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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Bosideng International Holdings Limited**, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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Bosideng International Holdings Limited

波司登國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3998)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND REVISION OF TERMS OF CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF EGM

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



A letter from the Board is set out on pages 4 to 12 of this circular.

A letter from the Independent Board Committee (as defined in this circular) containing its advice to the Independent Shareholders (as defined in this circular) is set out on pages 13 to 14 of this circular.

A letter from Access Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 25 of this circular.

A notice convening the EGM to be convened and held at Everest Room, Pacific Place Conference Centre, 5/F One Pacific Place, 88 Queensway, Hong Kong on 20 April 2010 at 10 a.m. is set out on pages 34 to 35 of this circular. A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with Computershare Hong Kong Investor Services Limited, the Company's Hong Kong Branch Share Registrar and Transfer Office, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at least 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

31 March 2010

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DEFINITIONS

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

“Announcement”	the announcement made by the Company dated 11 March 2010
“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 on 20 April 2010 to consider and approve, inter alia, the renewal of the Framework Manufacturing Outsourcing and Agency Agreement and the proposed annual caps
“Framework Manufacturing Outsourcing and Agency Agreement”	the framework manufacturing outsourcing and agency agreement entered into between the Company and Mr. Gao Dekang dated 15 September 2007 pursuant to which the Group agrees to outsource its manufacturing process of down apparel to the Parent Group on a non-exclusive basis which currently includes the Manufacturing Companies
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee” or “IBC”	the independent board committee comprising all the INEDs, namely Mr. Dong Binggen, Mr. Jiang Hengjie, Mr. Wang Yao and Mr. Ngai Wai Fung

DEFINITIONS

“Independent Financial Adviser” or “Access Capital”	Access Capital Limited, a corporation licensed under the SFO (Chapter 571 of the Laws of Hong Kong) to carry out type 1 regulated activities (dealing in securities), type 4 regulated activities (advising on securities), type 6 regulated activities (advising on corporate finance) and type 9 regulated activities (asset management), the independent financial adviser appointed to advise the Independent Board Committee in relation to the transactions contemplated under the Framework Manufacturing Outsourcing and Agency Agreement and the Property Lease Agreement, as supplemented by the Supplemental Property Lease Agreement
“Independent Shareholders”	Shareholders other than Mr. Gao Dekang and his associates and any other person who has a material interests in the Framework Manufacturing Outsourcing and Agency Agreement
“INEDs”	the independent non-executive Directors
“Latest Practicable Date”	25 March 2010, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained therein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Manufacturing Companies”	Jiangsu Xuezhongfei Apparels Manufacturing Co., Ltd, Shanghai Kangbo Feida Apparels Co., Ltd, Shandong Kangbo Industry Co., Ltd, Smartland Children’s Wear Co., Ltd and Changshu Bosideng Apparel Co., Ltd, all of them 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
“Property Lease Agreement”	the property lease agreement entered into between the Company and Mr. Gao Dekang dated 15 September 2007 pursuant to which the Parent Group agreed to lease certain properties with a total area of approximately 55,824 square meters to the Group. Certain terms of this agreement were revised by the Supplemental Property Lease Agreement
“Prospectus”	the prospectus of the Company dated 27 September 2007 in relation to the listing of the Shares on the Main Board of the Stock Exchange

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Share Scheme”	a share scheme of the Company adopted on 14 June 2007 (which is not subject to the provisions of Chapter 17 of the Listing Rules)
“Shares”	ordinary shares of US\$0.00001 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Property Lease Agreement”	the supplemental property lease agreement entered into between Mr. Gao Dekang and the Company on 11 March 2010 pursuant to which the list of premises and the annual rental as contained in the Property Lease Agreement was revised
“%”	per cent

LETTER FROM THE BOARD



Bosideng International Holdings Limited

波司登國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3998)

Executive Directors:

Mr. Gao Dekang

(Chairman and Chief Executive Officer)

Ms. Mei Dong

Ms. Gao Miaoqin

Dr. Kong Shengyuan

Ms. Huang Qiaolian

Ms. Wang Yunlei

Non Executive Director:

Mr. Shen Jingwu

Independent Non-Executive Directors:

