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.

波司登
BOSIDENG

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
REVISION OF THE TERMS AND ANNUAL CAPS, AND THE RENEWAL, OF THE FRAMEWORK MANUFACTURING OUTSOURCING AND AGENCY AGREEMENTS AND NOTICE OF EGM

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

Gram Capital Limited
嘉林資本有限公司

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 14 to 15 of this circular. A letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 30 of this circular.

A notice convening the EGM to be convened and held immediately after the conclusion of the annual general meeting of the Company at 10 a.m. on Monday, August 26, 2019 at Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong is set out on pages 40 to 41 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, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later 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 desire.

July 26, 2019

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

"Agreements"	collectively, the Initial Agreement and the Supplemental Agreement
"Announcement"	the announcement made by the Company dated May 27, 2019
"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 revision of the terms, and the renewal, of the Agreements (including the New Annual Caps thereunder)
"Group"	the Company and its subsidiaries
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee comprising all the INEDs
"Independent Financial Adviser" or "Gram Capital"	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the revision of the terms, and the renewal, of the Agreements (including the New Annual Caps thereunder)

"Independent Shareholders"	Shareholders other than Mr. Gao Dekang and his associates and any other person who has a material interest in the Agreement
"INEDs"	the independent non-executive Directors, namely Dr. Ngai Wai Fung, Mr. Dong Binggen and Mr. Wang Yao
"Initial Agreement"	the framework manufacturing outsourcing and agency agreement entered into between the Company and Mr. Gao Dekang dated September 15, 2007, in respect of which notice of renewal will be served by the Company to the Parent Group to further extend the term up to September 14, 2022, pursuant to which the Group agrees to outsource its manufacturing process of down apparel to the Parent Group on a non-exclusive basis
"Latest Practicable Date"	July 22, 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining the information contained therein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Manufacturing Companies"	Bosideng Corporation Limited, Jiangsu Xuezhongfei Apparels Manufacturing Co., Ltd., Shandong Kangbo Industry Co., Ltd., Jiangsu Bosideng Clothing Co., Ltd., Jiangsu Bosideng Industrial Development Co., Ltd., Henan Xinbo Clothing Co., Ltd. and Jiangsu Kangxin Garment Co., Ltd., all of which are owned or controlled by the Parent Group
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Companies under Appendix 10 of the Listing Rules
"New Annual Cap(s)"	the proposed revised annual cap and the new annual caps for the continuing connected transactions under the Agreements for the three years ending March 31, 2022, as set out under the section headed "New Annual Caps" in the "Letter from the Board"
"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 (Chapter 571 of the Laws of Hong Kong)
"Shareholders"	the shareholders of the Company
"Shares"	ordinary shares of USD0.00001 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreement"	the agreement supplemental to the Initial Agreement entered into between the Company and Mr. Gao Dekang dated May 27, 2019 relating to the expansion of the scope of manufacturing and processing services to down related materials
"USD"	United States dollar, the lawful currency of the United States of America
"%"	per cent

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 and Chief Executive Officer of the Company)
Ms. Mei Dong
Ms. Huang Qiaolian
Mr. Rui Jinsong
Mr. Gao Xiaodong

Independent non-executive Directors:
Dr. Ngai Wai Fung
Mr. Dong Binggen
Mr. Wang Yao

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

Place of Business in Hong Kong:
Unit 5709, 57/F, The Center
99 Queen's Road Central
Hong Kong

July 26, 2019

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
REVISION OF THE TERMS AND ANNUAL CAPS, AND
THE RENEWAL, OF THE FRAMEWORK MANUFACTURING OUTSOURCING
AND AGENCY AGREEMENTS**

INTRODUCTION

Reference is made to the Announcement in respect of the revision of the terms, and the renewal, of the Agreements and the New Annual Caps thereunder.

The purpose of this circular is to provide you with, among other things, (i) details of the New Annual Caps; (ii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in relation to the revision of the terms, and the renewal, of the Agreements (including the New Annual Caps thereunder); (iii) the recommendation of the Independent Board Committee to the Independent Shareholders regarding the revision of the terms, and the renewal, of the Agreements (including the New Annual Caps thereunder) as well as voting at the EGM; and (iv) the notice of the EGM to the Shareholders.

FRAMEWORK MANUFACTURING OUTSOURCING AND AGENCY AGREEMENTS

Supplemental Agreement

On May 27, 2019, the Company and Mr. Gao Dekang (the Chairman, Chief Executive Officer and substantial shareholder of the Company) entered into the Supplemental Agreement to expand the scope of the manufacturing and processing services offered by the Parent Group under the Initial Agreement to down related materials, in addition to down apparel products.

Scope of the Agreements

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

Under the Agreements, the Parent Group provides labour, factory, premises, necessary equipment, water and electricity for the processing of down apparel products (including semi-finished and finished products) and its down related materials. 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 and processing works.

In addition, the Parent Group also from time to time procures raw materials for the Group's original equipment manufacturing ("**OEM**") management 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. Members of the Group and the Parent Group will enter into, from time to time and as necessary, separate implementation agreements for each of the specific transactions contemplated under the Agreements during the term thereof.

Fees

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

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

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

REVISION OF 2019/20 ANNUAL CAPS

As the amount of services actually required by the Company under the Agreements exceeds the original projection due to the reasons set out below, the aggregate amount of fees payable by the Group to the Parent Group for the year ending March 31, 2020 is expected to exceed the original annual cap. Accordingly, the Company proposes to obtain the New Annual Cap for the year ending March 31, 2020 in order to comply with Rule 14A.54 of the Listing Rules.

(i) Substantial growth in branded down apparel business and OEM management business

As disclosed in the Group's FY2018/19 interim report, the Group began to implement its overall strategy of focusing on its principal business and key brands while implementing de-diversification. The Group's core brand – *Bosideng* – focused on its positioning as "Global Hot-selling Down Apparel Experts" and continued to strengthen its brand upgrades, quality upgrades, channel upgrades, image upgrades and innovation in fashion and functionality resulting in its branded down apparel business achieving better results in terms of its retail and revenue performance (including online and offline) in FY2018/19. For the year ended March 31, 2019, the Group's branded down apparel business under the *Bosideng* brand recorded an increase of approximately 38.3% in revenue to approximately RMB6,849.2 million as compared to that for the corresponding period of last year. The revenue of the overall branded down apparel business segment increased by approximately 35.5% to approximately RMB7,657.5 million as compared to that for the corresponding period of last year.

The revenue from the Group's OEM management business also reached approximately RMB1,368.3 million for the year ended March 31, 2019, representing approximately 13.2% of the Group's revenue and increased by approximately 46.1% as compared to that for the corresponding period of last year. The substantial increase in the revenue from OEM management business over that in the same period of last year was mainly due to the fact that the Group focused on core customers' needs and worked together with customers to develop some new product categories by capitalizing on the Group's technology strengths, which gradually increased the proportion of original design manufacturing ("**ODM**") management business during the upgrade process from purely OEM to ODM management business. This enhanced customers' loyalty and resulted in a significant increase in the actual total number of orders secured from existing customers as compared to that in the corresponding period in the last financial year. Coupled with the production management experience of being the expert of down apparel, it has strengthened the quality control and management of orders and production process, thus enhancing the competitiveness of the Group's OEM management business.

