries
“HK\$”	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”	the independent board committee comprising all the INEDs

DEFINITIONS

“Independent Financial Adviser” or “Investec Capital”	Investec Capital Asia Limited, a corporation licensed under the SFO to carry out type 1 regulated activities (dealing in securities), type 4 regulated activities (advising on securities), type 6 regulated activities (advising on corporate finance) and type 9 regulated activities (asset management), the independent financial adviser appointed to advise the Independent Board Committee in relation to the transactions contemplated under the Agreement (including the New Annual Caps)
“Independent Shareholders”	Shareholders other than Mr. Gao Dekang and his associates and any other person who has a material interest in the Agreement
“INEDs”	the independent non-executive Directors, namely Mr. Dong Binggen, Mr. Jiang Hengjie, Mr. Wang Yao and Mr. Ngai Wai Fung
“Latest Practicable Date”	3 February 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining the information contained therein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Annual Caps”	the new annual caps for the continuing connected transactions under the Agreement for the financial year ending 31 March 2014, as set out under the section headed “New Annual Caps” in this circular
“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
“Share Scheme”	a share scheme of the Company adopted on 14 June 2007 (which is not subject to the provisions of Chapter 17 of the Listing Rules)
“Shares”	ordinary shares of US\$0.00001 each in the share capital of the Company

DEFINITIONS

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

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
Dr. Kong Shengyuan
Ms. Gao Miaoqin
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, 17th Floor, Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

7 February 2012

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF EGM**

INTRODUCTION

Reference is made to the Announcement in respect of, among other things, (i) the Agreement; and (ii) the New Annual Caps.

LETTER FROM THE BOARD

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

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

The Agreement

Connected persons

As Mr. Gao Dekang (the Chairman and Chief Executive Officer of the Company) is the substantial Shareholder of the Company beneficially interested in approximately 65.08% of the Company's issued share capital, transactions between the Group and the Parent Group (including the transactions under the Agreement) constitute connected transactions for the Company under the Listing Rules.

Background Information

Pursuant to the Agreement, the Company has agreed to outsource its manufacturing process of down apparel to the Parent Group on a non-exclusive basis. The details of the Agreement were set out in the announcement of the Company dated 11 March 2010 and the circular of the Company dated 31 March 2010.

As the amount of services actually required by the Company under the Agreement exceeds the original projection, the aggregate amount of fees payable by the Group to the Parent Group under the Agreement for the financial year ending 31 March 2012 may soon exceed the original annual cap. Accordingly, the Company proposes to obtain the New Annual Caps for the three financial years ending 31 March 2014 in order to comply with Rule 14A.36 of the Listing Rules.

Under the Agreement, the Parent Group provides labour, factory, premises, necessary equipment, water and electricity for the processing of down apparel products. The Group provides the Parent Group with raw materials, product designs and specifications, and pays the Parent Group a processing fee based on the agreed production volume with a view to facilitating the Parent Group's manufacturing work. The processing fee is to be charged at a mark-up of approximately 15% on the actual costs incurred for the processing services, which shall be payable in cash by the Group within 30 days after the completion of processing of each batch of down apparel products. In addition, the Parent Group also from time to time procures raw materials for the Group's original equipment manufacturing ("OEM") business from independent third party suppliers in the PRC in accordance with the Group's instructions. No agency fee is payable by the Group to the Parent Group and the raw materials procured is used solely for the manufacturing of the Group's OEM products.

The Company served a notice of renewal to the Parent Group on 22 May 2010 to renew the Agreement for another term of three years from 15 September 2010 to 14 September 2013. The

LETTER FROM THE BOARD

Agreement shall, subject to compliance by the Group with the relevant requirements applicable to continuing connected transactions under the Listing Rules, be renewable at the option of the Company for another term of three years by giving at least three months' notice prior to the expiry of the renewed term.

