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波司登國際控股有限公司

Bosideng International Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3998)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

References are made to the announcements of the Company dated March 11, 2010 and January 9, 2012 and the circulars of the Company dated March 31, 2010 and February 7, 2012 in respect of, among other things, the Agreement, which was entered into between the Company and the Parent Group.

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

The transactions contemplated under the Agreement will be subject to the reporting, announcement and independent shareholders' approval requirements as the applicable percentage ratios under the Listing Rules are expected to be more than 5% on an annual basis and the maximum annual consideration is more than HKD10 million.

A circular containing, among others, further details of the transactions contemplated under the Agreement, the respective advice of the Independent Financial Adviser and the Independent Board Committee and the notice of the EGM, will be despatched to the Shareholders on or before July 25, 2014, as additional time will be required to prepare the relevant information to be included in the circular.

INTRODUCTION

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CONNECTED PERSONS

The Parent Group

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

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

Framework Manufacturing Outsourcing and Agency Agreement

Scope of the Agreement

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

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

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

Fees

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

After determining the actual costs to be incurred for the relevant batch of down apparel products of the Parent Group (the "**Estimated Costs**"), the Company will then invite independent third parties to consider if they are able to provide the processing services on similar terms (i.e. quality, turnaround time, payment terms) at a fixed price (being the Estimated Cost) or any lower price they can offer.

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

Term

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

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

Historical figures and proposed annual caps

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

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

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

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

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

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

Implementation agreements

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

The INEDs and the auditor of the Company will on a regular basis be provided with the (i) Agreement; (ii) agreements entered into between the Group and independent third parties for the processing of the same type of down apparel products; and (iii) fee quotations provided by independent third parties for the processing of the same type of down apparel products for review and comparison purpose. The INEDs will also review and compare the relevant payment terms, payment method and price payable under these agreements to ensure that the transactions contemplated under the Agreement are conducted on normal and commercial terms. The auditor of the Company will review and confirm the transactions contemplated under the Agreement are conducted in accordance with the terms of the Agreement.

REASONS FOR AND BENEFITS OF THE RENEWAL OF THE AGREEMENT

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

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

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

INFORMATION ABOUT THE GROUP AND THE PARTIES

The Group

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

Mr. Gao Dekang

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

EGM

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

An EGM will be convened to approve, inter alia, the renewal of the Agreement (including the proposed annual caps thereunder). The voting at the EGM will be taken by way of poll. Other than Mr. Gao Dekang and his associates, none of the Shareholders will be required to abstain from voting at the EGM in respect of the ordinary resolution to approve the renewal of the Agreement (including the proposed annual caps thereunder).

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

A circular containing, among others, further details of the transactions contemplated under the Agreement, the respective advice of the Independent Financial Adviser and the Independent Board Committee and the notice of the EGM, will be despatched to the Shareholders on or before July 25, 2014, as additional time will be required to prepare the relevant information to be included in the circular.

DEFINITIONS

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

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|---|---|
| “Agreement” | the framework manufacturing outsourcing and agency agreement entered into between the Company and Mr. Gao Dekang dated September 15, 2007, in respect of which notices of renewal were served by the Company to the Parent Group to extend the term up to September 14, 2014, pursuant to which the Group agrees to outsource its manufacturing process of down apparel to the Parent Group on a non-exclusive basis |
| “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 Stock Exchange |
| “connected person(s)” | has the meaning ascribed to it in the Listing Rules |
| “Directors” | the director(s) of the Company |
| “EGM” | an extraordinary general meeting of the Company to be held to consider and approve the renewal of the Agreement (including the proposed annual caps thereunder) |
| “Group” | the Company and its subsidiaries |
| “HKD” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Board Committee” | the independent board committee comprising all the INEDs, namely Mr. Dong Binggen, Mr. Wang Yao, Dr. Ngai Wai Fung and Mr. Lian Jie |
| “Independent Financial Adviser” or “Investec” | Investec Capital Asia Limited, a corporation licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the renewal of the Agreement (including the proposed annual caps thereunder) |

| | |
|----------------------------|--|
| “Independent Shareholders” | Shareholders other than Mr. Gao Dekang and his associates and any other person who has a material interest in the Agreement |
| “INEDs” | the independent non-executive Directors |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Manufacturing Companies” | Jiangsu Xuezhongfei Apparels Manufacturing Co., Ltd., Shandong Kangbo Industry Co., Ltd., Jiangsu Kangxin Garment Co., Ltd., Jiangsu Suyong International Trade Co., Ltd., all of which are owned or controlled by Mr. Gao Dekang’s family |
| “Parent Group” | Mr. Gao Dekang and his associates, other than members of the Group |
| “PRC” | the People’s Republic of China |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholders” | the shareholders of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent |

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

Hong Kong, June 26, 2014

As at the date of this announcement, the executive Directors are Mr. Gao Dekang, Ms. Mei Dong, Ms. Gao Miaoqin, Ms. Huang Qiaolian, Mr. Mak Yun Kuen and Mr. Rui Jinsong; and the independent non-executive Directors are Mr. Dong Binggen, Mr. Wang Yao, Dr. Ngai Wai Fung and Mr. Lian Jie.