As a result of the substantial increase in sales of the Group's branded down apparel and the number of orders secured from existing OEM customers in FY2018/19 and such upward trend is expected to continue in FY2019/20, the demand for the manufacturing services of the Group from the Parent Group is expected to increase substantially.

(ii) Expanded scope of manufacturing and processing services under the Supplemental Agreement

As a result of expanded scope of services offered by the Parent Group to the Group under the Supplemental Agreement to cover the processing of down related materials (i.e. the splitting, washing and stacking processing services for rough processed raw down, such as raw duck down or raw goose down, which are raw materials for down apparel), the utilization of the processing services from the Parent Group is expected to correspondingly increase with this additional processing services for the said raw down materials, in addition to the processing services for down apparel products. In order to guarantee the demand for high quality down apparel to match the Group's upgraded positioning of the mid-to-high end product under the *Bosideng* brand, the Group will increase the processing services of specified materials for down products, as well as purchase more processed raw down for processing services such as splitting, washing and stacking.

(iii) Specific demand from OEM customers

Based on the quality assurance of the Parent Group in the field of down apparel manufacturing over the years, the increasing customer requirements for improved quality of down garments in recent years and the enhanced customer loyalty, the specific demand from the OEM customers of the Group for the down apparel products to be manufactured by the Parent Group has been continuously increased.

(iv) High product quality and quick response

As disclosed in the Group's FY2018/19 annual report, high product quality and quick responses are the core competitive edges of the Group's supply chain and also the key elements in sustaining its efficient, healthy and long-term development. According to the current strategy on commodity management, the Group continues to replenish stock on a rolling basis during the peak season according to the data about the responses from the end consumers, and achieves the target of maintaining high product quality and quick response, thereby greatly strengthening the inventory optimization management of channels.

Under such strategy, each batch of down apparel products orders placed by the Group achieves the target of maintaining high product quality and quick response while maintaining demand-pull mechanism, quickly updating and ordering small quantities at a quick turnaround time. As such, there are not many independent manufacturers who are capable to take up such manufacturing orders. The Parent Group therefore took up most of these manufacturing orders of small quantities placed by the Group, which nearly fully utilized the original annual caps as disclosed below.

Historical Figures

Set out below are the aggregate fees paid under the Agreements by the Group to the Parent Group for each of the three years ended March 31, 2019 and the three months period ended June 30, 2019 together with the historical annual caps:

Year ended March 31,						Three months period ended June 30,	Year ending March 31,
2017		**2018**		**2019**		**2019**	**2020**
RMB (million)		*RMB (million)*		*RMB (million)*		*RMB (million)*	*RMB (million)*
(Audited)		(Audited)		(Audited)		(Unaudited)	
Actual amounts	Historical cap	Actual amounts	Historical cap	Actual amounts	Historical cap	Actual amounts	Historical cap
554.6	1,150.0	811.5	950.0	1,106.8	1,150.0	186.9	1,380.0

The Company proposes the New Annual Cap for the year ending March 31, 2020 to be RMB1,770.0 million with reasons set out under the section headed "New Annual Caps" in the "Letter from the Board".

RENEWAL OF THE AGREEMENTS

The Initial Agreement has an initial term of three years from September 15, 2007 to September 14, 2010 and has been further renewed and extended to September 14, 2020.

Subject to compliance by the Group with the relevant requirements applicable to continuing connected transactions under the Listing Rules, the Agreements are renewable at the option of the Company for another term of three years or such other term as agreed by the parties by giving at least three months' notice prior to the expiry of the initial term. Subject to the approval by the Independent Shareholders at the EGM of the renewal of the Agreements (including the New Annual Caps thereof), the Company will serve the notice to the Parent Group indicating that it intends to renew the Agreements for a further term of two years up to September 14, 2022.

New Annual Caps

The New Annual Caps for each of the three years ending March 31, 2022, respectively, are set out below:

	For the year ending March 31, 2020	2021	2022
	RMB (million)	*RMB (million)*	*RMB (million)*
New Annual Caps	1,770.0	2,470.0	3,270.0

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

(a) the historical figures of the relevant transactions, in particular, the historical figures for each of the two years ended March 31, 2019 had nearly fully utilized the original annual cap as disclosed above;

(b) the expected substantial increase in the demand for the manufacturing and processing services from the Parent Group due to the substantial growth in the branded down apparel business and OEM management business of the Group in FY2018/19 as explained above is expected to continue, given the Group's overall strategic transformation of focusing on its branded down apparel business while implementing de-diversification. The projected growth in the estimated quantity of orders to be placed with the Parent Group (i) for down apparel products, will increase by more than 25% and 15% for the year ending March 31, 2021 and 2022, respectively when compared to each of the respective preceding year; while (ii) for OEM products, will increase by approximately 30% per annum for the two years ending March 31, 2022 as compared to the preceding year;

(c) the substantial increase in demand for the processing services for down related materials of the Group's branded down apparels products or OEM products under the expanded scope of processing services pursuant to the Supplemental Agreement. The projected growth in the estimated quantity of orders to be placed with the Parent Group for down related materials will increase by more than 65% for the year ending March 31, 2021 when compared to the corresponding period in 2020 (as Year 2020 will just be a testing year for this new services scope) and by more than 25% for the year ending March 31, 2022 when compared to the corresponding period in 2021;

(d) the expected increase in prices for the receipt of similar services from third party contract manufacturers for the three years ending March 31, 2022, in particular, the increase of manufacturing fees as a result of the projected increase in labour costs of approximately 8% per annum;

(e) the continuous adoption of the stringent control in inventory, improving technology and quality and immediate stock replenishment strategy of the Group which will increase the manufacturing costs of the other independent manufacturers and thus the Group's reliance on the manufacturing services of the Parent Group which can be more flexible in entertaining the Group's order request in terms of smaller quantity and quicker turnaround time, as there are not many independent manufacturers who are capable to take up such manufacturing orders at the Estimated Costs as requested by the Group; and

(f) the inclusion of a buffer of approximately 11% per annum for the estimated amount of the services required by the Group under the Agreements so as to accommodate any unexpected increase in the aforesaid transaction volume amount (as a result of any unexpected increase in market demand for the Group's down apparel products or OEM products) or unexpected increase in the cost of provision of the services as contemplated under the Agreements.

Based on the factors stated above, the proposed annual caps for the year ending March 31, 2021 and 2022 will increase by approximately 40% and 32% as compared to the annual cap for the preceding year.

Such projection is assumed solely for determining the New Annual Caps and shall not be regarded as any indication directly or indirectly as to the respective revenue, profitability or trading prospects of the Group.

Implementation agreements

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

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

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

1. the Company has built pricing systems and standards that match the market, in order to carry out a scientific method for cost accounting through computerized automated systems, in which cost estimation formulas are determined with reference to the cost of materials, products and/or its down related materials and labors, etc. The costs to be incurred for the relevant batch of down apparel products and/or its down related materials by the Parent Group will be determined by a number of internal departments of the Company; and

2. after the Estimated Cost has been determined, the Company will then invite at least two to three independent third parties to consider if they are able to provide the processing services on similar terms (i.e. quality, turnaround time, payment terms) at a fixed price (being the Estimated Cost) or any lower price they can offer. Such quotations will be reviewed and evaluated from both the technical and commercial perspectives by qualified personnel of the Group (those personnel who are independent from the Parent Group and familiar with information on processing fees and costs of raw materials and have a good understanding of the suppliers, in particular the general manager of the cost control management centre of the Company) and compared against the Estimated Cost quoted by the Group, so as to ensure the processing services provided by the Parent Group will only be used if the price and terms offered are competitive and comparable to those offered by independent third parties.