As the Company intends to further extend the term of the Agreement from 14 September 2013 to 14 September 2014, the Company entered into a supplemental agreement on 9 January 2012 with Mr. Gao Dekang to revise the term of extension provided under the Agreement, which shall, subject to compliance by the Group with the relevant requirements applicable to continuing connected transactions under the Listing Rules, be renewable at the option of the Company for another term of three years or such other term as agreed by the parties. Further, the term of the Agreement shall be further extended or revised by the Company prior to its expiry if agreed by the parties. Save as the said revision, all other terms of the Agreement shall remain unchanged.

Historical Figures

	For the year ended 31 March 2009 (audited) RMB (million)	For the year ended 31 March 2010 (audited) RMB (million)	For the year ended 31 March 2011 (audited) RMB (million)	For the period from 1 April 2011 to 30 November 2011 (unaudited) RMB (million)
Fees paid under the Agreement	229.9	286.4	343.6	353.4

New Annual Caps

The Company proposes the following New Annual Caps:

	For the year ending 31 March 2012		2013		2014
	<i>RMB (million)</i>		<i>RMB (million)</i>		<i>RMB (million)</i>
	Original Cap	Revised Cap	Original Cap	Revised Cap	New Cap
Fees payable under the Agreement	396.3	550.0	435.9	687.5	859.4

The New Annual Caps set out above are determined based on the following:

- (a) the historical figures of the relevant transactions, the expected increase in prices for the receipt of similar services from third party contract manufacturers over the next three years, in particular, the increase of manufacturing fees as a result of higher labour costs;

LETTER FROM THE BOARD

- (b) based on the quality assurance of the Parent Group in the field of down apparel manufacturing over the years and the increasing customer requirements for improved quality of down garments in recent year, the specific demand from the OEM customers of the Group for the down apparel products to be manufactured by the Parent Group has been substantially increased; and
- (c) the expected market conditions and increase in demand for the Group's down apparel products.

The Directors (including the INEDs) have confirmed that the fees payable by the Group to the Parent Group for the manufacturing outsourcing services have been determined on an arm's length basis by reference to the actual production volume.

The Directors (including the INEDs, having received and considered the advice from the Independent Financial Adviser) are of the opinion that the New Annual Caps are fair and reasonable and that the transactions contemplated under the Agreement are in the ordinary and usual course of business of the Group and on normal commercial terms, and that the terms of the Agreement are fair and reasonable and in the interest of the Shareholders as a whole. Mr. Gao Dekang, Ms. Mei Dong (the wife of Mr. Gao Dekang) and Ms Gao Miaoqin (the cousin of Mr. Gao Dekang), all of whom are Directors, have abstained from voting on the board resolutions approving the extension of the term of the Agreement and the New Annual Caps.

Listing Rules Implications

As each of the relevant percentage ratios applicable to the New Annual Caps is expected to be more than 5% on an annual basis and the maximum annual consideration under the Agreement is more than HK\$10 million, the continuing connected transactions under the Agreement will continue to be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under the Listing Rules.

INFORMATION ABOUT THE PARTIES

The Group

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

Mr. Gao Dekang

Mr. Gao Dekang (the Chairman and Chief Executive Officer of the Company) is the substantial Shareholder of the Company beneficially interested in approximately 65.08% of the Company's issued share capital.

LETTER FROM THE BOARD

EGM

A notice convening the EGM to be held at 10:30 a.m., Hong Kong on 22 February 2012 at Regus Conference Centre, 35/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong is set out on pages 27 to 28 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolutions in relation to the extension of the term of the Agreement and the New Annual Caps.

The ordinary resolutions to be proposed at the EGM to approve the extension of the term of the Agreement and the New Annual Caps 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 65.12% 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 resolutions to approve the extension of the term of the Agreement and the New Annual Caps.