Mr. Dong Binggen

Mr. Jiang Hengjie

Mr. Wang Yao

Mr. Ngai Wai Fung

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Place of Business in Hong Kong:

Room 1703A, 17/F, Harcourt House

39 Gloucester Road

Wanchai

Hong Kong

31 March 2010

To the Shareholders

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
AND
REVISION OF TERMS OF CONTINUING CONNECTED TRANSACTIONS**

INTRODUCTION

Reference is made to the Announcement in relation to, amongst others, the transactions contemplated under (i) the Property Lease Agreement, as supplemented by the Supplemental Property Lease Agreement, and (ii) the Framework Manufacturing Outsourcing and Agency Agreement, which constitute continuing connected transactions of the Company under the Listing Rules.

LETTER FROM THE BOARD

The transactions contemplated under the Framework Manufacturing Outsourcing and Agency 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 2.5% on an annual basis and the maximum annual consideration is more than HK\$10 million.

Although the leases granted under the Property Lease Agreement have not expired, the terms of which have been revised by the Supplemental Property Lease Agreement and the annual caps for the transactions contemplated thereunder for the three years ending on 31 March 2013 is to be renewed in order to comply with the Listing Rules.

An EGM will be convened to seek the Shareholders' approval of the renewal of the Framework Manufacturing Outsourcing and Agency Agreement and the proposed caps thereof.

The purpose of this circular is (i) to provide you with more information relating to the transactions contemplated under the Property Lease Agreement, as supplemented by the Supplemental Property Lease Agreement, and the Framework Manufacturing Outsourcing and Agency Agreement; (ii) to set out the opinions and recommendations of the Independent Board Committee and Access Capital relating to the Property Lease Agreement, as supplemented by the Supplemental Property Lease Agreement, and the Framework Manufacturing Outsourcing and Agency Agreement; and (iii) to give you the notice of EGM.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Connected persons

Mr. Gao Dekang (the Chairman and Chief Executive Officer of the Company) is the substantial shareholder of the Company beneficially interested in approximately 67.71% 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.

Accordingly, the transactions under the Property Lease Agreement, as supplemented by the Supplemental Property Lease Agreement, and the Framework Manufacturing Outsourcing and Agency Agreement constitute continuing connected transactions for the Company pursuant to the Listing Rules.

Details of the Continuing Connected Transactions

Property Lease Agreement and Supplemental Property Lease Agreement

Pursuant to the Property Lease Agreement, the Parent Group leased 12 properties with a total area of approximately 55,824 square meters to the Company. The properties leased under the Property Lease Agreement were used as the Group's regional offices or warehouses.

LETTER FROM THE BOARD

The terms of each lease granted under the Property Lease Agreement is no more than 20 years from 15 September 2007, being the date of the Property Lease Agreement. The terms of certain leases may be less than 20 years from the date of the Property Lease Agreement if the lessee is a sino-foreign enterprise and its term of operation is less than 20 years. In such case, the term of the relevant lease shall be the same as the remaining term of operation of such sino-foreign enterprise. Under the Property Lease Agreement, as supplemented by the Supplemental 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 advance notice is provided to the Parent Group. The Parent Group cannot terminate any lease without the Group's consent. In April 2009, the Company terminated the leases of 3 premises and on 11 March 2010, the Company and Mr. Gao Dekang entered into the Supplemental Property Lease Agreement pursuant to which the Parent Group agreed to lease 5 additional premises (Lease Number 10 - 14 as shown in the table below) to the Company for a term not exceeding 20 years from the date of the Supplemental Property Lease Agreement.

Set out below is a list of the 14 current leases entered into pursuant to the Property Lease Agreement, as supplemented by the Supplemental Property Lease Agreement with effect from 1 April 2010:

Lease number	Approximate annual rental payable for the year ending 31 March 2011 <i>RMB</i> <i>(million)</i>	Approximate size of the property <i>(square meter)</i>	Location	Use of the property	Term of the Lease
1	1.77	11,781	Jiangsu	Warehouse and display	1 April 2006 to 31 March 2026
2	0.04	279	Shandong	Office	1 April 2006 to 31 March 2026
3	0.92	6,607	Jiangsu	Warehouse	1 April 2006 to 31 March 2026
4	0.87	5,790	Jiangsu	Office	1 April 2006 to 31 March 2026
5	1.98	13,213	Jiangsu	Warehouse	1 April 2006 to 31 March 2026
6	2.31	15,396	Shandong	Warehouse and office	17 May 2006 to 16 May 2026