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

In addition, the INEDs and the auditor of the Company will on a regular basis be provided with the (i) Agreements; (ii) agreements entered into between the Group and independent third parties for the processing of the same type of down apparel products; and (iii) fee quotations provided by independent third parties for the processing of the same type of down apparel products and/or its down related materials, for review and comparison purpose. The INEDs will also review and compare the relevant payment terms, payment method and price payable under these agreements to ensure that the transactions contemplated under the Agreements are conducted on normal commercial terms. The auditor of the Company will review and confirm the transactions contemplated under the Agreements are conducted in accordance with the terms of the Agreements. Based on the above, the Directors, including the INEDs, are of the view that the procedures adopted by the Group to govern transactions contemplated under the Agreements could ensure that the pricing mechanism will be strictly adhered to and the transactions contemplated under the Agreements could be conducted under normal commercial terms and not prejudicial to the interest of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE REVISION OF THE TERMS AND ANNUAL CAPS, AND THE RENEWAL, OF THE AGREEMENTS

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

As mentioned above, given that the amount of manufacturing services actually required by the Company under the Agreements exceeds the original projection with the expanded scope of processing services under the Supplemental Agreement and the rapid growth of the branded down apparel business and OEM management business of the Group, the aggregate amount of fees payable by the Group to the Parent Group for the year ending March 31, 2020 is expected to exceed the original annual cap. Accordingly, the Company proposes to obtain the New Annual Cap for the year ending March 31, 2020 in order to comply with Rule 14A.54 of the Listing Rules.

Further, the revision of the terms, and the renewal, of the Agreements will enable the Group to continue to use the more flexible manufacturing services offered by the Parent Group for its down apparel products and/or down related materials, take advantage of the quality assurance of the Parent Group in the field of down apparel manufacturing over the past years and respond to the increasing customer requirements for improved quality of down garments in recent years and the specific demand from the OEM customers of the Group for the down apparel products to be manufactured by the Parent Group, so as to increase its competitiveness.

Mr. Gao Dekang, Ms. Mei Dong (the spouse of Mr. Gao Dekang) and Mr. Gao Xiaodong (the son of Mr. Gao Dekang), all of whom are Directors, have abstained from voting on the board resolution approving the revision of the terms, and the renewal, of the Agreements (including the New Annual Caps thereunder).

LISTING RULES IMPLICATIONS

Mr. Gao Dekang (the Chairman and Chief Executive Officer of the Company) was the substantial shareholder of the Company beneficially interested in approximately 71.50% of the Shares as at the Latest Practicable Date. For so long as Mr. Gao Dekang remains a substantial shareholder of the Company, transactions between the Group and the Parent Group (including the transactions contemplated under the Agreements) constitute connected transactions for the Company under the Listing Rules.

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

A notice convening the EGM to be held immediately after the conclusion of the annual general meeting of the Company at 10 a.m. on Monday, August 26, 2019 at Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong is set out in this circular for the purpose of considering and, if thought fit, passing the ordinary resolution in relation to the revision of the terms, and the renewal, of the Agreements (including the New Annual Caps thereunder).

The ordinary resolution to be proposed at the EGM to approve the revision of the terms, and the renewal, of the Agreements (including the New Annual Caps thereunder) will be determined by way of poll by the Shareholders. Mr. Gao Dekang and his associates (namely New Surplus International Investment Limited (35.90%), Kong Bo Investment Limited (29.37%), Kong Bo Development Limited (0.49%), Honway Enterprises Limited (5.71%) and Ms. Mei Dong (0.03%) together held approximately 71.50% of the voting rights in the Company's general meeting as at the Latest Practicable Date, will be required to abstain from voting at the EGM in respect of the ordinary resolution to approve the revision of the terms, and the renewal, of the Agreements (including the New Annual Caps thereunder).

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

RECOMMENDATION

An Independent Board Committee comprising all INEDs has been set up to advise the Independent Shareholders in relation to the revision of the terms, and the renewal, of the Agreements (including the New Annual Caps thereunder). Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the revision of the terms, and the renewal, of the Agreements (including the New Annual Caps thereunder).

The Directors (including the INEDs, having received and considered the advice from Gram Capital) are of the opinion that the revision of the terms, and the renewal, of the Agreements (including the New Annual Caps thereunder) are fair and reasonable and that the transactions contemplated under the Agreements are in the ordinary and usual course of business of the Group and on normal commercial terms or better, so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

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

GENERAL

Your attention is also drawn to the "Letter from the Independent Board Committee", the "Letter from Gram 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

波司登
BOSIDENG

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

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 3998)

July 26, 2019

To the Shareholders

Dear Shareholder,

**CONTINUING CONNECTED TRANSACTIONS
REVISION OF THE TERMS AND ANNUAL CAPS, AND
THE RENEWAL, OF THE FRAMEWORK MANUFACTURING OUTSOURCING
AND AGENCY AGREEMENT**

We refer to the circular dated July 26, 2019 issued by the Company to its Shareholders (the "**Circular**") of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter, unless the context otherwise requires.

We, being the INEDs, have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in connection with the revision of the terms, and the renewal, of the Agreements (including the New Annual Caps thereunder), the details of which are set out in the "Letter from the Board" contained in the Circular. Gram Capital has been appointed to advise us, the Independent Board Committee and the Independent Shareholders, in relation to the revision of the terms, and the renewal, of the Agreements (including the New Annual Caps thereunder).

We wish to draw your attention to the "Letter from the Board" and the "Letter from Gram Capital" to us, the Independent Board Committee and the Independent Shareholders, containing its advice in respect of the revision of the terms, and the renewal, of the Agreements (including the New Annual Caps thereunder), as set out in the Circular.

Having taken into account the principal factors and reasons considered by Gram Capital and its conclusion and advice, we consider that the transactions contemplated under the Agreements are in the ordinary and usual course of business of the Group and on normal commercial terms or better, and that the revision of the terms, and the renewal, of the Agreements (including the New Annual Caps thereunder) are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the revision of the terms, and the renewal, of the Agreements (including the New Annual Caps thereunder).

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

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreements and the transactions contemplated thereunder for the purpose of inclusion in this circular.

Gram Capital Limited
嘉林資本有限公司

Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

July 26, 2019

To: The independent board committee and the independent shareholders of Bosideng International Holdings Limited

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the revision of the terms, and the renewal, of the Agreements (including the New Annual Caps thereunder), details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated July 26, 2019 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Company and Mr. Gao Dekang (the Chairman, Chief Executive Officer and substantial shareholder of the Company) entered into the Initial Agreement on September 15, 2007, pursuant to which the Group agreed to outsource its manufacturing process of down apparel to the Parent Group on a non-exclusive basis.

With reference to the Board Letter, the Initial Agreement has an initial term of three years from September 15, 2007 to September 14, 2010 and has been further renewed and extended to September 14, 2020. Subject to compliance by the Group with the relevant requirements applicable to continuing connected transactions under the Listing Rules, the Agreements are renewable at the option of the Company for another term of three years or such other term as agreed by the parties by giving at least three months' notice prior to the expiry of the initial term. Subject to the approval by the Independent Shareholders at the EGM of the renewal of the Agreements (including the New Annual Caps thereof), the Company will serve the notice to the Parent Group indicating that it intends to renew the Agreements for a further term of two years up to September 14, 2022.