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 Shareholders in relation to the extension of the term of the Agreement and the New Annual Caps. Investec Capital has been appointed as the Independent Financial Advisor to advise the Independent Board Committee in relation to the extension of the term of the Agreement and the New Annual Caps.

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

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

LETTER FROM THE BOARD

GENERAL

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

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

Independent Board Committee

Mr. Dong Binggen

Mr. Jiang Hengjie

Mr. Wang Yao

Mr. Ngai Wai Fung

7 February 2012

To the Shareholders

Dear Shareholder,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 7 February 2012 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 members of the Independent Board Committee to advise you as a Shareholder in connection with the extension of the term of the Agreement and the New Annual Caps, the details of which are set out in the Letter from the Board contained in the Circular. Investec Capital has been appointed to advise us, the Independent Board Committee in relation to the extension of the term of the Agreement and the New Annual Caps.

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 9 of the Circular, and the letter from Investec Capital to us, the Independent Board Committee and the Shareholders containing its advice in respect of the extension of the term of the Agreement and the New Annual Caps, as set out on pages 12 to 19 of the Circular.

Having taken into account of the principal factors and reasons considered by Investec Capital and its conclusion and advice, we consider that the transactions under the Agreement are in the ordinary and usual course of business of the Group and are on normal commercial terms, that the terms of the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

transactions under the Agreement, and the New Annual Caps are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the extension of the term of the Agreement and the New Annual Caps.

Yours faithfully,

Independent Board Committee

Dong Binggen

Jiang Hengjie

Wang Yao

Ngai Wai Fung

Independent non-executive Directors

LETTER FROM INVESTEC CAPITAL

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



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7 February 2012

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

Dear Sirs,

EXTENSION OF THE TERM OF CONTINUING CONNECTED TRANSACTIONS AND REVISION OF ANNUAL CAPS

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreement (the "Agreement"), the details of which are set out in the circular to the Shareholders dated 7 February 2012 (the "Circular"), of which this letter forms part. This letter contains our advice to the Independent Board Committee and the Independent Shareholders in respect of the Agreement. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

As noted in the Letter from the Board, the Company served a notice of renewal to the Parent Group to renew the Agreement for three years from 15 September 2010 to 14 September 2013. Although the Agreement has not expired and remains in force, the Company intends to revise the existing annual caps and to further extend the term of the Agreement from 14 September 2013 to 14 September 2014. Such decision is primarily based on the anticipated rise in production and labour costs.

The transactions contemplated under the Agreement to be effective for the three years ending 14 September 2014 will be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements as the applicable percentage ratios under the Listing Rules are expected to be more than 5% on an annual basis and the maximum annual consideration is more than HK\$10 million.

The Independent Board Committee, comprising all the INEDs, has been formed to advise the Independent Shareholders as to whether the proposed extension of the term of the Agreement are in

LETTER FROM INVESTEC CAPITAL

the interests of the Company and the Shareholders as a whole; and whether the terms of the Agreement including the New Annual Caps are fair and reasonable. As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the proposed extension of the term of the Agreement is in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the Agreement, including the New Annual Caps thereunder, are fair and reasonable; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the proposed extension of the term of the Agreement and the New Annual Caps at the EGM.

BASIS OF OUR OPINION

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company 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 Company and/or its senior management staff and/or the Directors 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 senior management staff of the Company 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 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 information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truthfulness, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company and/or its senior management staff and/or the Directors 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 business and affairs of the Group.

PRINCIPAL FACTORS CONSIDERED

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

1. Information on the Group

The Group primarily focuses on developing and managing its portfolio of down apparel brands, which includes research, design and development, raw materials procurement, original equipment manufacturing (“OEM”) management, and marketing and distribution of branded down apparel products.