LETTER FROM THE BOARD

Lease number	Approximate annual rental payable for the year ending 31 March 2011 RMB (million)	Approximate size of the property (square meter)	Location	Use of the property	Term of the Lease
7	0.20	1,309	Jiangsu	Warehouse	1 April 2006 to 31 March 2026
8	0.03	200	Jiangsu	Office	1 April 2006 to 31 March 2026
9	0.15	445	Jiangsu	Sales office	1 April 2006 to 31 March 2026
10	0.66	4,392	Jiangsu	Warehouse and office	13 March 2010 to 12 March 2030
11	0.68	4,558	Jiangsu	Warehouse	13 March 2010 to 12 March 2030
12	0.52	3,460	Jiangsu	Office	13 March 2010 to 12 March 2030
13	0.41	2,746	Jiangsu	Warehouse	13 March 2010 to 12 March 2030
14	0.38	2,500	Jiangsu	Warehouse	13 March 2010 to 12 March 2030

Although the leases granted under the Property Lease Agreement have not expired, the terms of which have been revised by the Supplemental Property Lease Agreement and the annual caps for the transactions contemplated thereunder for the three years ending on 31 March 2013 is to be renewed in order to comply with the Listing Rules.

LETTER FROM THE BOARD

Set out below the aggregate rental paid by the Group to the Parent Group for each of the years ended 31 March 2008, 2009 and the expected annual rental to be paid for the year ending on 31 March 2010:

	For the year ended 31 March 2008 (audited) RMB (million)	For the year ended 31 March 2009 (audited) RMB (million)	For the year ending on 31 March 2010 (expected) RMB (million)
Annual rental paid or expected to be paid under the Property Lease Agreement	8.2	8.1	7.5

The proposed annual caps for each of the three years ending 31 March 2013 are set out below:

	For the year ending 31 March		
	2011 RMB (million)	2012 RMB (million)	2013 RMB (million)
Proposed annual caps	11.5	11.8	12.0

The proposed annual caps for each of the three years ending 31 March 2013 have been estimated with reference to (i) the market rental for similar properties situated around the 5 additional premises and (ii) the expected increase of rental in the regions in which the Company leases properties from the Parent Group.

The Directors (including the INEDs) confirm that the annual rental paid and expected to be paid by the Group to the Parent Group for the leasing of properties have been determined on an arm's length basis by reference to the prevailing market condition in the PRC and the market rates of comparable properties which in any event is not higher than the rent applicable to a third party tenant at the relevant time and is fair and reasonable to the Company.

Framework Manufacturing Outsourcing and Agency Agreement

Pursuant to the Framework Manufacturing Outsourcing and Agency 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.

LETTER FROM THE BOARD

Under the Framework Manufacturing Outsourcing and Agency 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 pay the Parent Group a processing fee based on the agreed production volume with a view to facilitating the Parent Group's manufacturing work. The processing fee is to be charged at a mark-up of approximately 15% on the actual costs incurred for the processing services, which shall be payable in cash by the Group within 30 days after the completion of processing of each batch of down apparel products. In addition, the Parent Group also from time to time procures raw materials for the Group's OEM business from independent third party suppliers in the PRC in accordance with the Group's instructions. No agency fee is payable by the Group to the Parent Group and the raw materials procured is used solely for the manufacturing of the Group's OEM products.

The Framework Manufacturing Outsourcing and Agency Agreement has an initial term of three years from 15 September 2007 to 14 September 2010 and shall, subject to compliance by the Group the relevant requirements applicable to continuing connected transactions under the Listing Rules, be renewable at the option of the Company for another term of three years by giving at least three months' notice prior to the expiry of the initial term. Subject to the approval by the Shareholders in the EGM of the renewal of the Framework Manufacturing Outsourcing and Agency Agreement and the proposed annual caps thereof, the Company intends to renew the Framework Manufacturing Outsourcing and Agency Agreement and to serve the notice to the Parent Group no later than 14 June 2010.