In addition, as the amount of services actually required by the Company under the Agreements exceeds the original projection, the aggregate amount of fees payable by the Group to the Parent Group for the year ending March 31, 2020 is expected to exceed the original annual cap. Accordingly, the Company proposes to obtain the New Annual Cap for the year ending March 31, 2020 in order to comply with Rule 14A.54 of the Listing Rules.

On May 27, 2019, the Company and Mr. Gao Dekang also entered into the Supplemental Agreement to expand the scope of the manufacturing and processing services offered by the Parent Group under the Initial Agreement to down related materials, in addition to down apparel products.

According to the Board Letter, the transactions contemplated under the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to Independent Shareholders' approval, reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Dr. Ngai Wai Fung, Mr. Dong Binggen and Mr. Wang Yao (all being INEDs) has been established to advise the Independent Shareholders on (i) whether the terms of the Agreements and the New Annual Caps are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Agreements and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Agreements (including the New Annual Caps) and the transactions contemplated thereunder at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Agreements and the transactions contemplated thereunder. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The 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 the 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 the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Mr. Gao Dekang, the Parent Group or their respective subsidiaries or associates (where applicable), nor have we considered the taxation implication on the Group or the Shareholders as a result of the entering into of the Agreements. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Agreements and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Agreements

Information on the Group

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

Set out below are the audited financial information of the Group for the three years ended March 31, 2019 as extracted from the Company's annual results announcement for the year ended March 31, 2019 (the "**2018/19 AR Announcement**") and the Company's annual report for the year ended March 31, 2018 (the "**2017/18 Annual Report**"), respectively:

	For the year ended March 31, 2019 ("FY2018/19")	**For the year ended March 31, 2018 ("FY2017/18")**	**For the year ended March 31, 2017 ("FY2016/17")**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	10,383,453	8,880,792	6,816,599
– Down apparels	*7,657,505*	*5,651,021*	*4,579,169*
– OEM management	*1,368,226*	*936,807*	*777,759*
– Ladieswear apparels	*1,201,831*	*1,153,506*	*622,030*
– Diversified apparels	*155,891*	*1,139,458*	*837,641*
Gross profit	5,513,514	4,119,102	3,163,204
Profit attributable to equity shareholders of the Company	981,316	615,478	391,844

As illustrated in the above table, the Group's revenue amounted to approximately RMB8.88 billion for FY2017/18, representing an increase of approximately 30.28% as compared with FY2016/17. The profit attributable to equity shareholders of the Company also increased by approximately 57.07% in FY2017/18 as compared to FY2016/17. The Group's revenue amounted to approximately RMB10.38 billion for FY2018/19, representing an increase of approximately 16.92% as compared with FY2017/18. The profit attributable to equity shareholders of the Company also increased by approximately 59.44% in FY2018/19 as compared to FY2017/18. The aforesaid increases in profit attributable to equity shareholders of the Company in FY2017/18 and FY2018/19 were mainly due to increases in the Group's revenue and gross profit.

For FY2018/19, the Group's branded down apparel business remained as and OEM management business became the Group's largest and second largest revenue contributors, accounting for approximately 73.75% and 13.18%, respectively, of the Group's revenue.

With reference to the 2018/19 AR Announcement, the consumer market in the PRC has grown rapidly in recent years with growing consumer spending on mid- to high-end products. As for the current and future consumption environment in the PRC, on the one hand, due to the obvious consumption upgrade, consumers' demand for discretionary consumer products has increased as evident by the individualized demands. On the other hand, the branded goods have become easier to sell and people with wealth possessing a higher pursuit for consumption. Most consumers in the PRC bid farewell to the era of bulk purchase of general commodities, but initiated a new round of consumption upgrade defined as “quality upgrade of goods and services”. The main consumption demands have now focused on excellence, branding, cost-effectiveness and emotions. In response to the changes of consumption logic and the market environment, the Group completed the transformation from “self-cognition” to “value cognition” of consumers by the strategy of brand reshaping, focusing on principal business and focusing on key brands. Through keeping abreast of the future consumers’ consumption preference and market growth trends and responding to the concept of “pursuing for a better life” in the new era, the Group will adjust its strategy over time and forge ahead under favorable trend or adversity. By building its own core advantages and differentiated competitive edges, the Group will be capable of gaining market recognition and securing consumers. Looking forward, the Group will have the following business objectives:

(i) For the down apparel business, while upholding the principle of “focusing on its principal business while implementing de-diversification” and centering on the “function”, the Group will strengthen its core and principal businesses. While adhering to the original target of being “the expert and bestseller of down apparel in the world”, the Group will expand the principal businesses and endeavour to become a “mid-to high-end functional apparel group”.

    As to brand building, the Group will further increase its efforts on brand public relations, advertising and marketing based on the overall plan of its competing strategies of the Bosideng brands. As to product innovation, the Group will closely keep track of consumers’ market demands and conduct in-depth consumer market research to optimize products series that are currently well-received in the market and to launch new and innovative products which are competitive in the market. As to channel building, the Group will continue to optimize the mix of our sales channels, pay attention to the quality mainstream business to speed up the channel upgrade. On one hand, the Group will accelerate the image upgrade of the existing stores while closing down underperforming selling points, while on the other hand, it will expand the scale of development of the new channels. As to terminal construction, the Group will pay closer attention to staff training and provide guidance on standard terms for sales staff for allowing them to have full understanding to the core functions of the products so as to increase the sales of outlets through enhancing consumer experience.

(ii) For the OEM management business, the Group will continue to strengthen the strategic cooperation with core customers and enhance the service capabilities, while keeping orders increasing. The Group will also keep on promoting its responsiveness to the orders of core consumers to maintain the long-term and stable strategic working relationship, and proactively respond to market uncertainties, as well as maintain and strengthen customer relationships and cooperation through accelerating the production layout in Southeast Asia so as to secure steady and fast growth for the OEM management business.

(iii) For the fashionable ladieswear business, after the strategic positioning over the past few years, the ladieswear business platform has taken shape. Looking ahead, the Group will remain concentrated on integrating the resources among its ladieswear brands to further improve synergy among brands. The Group will endeavor to further improve the operation and management efficiencies of its ladieswear business while boosting the organic growth of the ladieswear business through enhancing the productivity, sales channels and brand promotion of brands.

Information about Mr. Gao Dekang

With reference to the Board Letter, Mr. Gao Dekang (the Chairman and Chief Executive Officer of the Company) is the controlling shareholder of the Company.

Reasons for and benefits of the revision of the terms and annual caps, and the renewal, of the Agreements

With reference to the Board Letter, given that the amount of manufacturing services actually required by the Company under the Agreements exceeds the original projection with the expanded scope of processing services under the Supplemental Agreement and the rapid growth in the branded down apparel business and OEM management business of the Group, the aggregate amount of fees payable by the Group to the Parent Group for the year ending March 31, 2020 is expected to exceed the original annual cap. Accordingly, the Company proposes to obtain the New Annual Cap for the year ending March 31, 2020 in order to comply with Rule 14A.54 of the Listing Rules.