LETTER FROM INVESTEK CAPITAL

Set out below is a summary of the financial results of the Group extracted from the Company's annual report for the year ended 31 March 2011 (the "Annual Report") and interim report for the six months ended 30 September 2011 (the "Interim Report"):

	For the six months ended 30 September		For the year ended 31 March	
	2011	2010	2011	2010
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from:				
Down apparels	1,775,381	1,209,203	5,684,635	4,688,901
OEM management	631,099	518,319	768,703	646,777
Menswear apparels (non-down)	<u>332,634</u>	<u>130,762</u>	<u>584,467</u>	<u>402,443</u>
Total revenue	2,739,114	1,858,284	7,037,805	5,738,121
Cost of sales	<u>(1,659,808)</u>	<u>(1,154,022)</u>	<u>(3,738,436)</u>	<u>(2,851,484)</u>
Gross profit	1,079,306	704,262	3,299,369	2,886,637
Profit from operations	275,870	84,010	1,371,968	1,205,521
Profit before income tax	354,321	177,536	1,500,674	1,277,440
Profit for the period/year	326,549	110,526	1,271,996	1,078,545
Profit attributable to:				
Equity holders of the Company	327,398	110,565	1,276,446	1,078,550

The revenue of the Group for the year ended 31 March 2011 was approximately RMB7,037.8 million, representing an increase of approximately 22.7% from the revenue recorded in the previous financial year of approximately RMB5,738.1 million. As stated in the Annual Report, the increase in revenue was due to (a) favorable macro trend where the total retail sales of the PRC increased by approximately 18.4% when compared with 2009, or 2.8% higher than that of 2009 accompanied by a real GDP growth rate of approximately 14.8% after adjustment for price factor; and (b) the Company's development of non-seasonal apparel products through expansion of brand and product portfolio.

Profit attributable to equity holders of the Company for the year ended 31 March 2011 was approximately RMB1,276.5 million, representing an increase of approximately 18.3% from approximately RMB1,078.6 million for the year ended 31 March 2010.

For the six months ended 30 September 2011, the Group recorded a revenue of approximately RMB2,739.1 million, representing an increase of approximately 47.4% as compared with the revenue of approximately RMB1,858.3 million in the corresponding period in 2010. As set out in the Interim Report, the increase was mainly driven by the following factors: (a) the Group launched the light and slim Autumn down apparel, bringing forward the sales period of down apparel to early September; (b) the Group was able to pass the increase in costs to customers, while raising product price and

LETTER FROM INVESTEC CAPITAL

controlling inventory through flexible sales strategies; (c) the Group conducted OEM business during the off-peak season by effective resources allocation; and (d) the Group implemented the strategy of development of non-seasonal apparel to increase the contribution from non-down apparel business.

Profit attributable to equity holders of the Company for the six months ended 30 September 2011 was approximately RMB327.4 million, representing an increase of approximately 196.1% from approximately RMB110.6 million for the corresponding period in 2010.

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

As set out in the Letter from the Board, the existing Agreement has an initial term of three years from 15 September 2010 to 14 September 2013. The Company entered into a supplemental agreement on 9 January 2012 with Mr. Gao Dekang to revise the term of extension provided under the Agreement which shall, subject to compliance with the relevant requirements applicable to continuing connected transactions under the Listing Rules, be renewable at the option of the Company for another term of three years or such other term as agreed by the parties.

In order to further strengthen the Group's competitive position, the Group focuses the resources on the design, raw material procurement, marketing, sale and distribution of its products and outsources the manufacturing process of the Group's products to reliable external contract manufacturers, which include a number of factories and production sites owned or controlled by Mr. Gao Dekang's family, namely, Jiangsu Xuezhongfei, Shanghai Kangbo Feida, Shandong Kangbo Industry Co., Ltd., Smartland Children's Wear Co., Ltd. and Changshu Bosideng Apparel Co., Ltd. (together, the "Manufacturing Companies"). The Manufacturing Companies specialize in the manufacturing process of apparel on a contractual basis for the Group as well as its third party customers and are not involved, whether directly or indirectly, in any stage of the Group's non-outsourced supply chain. In particular, the Manufacturing Companies are not involved in the OEM management business which generally includes marketing, export trading, trading coordination and OEM export client relationship management. As such, there is no overlap between the businesses of the Manufacturing Companies and those of the Group.