Set out below the aggregate fee paid by the Group to the Parent Group for each of the years ended 31 March 2008, 2009 and the period from 1 April 2009 to 31 January 2010:

	For the year ended 31 March 2008 (audited) RMB (million)	For the year ended 31 March 2009 (audited) RMB (million)	For the period from 1 April 2009 to 31 January 2010 (unaudited) RMB (million)
Fee paid under the Framework Manufacturing Outsourcing and Agency Agreement	171.4	229.9	282.8

The proposed annual caps for each of the three years ending 31 March 2013 are set out below:

	For the year ending 31 March		
	2011 RMB (million)	2012 RMB (million)	2013 RMB (million)
Proposed annual caps	360.2	396.3	435.9

LETTER FROM THE BOARD

The proposed annual caps for each of the three years ending 31 March 2013 have been estimated with reference to the historical figures of the relevant transactions, the expected increase in prices for the receipt of similar services from third party contract manufacturers over the next three years, in particular, the increase of manufacturing fees as a result of higher labour costs, the further expansion of the Group and expected market conditions and demand for the Group's down apparel products.

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

Reasons for and Benefits of the Continuing Connected Transactions

The Property Lease Agreement, as supplemented by the Supplemental Property Lease Agreement, and the Framework Manufacturing Outsourcing and Agency Agreement are entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole. The renewal of the same will utilize the geographical advantages of both the Group and the Parent Group to increase their respective competitiveness, which is mutually beneficial to each other.

LISTING RULES REQUIREMENTS

The applicable percentage ratios under Chapter 14A of the Listing Rules, in respect of transactions contemplated under the Property Lease Agreement, as supplemented by the Supplemental Property Lease Agreement, are expected to be not less than 0.1% but less than 2.5% on an annual basis. Accordingly, the transactions contemplated under the Property Lease Agreement, as supplemented by the Supplemental Property Lease Agreement, will be subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

The applicable percentage ratios under Chapter 14A of the Listing Rules, in respect of transactions contemplated under the Framework Manufacturing Outsourcing and Agency Agreement is expected to be more than 2.5% on an annual basis and the maximum annual consideration is more than HK\$10 million. Accordingly, the transactions contemplated under the Framework Manufacturing Outsourcing and Agency Agreement will be subject to independent shareholders' approval, reporting and announcement requirements under Chapter 14A of the Listing Rules.

EGM

A notice convening the EGM to be held at Everest Room, Pacific Place Conference Centre, 5/F One Pacific Place, 88 Queensway, Hong Kong on 20 April 2010 at 10 a.m. is set out on pages 34 to 35 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolution in relation to the renewal of the Framework Manufacturing Outsourcing and Agency Agreement and the proposed annual caps in respect of the continuing connected transactions contemplated under the Framework Manufacturing Outsourcing and Agency Agreement.

LETTER FROM THE BOARD

The ordinary resolution to be proposed at the EGM to approve the proposed revised annual cap and the renewal of the Framework Manufacturing Outsourcing and Agency Agreement will be determined by way of poll by the Shareholders. Mr. Gao Dekang and his associates (namely Kong Bo Investment Limited, Kong Bo Development Limited, HSBC International Trustee Limited, Kova Group Limited and Ms. Mei Dong) together controlled the exercise of approximately 67.71% 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 renewal of the Framework Manufacturing Outsourcing and Agency Agreement and the proposed annual caps.

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

RECOMMENDATION

An Independent Board Committee comprising all INEDs has been set up to advise the Shareholders in relation to the Framework Manufacturing Outsourcing and Agency Agreement and the proposed annual caps. Access Capital has been appointed as the Independent Financial Advisor to (i) advise the Independent Board Committee in relation to the Framework Manufacturing Outsourcing and Agency Agreement and the proposed annual caps and (ii) to advise whether it is normal business practice for the Property Lease Agreement, as supplemented by the Supplemental Property Lease Agreement, to be of a term of 20 years.

In relation to the Property Lease Agreement, as supplemented by the Supplemental Property Lease Agreement, the Directors (including the INEDs) are of the view that leases with terms of 20 years is common in the PRC and these leases with such a long duration would help to reduce any potential inconvenience and administrative cost arising from the expiry of a short-term lease. The Directors (including the INEDs) are also of the opinion that the additional 5 leases with terms of 20 years are also common in the PRC, that the proposed annual caps are fair and reasonable, that the transactions contemplated under the Property Lease Agreement, as supplemented by the Supplemental Property Lease Agreement are in the ordinary and usual course of business of the Group and on normal commercial terms, and that the terms of the Property Lease Agreement, as supplemented by the Supplemental Property Lease Agreement, are fair and reasonable and in the interest of the Shareholders as a whole.