Further, the revision of the terms, and the renewal, of the Agreements will enable the Group to continue to use the more flexible manufacturing services offered by the Parent Group for its down apparel products and/or its down related materials, take advantage of the quality assurance of the Parent Group in the field of down apparel manufacturing over the past years and respond to the increasing customer requirements for improved quality of down garments in recent years and the specific demand from the OEM customers of the Group for the down apparel products to be manufactured by the Parent Group, so as to increase its competitiveness.

Having considered that:

(i) The Group's revenue (including the segment revenue of its branded down apparel business and OEM management business) increased in FY2017/18 and FY2018/19 as compared with that of the prior financial year.

(ii) The utilisation rate of the historical annual cap of the continuing connected transactions under the Agreements (the "**CCTs**") in FY2018/19 was approximately 96.24%.

(iii) The CCTs actual amounts for FY2018/19 represents approximately 80.20% of the previous annual cap of the CCTs for the year ending March 31, 2020 ("**FY2019/20**").

(iv) The CCTs actual amounts increased by approximately 46.32% and 36.39% in FY2017/18 and FY2018/19 respectively as compared with those of the prior financial year.

It is reasonable for the Company to revise the previous annual cap of the CCTs for FY2019/20.

Having considered:

(i) The reasons as set out above.

(ii) In FY2018/19, the Group's branded down apparel business remained as and OEM management business became the Group's largest and second largest revenue contributors, accounting for approximately 73.75% and 13.18%, respectively of the Group's revenue.

(iii) With reference to the Board Letter, the non-exclusive arrangement under the Agreements allows the Group to appoint other manufacturers for the processing of down apparel products and/or its down related materials if the terms offered by the Parent Group are not the most favourable to the Group. Should the terms offered by independent manufacturers be lower than the Estimated Costs with other terms similar to or better than those offered by the Parent Group, the Group will then appoint the other manufacturers for the processing of down apparel products and/or its down related materials.

It is reasonable for the Company to expand the scope of the manufacturing and processing services offered by the Parent Group under the Supplemental Agreement; to renew the Agreements for a further term of two years up to September 14, 2022; and to obtain the New Annual Caps.

In light of the above, we consider that the revision of the terms, and the renewal, of the Agreements (including the New Annual Caps thereunder) and the entering into of the Supplemental Agreement are conducted under the ordinary and usual course of business of the Company and are in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Agreements

The tables below summarise the major terms of the Agreements:

Date: September 15, 2007 (Initial Agreement)
May 27, 2019 (Supplemental Agreement)

Parties: (i) The Company
(ii) Mr. Gao Dekang

Scope: Pursuant to the Agreements, the Company has agreed to outsource its manufacturing process of down apparel under the Initial Agreement and its down related materials under the Supplemental Agreement to the Parent Group on a non-exclusive basis, which currently includes the Manufacturing Companies.

Under the Agreements, the Parent Group provides labour, factory, premises, necessary equipment, water and electricity for the processing of down apparel products (including semi-finished and finished products) and its down related materials. 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 and processing works.

In addition, the Parent Group also from time to time procures raw materials for the Group's OEM management 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. Members of the Group and the Parent Group will enter into, from time to time and as necessary, separate implementation agreements for each of the specific transactions contemplated under the Agreements during the term thereof.

Term: The Initial Agreement has an initial term of three years from September 15, 2007 to September 14, 2010 and has been further renewed and extended to September 14, 2020.

Subject to compliance by the Group with the relevant requirements applicable to continuing connected transactions under the Listing Rules, the Agreements are renewable at the option of the Company for another term of three years or such other term as agreed by the parties by giving at least three months' notice prior to the expiry of the initial term. Subject to the approval by the Independent Shareholders at the EGM of the renewal of the Agreements (including the New Annual Caps thereof), the Company will serve the notice to the Parent Group indicating that it intends to renew the Agreements for a further term of two years up to September 14, 2022.

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

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

For our due diligence purpose, we obtained certain invoices relating to (i) the CCTs executed by the Group and the Parent Group; and (ii) the outsourcing services provided by independent third parties executed by the Group and independent third parties. Based on the aforesaid documents as provided by the Company, we noted that the prices charged to the Group by the Parent Group were no less favourable than those offered by independent third parties for similar transactions.

We also obtained the reference price of a batch of products under the CCTs (which is also the Estimated Costs of such product). As explained by the Company's management, under normal circumstances, the price charged by the Parent Group and/or independent third parties for the same product should not exceed the aforesaid reference price. We also obtained the invoices of the aforesaid products for the Group's procurement from both of the Parent Group and independent third party and noticed that the prices charged by both of the Parent Group and independent third party are (i) the same to each other; and (ii) below the aforementioned reference price. Nothing came to our attention that caused us to believe that the pricing under the aforementioned documents was not complied with the pricing policy as stated above.

With reference to the 2017/18 Annual Report and as confirmed by the Directors, the INEDs have reviewed, among other things, the CCTs for FY2017/18 and confirmed, among other things, that the CCTs were entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on better terms to the Group than terms available from independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

With reference to the 2017/18 Annual Report and as confirmed by the Directors, the Board engaged the Company's auditor to perform certain agreed-upon procedures in respect of the CCTs set out above on a sample basis. The auditor reported their factual findings on the selected samples based on the agreed procedures to the Board and confirmed that, among other things, the CCTs have complied with the requirements under Rule 14A.56 of the Listing Rules.

To ensure that the transactions contemplated under the Agreements are carried out in accordance with the regulatory guidelines and terms as disclosed in the Board Letter, the Company has in place the internal control procedures and mechanism for each and every transaction as set out under the section headed "Internal control and mechanism to regulate the transactions contemplated under the Agreements" of the Board Letter.

With reference to the Board Letter, the non-exclusive arrangement under the Agreements also allows the Group to appoint other manufacturers for the processing of down apparel products and/or its down related materials if the terms offered by the Parent Group are not the most favourable to the Group. Should the terms offered by independent manufacturers be lower than the Estimated Costs with other terms similar to or better than those offered by the Parent Group, the Group will then appoint the other manufacturers for the processing of down apparel products and/or its down related materials.

Having considered the above, we are of the view that the terms of the Agreements are fair and reasonable so far as the Independent Shareholders are concerned.

3. The New Annual Caps

Set out below are aggregate fees paid under the Agreements by the Group to the Parent Group for each of the three years ended March 31, 2019 together with the historical annual caps:

	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2019	Three months ended June 30, 2019
	RMB 'million	*RMB 'million*	*RMB 'million*	*RMB 'million*
Actual amount	554.6	811.5	1,106.8	186.9

	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ending March 31, 2020
	RMB 'million	*RMB 'million*	*RMB 'million*	*RMB 'million*
Historical annual cap	1,150.0	950.0	1,150.0	1,380.0
Utilisation rate	48.23%	85.42%	96.24%	N/A

	For the year ending March 31, 2020	For the year ending March 31, 2021	For the year ending March 31, 2022
	RMB 'million	*RMB 'million*	*RMB 'million*
New Annual Caps	1,770.0	2,470.0	3,270.0

With reference to the Board Letter, the New Annual Caps set out above are determined based on the following:

(a) the historical figures of the relevant transactions, in particular, the historical figures for each of the two years ended March 31, 2019 had nearly fully utilized the original annual cap as disclosed above;