As stated in the Annual Report, competition within the down apparel industry in the PRC is fierce and the sale of down apparel products is often affected by weather and the peak sales seasons of such products are short (i.e. from October to late February). Accordingly, we are of the view that it is significantly important that the Group is able to minimize the production time and respond swiftly to changes in the market so as to prevent loss of market share to its competitors. It was evidenced in the Interim Report that the Company was able to meet increased demand when the winter weather came in October 2010 and the Company was able to promptly replenish the stock of popular items during the extended peak season from December 2010 onwards. Given the specialization of the Parent Group in the manufacturing process of apparel and the relationship between the Group and the Parent Group, we consider that the Parent Group is strategically in an advanced position to provide the manufacturing services to the Group as the Parent Group shall have a better understanding of the Group, in particular its production needs that are subject to changes from time to time.

LETTER FROM INVESTEC CAPITAL

Having considered the historical co-operation and non-overlapping business relationship between the Group and the Parent Group and the aforesaid benefits, we concur with the Company's view that the proposed extension of the term of the Agreement to 14 September 2014 is in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Agreement

Under the Agreement, the Parent Group (which includes the Manufacturing Companies) provides labour, factory, premises, necessary equipment, water and electricity for the processing of down apparel products. The Group provides the Parent Group with raw materials, product designs and specifications, and pays the Parent Group a fee based on the agreed production volume with a view to facilitating the Parent Group's manufacturing work. The processing fee is to be charged at a mark-up of approximately 15% on the actual costs incurred for the processing services, which shall be payable in cash by the Group within 30 days after the completion of processing of each batch of down apparel products. In addition, the Parent Group also from time to time procures raw materials for the Group's OEM business from independent third party suppliers in the PRC in accordance with the Group's instructions. No agency fee is payable by the Group to the Parent Group and the raw materials procured are used solely for the manufacturing of the Group's OEM products.

We understand from the management that, the Group also engages other independent third parties for the processing of down apparel products. We understand from the Company that the relevant payment terms, payment method and price payable under the Agreement are comparable to those with independent third parties. We have reviewed and compared certain transactions entered into between the Group and the Parent Group, and those between the Group and independent third parties for the processing of the same type of down apparel products, and noted that the price, payment terms and payment method under the transactions with the Parent Group were no less favourable to the Group than those with the independent third parties.

We also understand from the Company that the supplemental agreement entered into between the Company and Mr. Gao Dekang on 9 January 2012, which extended the term of the Agreement to 14 September 2014 does not alter the other terms of the Agreement.

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

LETTER FROM INVESTEC CAPITAL

4. Rationale for determining the New Annual Caps

As stated in the Letter from the Board, the Agreement was renewed in 2010 for a term of three years from 15 September 2010 to 14 September 2013. Set out below are the aggregate fees paid by the Group to the Parent Group for each of the two years ended 31 March 2010 and 2011 and the eight-month period from 1 April 2011 to 30 November 2011:

	For the period from 1 April 2011 to 30 November 2011 (unaudited) RMB' million	For the year ended 31 March 2011 (audited) RMB' million	For the year ended 31 March 2010 (audited) RMB' million	For the year ended 31 March 2009 (audited) RMB' million
Fees paid under the Agreement	353.4	343.6	286.4	229.9

The New Annual Caps for each of the three years ending 31 March 2014 are set out below:

	For the year ending 31 March		
	2014	2013	2012
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
New Annual Caps	859.4	687.5	550.0

The New Annual Caps for the three years ending 31 March 2014 have been estimated with reference to the historical figures of the relevant transactions, the expected increase in prices for the receipt of similar services from third party contract manufacturers over the next three years, in particular, the increase of manufacturing fee as a result of higher labour costs, the further expansion of the Group and the expected market conditions and demand for the Group's down apparel products.