LETTER FROM THE BOARD

In relation to the Framework Manufacturing Outsourcing and Agency Agreement, the Directors (including the INEDs, having received and considered 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 thereunder are in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Framework Manufacturing Outsourcing and Agency Agreement are fair and reasonable and in the interest of the Shareholders as a whole.

Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary 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 Access 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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



Bosideng International Holdings Limited

波司登國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3998)

Independent Board Committee

Mr. Dong Binggen

Mr. Jiang Hengjie

Mr. Wang Yao

Mr. Ngai Wai Fung

31 March 2010

To the Shareholders

Dear Shareholder,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 31 March 2010 issued by the Company to its Shareholders (the “Circular”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter, unless the context otherwise requires.

We, being the independent non-executive Directors, have been appointed as the Independent Board Committee to advise you as a Shareholder in connection with the renewal of the Framework Manufacturing Outsourcing and Agency Agreement and the proposed annual caps thereunder, details of which are set out in the Letter from the Board contained in the Circular. Access Capital has been appointed to advise us, the Independent Board Committee in relation to the transactions contemplated under the Framework Manufacturing Outsourcing and Agency Agreement.

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 12 of the Circular, and the letter from Access Capital to us, the Independent Board Committee and the Independent Shareholders containing its advice in respect of the terms of the transactions contemplated under the Framework Manufacturing Outsourcing and Agency Agreement, as set out on pages 15 to 25 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account of the principal factors and reasons considered by Access Capital and its conclusion and advice, we consider that transactions contemplated under the Framework Manufacturing Outsourcing and Agency Agreement are in the ordinary and usual course of business of the Group and are on normal commercial terms, the terms of the transactions contemplated under the Framework Manufacturing Outsourcing and Agency Agreement, and the proposed annual caps for each of the three years ending on 31 March 2013 thereunder are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the transactions contemplated under the Framework Manufacturing Outsourcing and Agency Agreement and the proposed annual caps for each of the three years ending on 31 March 2011, 2012 and 2013.

Yours faithfully,

Independent Board Committee

Dong Binggen

Jiang Hengjie

Wang Yao

Ngai Wai Fung

Independent non-executive Directors

LETTER FROM ACCESS CAPITAL

Set out below is the text of the letter of advice from Access Capital Limited to the Independent Board Committee and the Independent Shareholders prepared for inclusion in this Circular.



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

31 March 2010

*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 the Independent Board Committee and the Independent Shareholders in respect of the Framework Manufacturing Outsourcing and Agency Agreement and the Property Lease Agreement, as supplemented by the Supplemental Property Lease Agreement, details of which are set out in the circular to the Shareholders dated 31 March 2010 (the “Circular”), of which this letter forms part. This letter contains our advice to the Independent Board Committee and the Independent Shareholders in respect of the Framework Manufacturing Outsourcing and Agency Agreement and our advice on the duration of the Property Lease Agreement, as supplemented by the Supplemental Property Lease Agreement. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

As noted in the Letter from the Board, the Framework Manufacturing Outsourcing and Agency Agreement will expire on 14 September 2010. The Company intends to renew the Framework Manufacturing Outsourcing and Agency Agreement and certain other agreements with the Parent Group and to serve the renewal notice to the Parent Group no later than 14 June 2010. Although the leases granted under the Property Lease Agreement have not expired and remain in force, the terms of which have been revised by the Supplemental Property Lease Agreement and the annual caps for the transaction contemplated thereunder for the three years ending on 31 March 2013 is to be renewed in order to comply with the Listing Rules.

LETTER FROM ACCESS CAPITAL

The transactions contemplated under the Framework Manufacturing Outsourcing and Agency Agreement to be effective for the three years ending 31 March 2013 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 2.5% on an annual basis and the maximum annual consideration is more than HK\$10 million.