(b) the expected substantial increase in the demand for the manufacturing and processing services from the Parent Group due to the substantial growth in the branded down apparel business and OEM management business of the Group in FY2018/19 as explained above is expected to continue, given the Group's overall strategic transformation of focusing on its branded down apparel business while implementing de-diversification;

(c) the substantial increase in demand for the processing services for down related materials of the Group's branded down apparels products or OEM products under the expanded scope of processing services pursuant to the Supplemental Agreement;

(d) the expected increase in prices for the receipt of similar services from third party contract manufacturers for the three years ending March 31, 2022, in particular, the increase of manufacturing fees as a result of the projected increase in labour costs;

(e) the continuous adoption of the stringent control in inventory, improving technology and quality and immediate stock replenishment strategy of the Group which will increase the manufacturing costs of the other independent manufacturers and thus the Group's reliance on the manufacturing services of the Parent Group which can be more flexible in entertaining the Group's order request in terms of smaller quantity and quicker turnaround time, as there are not many independent manufacturers who are capable to take up such manufacturing orders at the Estimated Costs as requested by the Group; and

(f) the inclusion of a buffer for the estimated amount of the services required by the Group under the Agreements so as to accommodate any unexpected increase in the aforesaid transaction volume amount (as a result of any unexpected increase in market demand for the Group's down apparel products or OEM products) or unexpected increase in the cost of provision of the services as contemplated under the Agreements.

Based on the factors stated above, the proposed annual caps for the year ending March 31, 2021 and March 31, 2022 will increase by approximately 40% and 32% respectively as compared to the annual cap for the preceding year. Detailed basis for determining the New Annual Caps are set out in the section headed "New Annual Caps" of the Board Letter.

In assessing the fairness and reasonableness of the New Annual Caps, we have considered the factors below:

Growth rates of the New Annual Caps

As illustrated by the table above, the New Annual Cap for FY2019/20 represents an increase of approximately 28.26% as compared with the previous annual cap for the same financial year. The New Annual Caps for the two years ending March 31, 2022 represent increases of approximately 39.55% and 32.39%, respectively, as compared with the New Annual Caps for the prior financial year.

Utilisation rates of the historical annual caps and increases in the CCTs actual amount

The utilisation of the historical annual cap of the CCTs for the three years ended March 31, 2019 were approximately 48.23%, 85.42% and 96.24% respectively. In addition, (i) the CCTs actual amounts for FY2018/19 represents approximately 80.20% of the previous annual cap of the CCTs for FY2019/20; and (ii) the CCTs actual amounts increased by approximately 46.32% and 36.39% in FY2017/18 and FY2018/19, respectively, as compared with those of the prior financial year.

Group's revenue growth

As aforementioned, the Group's revenue (including the segment revenue of its branded down apparel business and OEM management business) increased in FY2017/18 and FY2018/19 as compared with those of the prior financial years.

Increase in labour cost

According to the National Bureau of Statistics of China, the table below shows the average annual salary of each worker in the manufacturing industries (urban) in the PRC between 2014 and 2017 (2018 data not available).

Year	**2014**	**2015**	**2016**	**2017**
Average annual salary of each worker in the manufacturing industries (urban) (in RMB)	51,369	55,324	59,470	64,452
Annual growth rate	–	7.70%	7.49%	8.38%
Compound annual growth rate from 2014 to 2017	–	–	–	7.86%

Source: National Bureau of Statistics of China

We noted that the average annual salary of each manufacturing worker (urban) in the PRC maintained an upward trend and represented a compound annual growth rate of approximately 7.86% from 2014 to 2017. The 2017 annual salary increment was 8.38%. The Company provided the historical production cost analysis for the two years ended March 31, 2019 and we noted that the labour cost accounted for approximately 89% of the total production cost because the manufacturing process is labor-intensive. Since the labour cost is a key driver of the manufacturing costs, the manufacturing costs will move in line with the labour cost.

The Calculation

For our due diligence purpose, we also obtained the calculation of the New Annual Caps (the "**Calculation**") and considered the Calculation to be consistent with the basis of determining the New Annual Caps as set out above.

Buffer

We noted from the Calculation that a buffer of approximately 11% for the estimated amount of the services required by the Group under the Agreements was applied. Having considered (i) that unexpected circumstances may take place during the three years ending March 31, 2022; (ii) the buffer would provide flexibility in the event that the actual demand was more than estimation; (iii) the utilisation of the historical annual cap of the CCTs for the two years ended March 31, 2019 were high (i.e. approximately 85.42% for FY2017/18 and 96.24% for FY2018/19); and (iv) the CCTs actual amounts increased by approximately 46.32% and 36.39% in FY2017/18 and FY2018/19, respectively, as compared with those of the prior financial years, we consider that the buffer to be acceptable.

In light of the above, we consider that the New Annual Caps for the three years ending March 31, 2022 to be fair and reasonable so far as the Independent Shareholders are concerned.

Shareholders should note that as the New Annual Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to March 31, 2022, and they do not represent forecasts of costs arising from the CCTs. Consequently, we express no opinion as to how closely the actual cost arising from the CCTs will correspond with the New Annual Caps.

4. Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the CCTs must be restricted by the New Annual Caps; (ii) the terms of the Agreements for the CCTs (together with the New Annual Caps) must be reviewed by INEDs annually; (iii) details of INEDs' annual review on the terms of the Agreements for the CCTs (together with the New Annual Caps) must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the CCTs (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded the New Annual Caps. In the event that the total amounts of the CCTs are anticipated to exceed the New Annual Caps, or that there is any proposed material amendment to the terms of the Agreements for the CCTs, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the CCTs and thus the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Agreements and the New Annual Caps are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the transactions contemplated under the Agreements are conducted in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the revision of the terms, and the renewal, of the Agreements (including the New Annual Caps) and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing 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 required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them had taken or was deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long position in the Company

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest in the Company *(Note 1)*
Mr. Gao Dekang	Controlled corporation *(Note 2)*	3,198,791,201	29.86%
	Deemed interest *(Note 3)*	2,763,697	0.03%
	Founder of discretionary trust *(Note 4)*	3,844,862,385	35.90%
	Founder of discretionary trust *(Note 5)*	611,656,857	5.71%
Ms. Mei Dong	Deemed interest *(Note 2)*	3,198,791,201	29.86%
	Beneficial owner	2,763,697	0.03%
	Beneficiary of discretionary trust *(Note 4)*	3,844,862,385	35.90%
	Beneficiary of discretionary trust *(Note 5)*	611,656,857	5.71%

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest in the Company *(Note 1)*
Ms. Huang Qiaolian	Beneficial owner *(Note 6)*	20,763,697	0.19%
Mr. Rui Jinsong	Beneficial owner *(Note 6)*	104,278,242	0.97%
Mr. Gao Xiaodong	Beneficiary of discretionary trust *(Note 4)*	3,844,862,385	35.90%
	Beneficiary of discretionary trust *(Note 5)*	611,656,857	5.71%

Notes:

1. The percentage represents the number of the Shares interested divided by the total number of the issued Shares as at the Latest Practicable Date of 10,711,050,385.