We note that the aggregate fees paid by the Group to the Parent Group have been increasing in the past, for the three year period from 31 March 2008 to 31 March 2011, the fees paid has increased from approximately RMB229.9 million for the year ended 31 March 2009 to RMB343.6 million for the year ended 31 March 2011, representing a compound annual growth rate of approximately 22.2%.

The fees paid from 1 April 2011 to 30 November 2011 were approximately RMB353.4 million whereby the average monthly fees paid over the eight-month period were approximately RMB44.2 million. Assuming that the fees payable under the Agreement remain stable, the estimate for the fees paid from 1 April 2011 to 31 March 2012 would be approximately RMB530 million. Given the nature of the down apparel business where the peak sales seasons are from October to late February, we consider the estimate cap payable by the Company under the Agreement for the period from 1 April 2011 to 31 March 2012 of RMB550 million to be reasonable and in line with the estimated fees of RMB530 million as mentioned above.

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The New Annual Caps for the three year period from 2012 to 2014 are RMB550 million, RMB687.5 million and RMB859.4 million, respectively. This represents a year on year increase of approximately 25% which is in line with the 22.2% compound annual growth rate of the fees paid from 31 March 2008 to 31 March 2011 as mentioned above. Furthermore, in order to assess the reasonableness of the New Annual Caps, we have also considered the Company's revenue growth (see below).

	For the period from 30 September 2010 to 30 September 2011	For the period from 31 March 2010 to 31 March 2011
Company's revenue growth	47.4%	22.7%

Based on the fact that the New Annual Caps are in line with the latest fees paid and the growth rate of the New Annual Caps of 25% is also in line with the historical growth rate of approximately 22.2% together with the Company's revenue growth as mentioned above, we concur with the view of the management of the Company that the New Annual Caps have been arrived at on a fair and reasonable basis.

5. Conditions of the New Annual Caps under the Agreement

There are certain conditions imposed on the New Annual Caps pursuant to the Listing Rules, in particular, the restriction of the value of the transactions contemplated under the Agreement by way of the New Annual Caps for the relevant financial years ending 31 March 2012, 2013 and 2014 and the annual review by the INEDs of the terms of such transactions and the relevant New Annual Caps not being exceeded, details of which must be included in the Company's subsequent published annual reports and accounts. Also, pursuant to the Listing Rules, each year the auditors of the Company must provide a letter to the Board confirming, among other things, that the transactions contemplated under the Agreement are conducted in accordance with the terms therein and that the relevant New Annual Caps are not being exceeded. In addition, pursuant to the Listing Rules, the Company shall publish an announcement if it knows or has reason to believe that the INEDs and/or its auditors will not be able to confirm that the terms of such transactions or the relevant New Annual Caps are not exceeded. We are of the view that there are appropriate measures in place to govern the conduct of the transactions contemplated under the Agreement and safeguard the interests of the Independent Shareholders.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that (i) the proposed extension of the term of the Agreement is in the interests of the Company and the Shareholders as a whole; (ii) the transactions contemplated under the Agreement are in the ordinary and usual course of business of the Company and on normal commercial terms; and (iii) the terms of

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the Agreement, including the New Annual Caps, are fair and reasonable. Accordingly, we would advise the Independent Board Committee and the Independent Shareholders that the Independent Shareholders should vote in favour of the ordinary resolution to approve the proposed extension of the term of the Agreement and the New Annual Caps at the EGM.