The transactions contemplated under the Property Lease Agreement as supplemented by the Supplemental Property Lease Agreement is expected to be not less than 0.1% but less than 2.5% on an annual basis. Accordingly, the transactions contemplated under the Property Lease Agreement as supplemented by the Supplemental Property Lease Agreement will be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. However, since the proposed leasing of five additional premises under the Supplemental Property Lease Agreement will be for a term of not exceeding 20 years from the date of the Supplemental Property Lease Agreement, the Company is required to appoint an independent financial adviser to explain why such duration exceeding three years is required and to confirm that it is normal practice for contracts of this type to be of such duration in accordance with Rule 14A.35(1) of the Listing Rules.

The Independent Board Committee, comprising all the INEDs, has been formed to advise the Independent Shareholders as to whether the transactions contemplated under the Framework Manufacturing Outsourcing and Agency Agreement are in the interests of the Company and the Shareholders as a whole, and whether the terms of the Framework Manufacturing Outsourcing and Agency Agreement including the proposed annual caps are fair and reasonable. As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether or not the transactions contemplated under the Framework Manufacturing Outsourcing and Agency Agreement are in the interests of the Company and the Shareholders as a whole; (ii) whether or not the terms of the Framework Manufacturing Outsourcing and Agency Agreement, including the maximum annual value of the transactions contemplated thereunder, are fair and reasonable; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Framework Manufacturing Outsourcing and Agency Agreement and the transactions contemplated thereunder at the EGM. In addition, regarding the duration of the term of the Property Lease Agreement as supplemented by the Supplemental Property Lease Agreement which exceeds three years, our role as the independent financial adviser is to give an explanation as to why the leases contemplated under the Property Lease Agreement as supplemented by the Supplemental Property Lease Agreement of such duration exceeding three years is required and to confirm that it is normal practice for lease of this type to be of such duration.

LETTER FROM ACCESS CAPITAL

BASIS OF OUR OPINION

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Company and/or its senior management staff and/or the Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of the Circular. We have assumed that all the opinions and representations made or provided by the Directors and/or the senior management staff of the Company contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or its senior management staff and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed all information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company and/or its senior management staff and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group.

LETTER FROM ACCESS CAPITAL

PRINCIPAL FACTORS CONSIDERED

In formulating our opinion regarding the Framework Manufacturing Outsourcing and Agency Agreement and the Property Lease Agreement as supplemented by the Supplemental Property Lease Agreement, we have taken into consideration the following principal factors:

I Framework Manufacturing Outsourcing and Agency Agreement

1. Information on the Group

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

Set out below is a summary of the financial results of the Group extracted from the Company’s annual report for the year ended 31 March 2009 (the “Annual Report”) and interim report for the six months ended 30 September 2009 (the “Interim Report”):

	For the year ended 31 March		For the six months ended 30 September	
	2008	2009	2008	2009
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from:				
Down apparels	4,654,306	3,747,613	843,633	1,032,284
OEM management	625,110	527,531	396,560	475,712
Menswear apparels	—	—	—	56,859
Total revenue	5,279,416	4,275,144	1,240,193	1,564,855
Cost of sales	(2,870,614)	(2,330,173)	(865,325)	(1,039,982)
Gross profit	2,408,802	1,944,971	374,868	524,873
Distribution expenses	(1,106,599)	(1,029,801)	(257,023)	(324,723)
Administrative expenses	(202,262)	(286,974)	(105,559)	(148,703)
Profit from operations	1,163,748	679,765	18,776	30,471
Finance income	61,814	105,615	63,983	51,257
Finance expenses	(77,313)	(9,310)	(5,933)	(1,423)
Profit before income tax	1,148,249	776,070	76,826	80,305
Profit for the year/period	1,116,937	748,273	51,080	60,620
Profit attributable to:				
Equity holders of the Company	1,116,937	748,120	50,927	60,622
Non-controlling interests	—	153	153	(2)

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The revenue of the Group for the year ended 31 March 2009 was approximately RMB4,275.1 million, representing a decrease of approximately 19.0% from the revenue recorded in the previous year of approximately RMB5,279.4 million. As stated in the Annual Report, the decrease in revenue was mainly due to the ongoing global economic downturn and fierce competition within the down apparel industry in the PRC and the Group's strategy of maintaining profitability. While the Group's competitors focused on driving volume growth through aggressive price cutting measures to liquidate stocks, the Group maintained average selling price, and thus profitability, at a stable level with the launch of new value-added products. Profit attributable to equity holders of the Company for the year ended 31 March 2009 was approximately RMB748.1 million, representing a decrease of approximately 33.0% from approximately RMB1,116.9 million for the year ended 31 March 2008.