2. These Shares were directly held by Kong Bo Investment Limited (as to 3,146,219,202 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 Bo Flying Limited. Bo Flying Limited is wholly owned by Bosideng Corporation Limited which in turn owned as to 67.54% by Bosideng Holdings Group Co., Ltd. and 24.46% by Jiangsu Kangbo Investment Co., Ltd. (a company wholly owned by Mr. Gao Dekang). Bosideng Holdings Group Co., Ltd. is owned as to 81.56% by Jiangsu Kangbo Investment Co., Ltd. and 18.44% by Mr. Gao Dekang, who is deemed to be interested in such Shares under the SFO. As Ms. Mei Dong is the spouse of Mr. Gao Dekang, Ms. Mei Dong is deemed to be interested in the 3,198,791,201 Shares interested by Mr. Gao Dekang under the SFO.

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. These Shares were directly held by New Surplus International Investment Limited ("**New Surplus**"), the ordinary shares of which are wholly owned by Topping Wealth Limited and the non-voting preference shares of which are wholly owned by IC International Company Limited ("**ITC SPC**"). Topping Wealth Limited is wholly owned by Kova Group Limited, which is wholly owned by a trust, the trustee of which is Cititrust Private Trust (Cayman) Limited. The trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong and Mr. Gao Xiaodong). Accordingly, each of Mr. Gao Dekang, Ms. Mei Dong and Mr. Gao Xiaodong is deemed to be interested in such Shares under the SFO. Further, Topping Wealth Limited had conferred and assigned all its voting rights in New Surplus to Bo Flying Limited, which is wholly owned by Bosideng Corporation Limited which in turn controlled by Bosideng Holdings Group Co., Ltd. Bosideng Holdings Group Co., Ltd. is controlled by Mr. Gao Dekang. Accordingly, each of Kova Group Limited, Topping Wealth Limited, Bo Flying Limited, Bosideng Corporation Limited and Bosideng Holdings Group Co., Ltd. is deemed to be interested in the 3,844,862,385 Shares held by New Surplus under the SFO. Mr. Gao Dekang is a director of each of New Surplus, Topping Wealth Limited, Bo Flying Limited, Kong Bo Investment Limited, Jiangsu Kangbo Investment Co., Ltd., Honway Enterprises Limited, Bosideng Corporation Limited and Bosideng Holdings Group Co., Ltd. Mr. Gao Xiaodong is a director of Bosideng Corporation Limited and a general manager of Jiangsu Kangbo Investment Co., Ltd.

5. These Shares were directly held by Honway Enterprises Limited, which is wholly owned by First-Win Enterprises Limited, which is in turn wholly owned by a trust, the trustee of which is Cititrust Private Trust (Cayman) Limited. The trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong and Mr. Gao Xiaodong). Accordingly, each of Mr. Gao Dekang, Ms. Mei Dong and Mr. Gao Xiaodong is deemed to be interested in such Shares under the SFO.

6. Mr. Rui Jinsong was granted 91,200,000 options and 11,200,000 awarded Shares, respectively, and Ms. Huang Qiaolian was granted 9,000,000 options and 9,000,000 awarded Shares, respectively. Details of options granted under the share options schemes of the Company and awarded Shares granted under the share award scheme of the Company are set out in the announcements dated August 5, 2016, March 5, 2018 and October 26, 2018, and in the sections headed "Share Option Schemes" and "Share Award Scheme" of the FY2018/19 annual report of the Company.

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 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 *(Note 9)*
Jiangsu Kangbo Investment Co., Ltd. *(Note 8)*	Interest of controlled corporation *(Note 1)*	3,198,791,201	29.86%
	Interest of controlled corporation *(Note 2)*	3,844,862,385	35.90%
Bosideng Holdings Group Co., Ltd. *(Note 8)*	Interest of controlled corporation *(Note 1)*	3,198,791,201	29.86%
	Interest of controlled corporation *(Note 2)*	3,844,862,385	35.90%

Name of shareholder	Nature of interest	Number of Shares in long position	Approximate percentage of interest in the Company *(Note 9)*
Bosideng Corporation Limited *(Note 8)*	Interest of controlled corporation *(Note 1)*	3,198,791,201	29.86%
	Interest of controlled corporation *(Note 2)*	3,844,862,385	35.90%
Bo Flying Limited *(Note 8)*	Interest of controlled corporation *(Note 1)*	3,198,791,201	29.86%
	Interest of controlled corporation *(Note 2)*	3,844,862,385	35.90%
Kong Bo Investment Limited *(Note 8)*	Beneficial interest *(Note 1)*	3,146,219,202	29.37%
Cititrust Private Trust (Cayman) Limited	Trustee *(Note 3)*	611,656,857	5.71%
	Trustee *(Note 2)*	3,844,862,385	35.90%
Kova Group Limited	Interest of controlled corporation *(Note 2)*	3,844,862,385	35.90%
Topping Wealth Limited *(Note 8)*	Interest of controlled corporation *(Note 2)*	3,844,862,385	35.90%
	Party to section 317 agreement *(Note 4)*	3,201,554,898	29.89%
New Surplus *(Note 8)*	Beneficial interest *(Note 2)*	3,844,862,385	35.90%
	Party to section 317 agreement *(Note 4)*	3,201,554,898	29.89%
First-Win Enterprises Limited	Interest of controlled corporation *(Note 3)*	611,656,857	5.71%
Honway Enterprises Limited *(Note 8)*	Beneficial interest *(Note 3)*	611,656,857	5.71%
ITC SPC	Party to section 317 agreement *(Note 5)*	7,046,417,283	65.79%

Name of shareholder	Nature of interest	Number of Shares in long position	Approximate percentage of interest in the Company *(Note 9)*
ITOCHU Corporation	Interest of controlled corporation *(Note 5)*	7,046,417,283	65.79%
	Party to section 317 agreement *(Note 5)*	7,046,417,283	65.79%
ITOCHU Hong Kong Limited	Interest of controlled corporation *(Note 5)*	7,046,417,283	65.79%
	Party to section 317 agreement *(Note 5)*	7,046,417,283	65.79%
CITIC Group Corporation	Interest of controlled corporation (*Notes 6 & 7*)	7,046,417,283	65.79%
CITIC Limited	Interest of controlled corporation *(Notes 6 & 7)*	7,046,417,283	65.79%
CITIC International Financial Holdings Limited	Interest of controlled corporation *(Notes 6 & 7)*	7,046,417,283	65.79%
CITIC International Assets Management Limited ("CIAM")	Party to section 317 agreement *(Notes 6 & 7)*	7,046,417,283	65.79%

Notes:

1. Same as the interests as disclosed in note (2) in the section headed "(A) Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures" above.

2. Same as the interests as disclosed in note (4) in the section headed "(A) Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures" above.

3. Same as the interests as disclosed in note (5) in the section headed "(A) Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures" above.

4. New Surplus and Topping Wealth Limited were parties acting in concert with Mr. Gao Dekang and ITC SPC under section 317(a) of the SFO. By virtue of the SFO, New Surplus and Topping Wealth Limited were deemed to be interested in 3,201,554,898 Shares, in addition to the 3,844,862,385 Shares interested by them.

5. ITOCHU Corporation was deemed to be interested in a total of the 7,046,417,283 Shares by virtue of its control over ITOCHU Hong Kong Limited, which controlled ITC SPC, a party acting in concert with Mr. Gao Dekang, Topping Wealth Limited and New Surplus under section 317(a) of the SFO. By virtue of the SFO, each of ITOCHU Corporation, ITOCHU Hong Kong Limited and ITC SPC was deemed to be interested in the 7,046,417,283 Shares.