Yours faithfully,
For and on behalf of
Investec Capital Asia Limited
Alexander Tai
Executive Director

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 (a) required 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%
Ms. Mei Dong	Other (Notes 1 and 4)	5,208,791,201	65.05%
	Beneficial owner (Note 2)	2,763,697	0.03%
Dr. Kong Shengyuan	Beneficial owner (Note 2)	2,763,697	0.03%
Ms. Gao Miaoqin	Beneficial owner (Note 2)	2,763,697	0.03%
Ms. Huang Qiaolian	Beneficial owner (Note 2)	2,763,697	0.03%
Ms. Wang Yunlei	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, Dr. Kong Shengyuan, Ms. Gao Miaoqin and Ms. Huang Qiaolian was granted 2,763,697 Shares respectively, and Ms. Wang Yunlei was granted 1,878,242 Shares, under the Share Scheme over a vesting period.
- (3) Mr. Gao Dekang is the spouse of Ms. Mei Dong. Thus, he is deemed to be interested in the 2,763,697 Shares held by Ms. Mei Dong under the SFO.
- (4) Ms. Mei Dong is the spouse of Mr. Gao Dekang. Thus, she is deemed to be interested in the 5,208,791,201 Shares held by Mr. Gao Dekang under the SFO.

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

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

Note:

Kong Bo Investment Limited and Kong Bo Development Limited own 64.39% and 0.66% of the shares (comprising 5,156,219,202 Shares and 52,571,999 Shares, respectively). Each of 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 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	65.05%
Kova Group Limited	Interest of controlled corporation	5,208,791,201	65.05%
Kong Bo Investment Limited	Corporate interest	5,156,219,202	64.39%

Note:

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

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

(C) Material Interests

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

(a) Framework Raw Material Purchase Agreement

The Company entered into a framework raw material purchase agreement dated 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, 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 Company served a notice of renewal to the Parent Group on 22 May 2010 to renew the agreement for another term of three years from 15 September 2010.

(b) 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, 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 Company served a notice of renewal to the Parent Group on 22 May 2010 to renew the agreement for another term of three years from 15 September 2010.

As resolved by the Board on 9 January 2012, the annual caps for the service fees payable by the Group to the Parent Group under the Framework Integrated Service Agreement for the two financial years ending 31 March 2013 have been revised. The details of such revision were set out in the Announcement.

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

The Company entered into a property lease agreement with Mr. Gao Dekang dated 15 September 2007, pursuant to which Mr. Gao Dekang shall procure the Parent Group to lease 12 properties with a total area of approximately 55,824 square meters 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. In April 2009, the Company terminated the leases of 3 premises and on 11 March 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. 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) *The Agreement*

The details of the Agreement are set out in pages 5 to 7 of this Circular.

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

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or any professional advisers named in paragraph 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 31 March 2011, 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

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 2011, being the date of the latest published audited financial statements of the Company.

6. CONSENTS

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

As at the Latest Practicable Date, Investec 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, 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.

9. 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 22 February 2012:

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

NOTICE OF EGM



波司登國際控股有限公司
Bosideng International Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3998)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Bosideng International Holdings Limited (the “Company”) will be held at Regus Conference Centre, 35/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, on 22 February 2012 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

1. **“THAT:**

- (a) the extension of the term of the Agreement, the proposed annual caps for each of the three years ending 31 March 2014 for the Agreement and all the transactions contemplated therein as set out in the circular to the shareholders of the Company dated 7 February 2012 be approved; and
- (b) any one director of the Company be and is hereby authorised on behalf of the Company to execute all such documents, in such final form or with such amendments as that director may deem appropriate, and to do all such acts or things, as he/she may in his/her absolute discretion consider necessary or desirable, to give effect to the Agreement and the transactions contemplated therein.”

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

Hong Kong, 7 February 2012

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.

NOTICE OF EGM

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, Dr. Kong Shengyuan, Ms. Gao Miaoqin, Ms. Huang Qiaolian and Ms. Wang Yunlei, the non-executive Director is Mr. Shen Jingwu, and the independent non-executive Directors are Mr. Dong Binggen, Mr. Jiang Hengjie, Mr. Wang Yao and Mr. Ngai Wai Fung.