For the six months ended 30 September 2009, the Group recorded a revenue of approximately RMB1,564.9 million, representing an increase of approximately 26.2% as compared with the revenue of approximately RMB1,240.2 million in the corresponding period in 2008. As set out in the Interim Report, the increase was mainly driven by (i) the 22.4% growth in branded down apparel business, due to the effective sales plan to control the quantity and selling price of inventories to be sold in the off-peak season and (ii) the 19.9% growth in OEM management business, due to the fully utilization of the Group's resources during the off-peak season. Profit attributable to equity holders of the Company for the six months ended 30 September 2009 was approximately RMB60.6 million, representing an increase of approximately 19.0% from approximately RMB50.9 million for the corresponding period in 2008.

2. Reasons for the renewal of the Framework Manufacturing Outsourcing and Agency Agreement

As set out in the Letter from the Board, the renewal of the Framework Manufacturing Outsourcing and Agency Agreement will enable the Group to continue to utilize the geographical advantages of both the Group and the Parent Group so as to increase their respective competitiveness, which is mutually beneficial to each other.

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

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As stated in the Annual Report, competition within the down apparel industry in the PRC is fierce and the sale of down apparel products is often affected by weather and the peak sales seasons of such products are short (i.e. started from mid-September to late April). Accordingly, we are of the view that it is significantly important that the Group is able to minimize the production time and response swiftly to changes in the market so as to prevent loss of market share to its competitors. Given the specialization of the Parent Group in the manufacturing process of apparel and the relationship between the Group and the Parent Group, we consider that the Parent Group is strategically in an advanced position to provide the manufacturing services to the Group as the Parent Group shall have a better understanding of the Group, in particular its production needs that are subject to changes from time to time. Having considered the historical co-operation relationship between the Group and the Parent Group, we are also of the view that it is reasonable and appropriate for the Group to continue such co-operation relationship in the future as the transactions contemplated thereunder will continue to be carried out in the usual and ordinary course of business of the Group and on normal commercial terms.

Given the aforesaid benefits, we concur with the Company's view that the transactions contemplated under the Framework Manufacturing Outsourcing and Agency Agreement are in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Framework Manufacturing Outsourcing and Agency Agreement

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

The original Framework Manufacturing Outsourcing and Agency Agreement has an initial term of three years from 15 September 2007 to 14 September 2010 and shall, subject to compliance by the Group the relevant requirements applicable to continuing connected transactions under the Listing Rules, be renewable at the option of the Company for another term of three years by giving at least three months' notice prior to the expiry of the initial term. As set out in the Letter from the Board, subject to the approval by the Independent Shareholders in the EGM of the renewal of the Framework Manufacturing Outsourcing and Agency Agreement and proposed annual caps thereof, the Company intends to renew the Framework Manufacturing Outsourcing and Agency Agreement for another term of three years and to serve the notice to the Parent Group no later than 14 June 2010.

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4. ***Rationale for determining the terms and the maximum value of the transactions contemplated under the Framework Manufacturing Outsourcing and Agency Agreement***

As stated in the Letter from the Board, the Company entered into similar transactions with the Parent Group in the past. Set out below the aggregate fee paid by the Group to the Parent Group for each of the two years ended 31 March 2008 and 2009 and the 10-month period from 1 April 2009 to 31 January 2010:

	For the year ended 31 March 2008 (audited) RMB(million)	For the year ended 31 March 2009 (audited) RMB(million)	For the period from 1 April 2009 to 31 January 2010 (unaudited) RMB(million)
Fee paid under the Framework Manufacturing Outsourcing and Agency Agreement	171.4	229.9	282.8

The proposed annual caps for each of the three years ending 31 March 2013 are set out below:

	For the year ending 31 March		
	2011	2012	2013
	<i>RMB(million)</i>	<i>RMB(million)</i>	<i>RMB(million)</i>
Proposed annual caps	360.2	396.3	435.9

The proposed annual caps for each of the three years ending 31 March 2013 have been estimated with reference to the historical figures of the relevant transactions, the expected increase in prices for the receipt of similar services from third party contract manufacturers over the next three years, in particular, the increase of manufacturing fees as a result of higher labour costs, the further expansion of the Group and expected market conditions and demand for the Group's down apparel products.