6. CIAM and Feather Shade Limited are parties acting in concert with ITOCHU Corporation, ITOCHU Hong Kong Limited and ITC SPC under section 317(a) of the SFO. By virtue of the SFO, CIAM and Feather Shade Limited were deemed to be interested in the 7,046,417,283 Shares.

7. Each of CITIC Group Corporation, CITIC Limited, CITIC International Financial Holdings Limited and CIAM was deemed to be interested in a total of the 7,046,417,283 Shares by virtue of its control over several corporations, according to the disclosure forms filed by them on October 28, 2016, as the case may be, the details of which are as follows:

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest	Number of shares
CITIC Polaris Limited	CITIC Group Corporation	100.00	N	7,046,417,283
CITIC Limited	CITIC Polaris Limited	32.53	N	7,046,417,283
CITIC Glory Limited	CITIC Group Corporation	100.00	N	7,046,417,283
CITIC Limited	CITIC Glory Limited	25.60	N	7,046,417,283
CITIC Corporation Limited	CITIC Limited	100.00	N	7,046,417,283
China CITIC Bank Corporation Limited	CITIC Corporation Limited	65.37	N	7,046,417,283
CITIC New Horizon Limited	CITIC Corporation Limited	100.00	N	7,046,417,283
Extra Yield International Limited	CITIC New Horizon Limited	100.00	N	7,046,417,283
China CITIC Bank Corporation Limited	Extra Yield International Limited	0.02	N	7,046,417,283
Metal Link Limited	CITIC Limited	100.00	N	7,046,417,283
China CITIC Bank Corporation Limited	Metal Link Limited	0.58	N	7,046,417,283
CITIC International Financial Holdings Limited	China CITIC Bank Corporation Limited	100.00	N	7,046,417,283
CIAM	CITIC International Financial Holdings Limited	40.00	N	7,046,417,283
Feather Shade Limited	CIAM	100.00	N	7,046,417,283

8. Mr. Gao Dekang is a director of each of New Surplus, Topping Wealth Limited, Bo Flying Limited, Kong Bo Investment Limited, Jiangsu Kangbo Investment Co., Ltd., Honway Enterprises Limited, Bosideng Corporation Limited and Bosideng Holdings Group Co., Ltd. Mr. Gao Xiaodong is a director of Bosideng Corporation Limited and a general manager of Jiangsu Kangbo Investment Co., Ltd.

9. The percentage represents the number of the Shares interested divided by the total number of the issued Shares as at the Latest Practicable Date of 10,711,050,385.

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 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 Integrated Service Agreement

The Company entered into a framework integrated service agreement dated September 15, 2007 with Mr. Gao Dekang, pursuant to which the Parent Group agrees to provide the Group with various ancillary services, which currently include the provision of hotel accommodation and property management services, which includes repair and maintenance, security and general cleaning, for the properties occupied by the Group located in the PRC.

The framework integrated service agreement has a term of three years, and is 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 term. The framework integrated service agreement was entered into on terms no less favourable to the Group than terms available to independent third parties. The agreement has been further renewed for a term of three years from September 15, 2019.

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

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

The term of each lease granted under the property lease agreement is no more than 20 years. Under the property lease agreement, the Group is able to terminate a lease of any premise at any time prior to its expiry at the sole discretion of the Company without any penalty, provided that a 30-day prior notice is given to the Parent Group. The Parent Group cannot terminate any lease without the Group's consent. The Company and Mr. Gao Dekang also entered into a supplemental property lease agreement pursuant to which the Parent Group agreed to lease additional premises in the PRC to the Group from time to time for a term not more than three years from April 22, 2016 (or its subsequent reviewed date). 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. The supplemental property lease agreement has been further renewed for a term of three years from April 22, 2019.

(c) Agreements

The details of the Agreements are set out in the "Letter from the Board" as set out in this circular.

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

Save as those properties leased to the Group by the Parent Group as contemplated under the lease agreements as disclosed above, as at the Latest Practicable Date, none of the Directors or any professional advisers named in paragraph 6 of this Appendix had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since March 31, 2019, being the date of the latest published audited financial statements of the Company.

(D) Competing Interests

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

3. SERVICE CONTRACTS

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

4. MATERIAL ADVERSE CHANGE

Save as disclosed herein, as at the Latest Practicable Date, the Directors confirmed that there had not been any material adverse change in the financial or trading position of the Company since March 31, 2019, being the date of the latest published audited financial statements of the Company.

5. CONSENTS

Gram 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.

6. QUALIFICATIONS OF EXPERTS

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

Name	Qualification
Gram Capital Limited	A licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activity as defined under the SFO

As at the Latest Practicable Date, Gram 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.

7. MISCELLANEOUS

(a) The company secretary of the Company is Ms. Liang Shuang, a member of the Hong Kong Institute of Certified Public 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 Unit 5709, 57/F, The Center, 99 Queen's Road Central, Hong Kong.

(d) The English text of this circular and the accompanying proxy form shall prevail over the Chinese text.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at principal place of business of the Company in Hong Kong at Unit 5709, 57/F, The Center, 99 Queen's Road Central, Hong Kong during normal business hours on any business day from the date of this circular up to and including the date of EGM:

(a) the Framework Integrated Service Agreement;

(b) the Property Lease Agreement and the Supplemental Property Lease Agreements; and

(c) the Agreements.

BOSIDENG

波司登國際控股有限公司

Bosideng International Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3998)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Bosideng International Holdings Limited (the "**Company**") will be held immediately after the conclusion of the annual general meeting of the Company at 10 a.m. on Monday, August 26, 2019 at Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

1. "**THAT**:

   (a) the proposed revised annual cap and the new annual caps for each of the three years ending March 31, 2022 and the revision of the terms, and the renewal, of the transactions contemplated under the Framework Manufacturing Outsourcing and Agency Agreements as set out in the circular to the shareholders of the Company dated July 26, 2019 be approved; and

   (b) any one director of the Company be and is hereby authorised on behalf of the Company to execute all such documents, in such final form or with such amendments as that director may deem appropriate, and to do all such acts or things, as he/she may in his/her absolute discretion consider necessary or desirable, to give effect to the Framework Manufacturing Outsourcing and Agency Agreements and the transactions contemplated therein."

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

Hong Kong, July 26, 2019

Notes:

1. Any shareholder entitled to attend and vote at the meeting is entitled to appoint another person as his/her proxy to attend and vote instead of his/her. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company but must be present in person at the meeting to represent the shareholder. Completion and return of the form of proxy will not preclude a shareholder from attending the meeting and voting in person. In such event, his/her form of proxy will be deemed to have been revoked.

2. Where there are joint holders of any share, any one of such joint holders may vote at the meeting, either personally or by proxy, in respect of such share as if he/she was 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. The register of members of the Company will be closed, for the purpose of determining the shareholders' entitlement to attend and vote at the meeting, from Wednesday, August 21, 2019 to Monday, August 26, 2019 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to attend and vote at the meeting, Shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Tuesday, August 20, 2019.

5. 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.

6. The ordinary resolution as set out above will be determined by way of a poll.

As at the date of this notice, the executive Directors are Mr. Gao Dekang, Ms. Mei Dong, Ms. Huang Qiaolian, Mr. Rui Jinsong and Mr. Gao Xiaodong; and the independent non-executive Directors are Dr. Ngai Wai Fung, Mr. Dong Binggen and Mr. Wang Yao.