We note that the aggregate fee paid by the Group to the Parent Group has been increasing in the past, from approximately RMB171.4 million for the year ended 31 March 2008 to RMB282.8 million for the period from 1 April 2009 to 31 January 2010. The compound annual growth rate for the two years ended 31 March 2009 and ten months ended 31 January 2010 is approximately 28.5%.

The proposed annual cap for the year ending 31 March 2011 is RMB360.2 million, which represents an increase of approximately 27.4% over the historical transaction amount of approximately RMB282.8 million for the period from 1 April 2009 to 31 January 2010. The proposed annual caps for the three financial years ending 31 March 2013 represent a compound annual growth rate of approximately 10.0%, which is much lower than the historical rate of increase from 2008 to 2010.

We note that the fee paid to the Parent Group under the Framework Manufacturing Outsourcing and Agency Agreement in the past has not been significant. The fee paid to the Parent Group for the

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year ended 31 March 2009 of approximately RMB229.9 million represents only approximately 9.9% of the Group's total cost of sales of RMB2,330.2 million during the same period, which suggests that the Group does not rely significantly on the Parent Group in the manufacturing of products.

We also understand from the Company that although the Group is satisfied with the services provided by the Parent Group under the Framework Manufacturing Outsourcing and Agency Agreement and plans to increase the transaction amount with the Parent Group in the future, the non-exclusive arrangement under the Framework Manufacturing Outsourcing and Agency Agreement allows the Group to appoint other agencies and/or outsourcing manufacturers should the terms offered by the Parent Group are not the most favourable to the Group.

The Group also engaged other independent third parties for the processing of down apparel products. We understand from the Company that the relevant payment terms, payment method and price payable under the Framework Manufacturing Outsourcing and Agency Agreement are comparable to those with independent third parties. We have reviewed and compared certain transactions entered into between the Group and the Parent Group and those between the Group and independent third parties for the processing of the same type of down apparel products, and found that the price, payment terms and payment method under the transactions with the Parent Group were no less favourable than those with the independent third parties. As such, we are of the view that the terms of the Framework Manufacturing Outsourcing and Agency Agreement are on normal commercial terms and are fair and reasonable.

Based on the fact that (i) the proposed transactions contemplated under the Framework Manufacturing Outsourcing and Agency Agreement will continue to be conducted in the ordinary and usual course of business of the Company and on normal commercial terms; (ii) the growth rate of the proposed annual caps of 10.0% is lower than the historical growth rate of approximately 28.5%; and (iii) the non-exclusive arrangement under the Framework Manufacturing Outsourcing and Agency Agreement provides the Company with the flexibility without any commitment on the actual transaction values, we are of the view that the proposed renewal of the Framework Manufacturing Outsourcing and Agency Agreement is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and the proposed annual caps under the Framework Manufacturing Outsourcing and Agency Agreement have been arrived at on a fair and reasonable basis.

5. Conditions of the annual caps under the Framework Manufacturing Outsourcing and Agency Agreement

There are certain conditions of the annual cap pursuant to the Listing Rules, in particular, the restriction of the value of the transactions contemplated under the Framework Manufacturing Outsourcing and Agency Agreement by way of the annual cap for the relevant financial year ending 31 March 2011, 2012 and 2013 and the annual review by the INEDs of the terms of such transactions and the relevant annual caps not being exceeded, details of which must be included in the Company's subsequent published annual reports and accounts. Also, pursuant to the Listing Rules, each year the auditors of the Company must provide a letter to the Board confirming, among other things, that the transactions contemplated under the Framework Manufacturing Outsourcing and Agency Agreement are conducted in accordance with the terms therein and that the relevant annual caps are not being

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exceeded. In addition, pursuant to the Listing Rules, the Company shall publish an announcement if it knows or has reason to believe that the INEDs and/or its auditors will not be able to confirm the terms of such transactions or the relevant annual caps not being exceeded. We are of the view that there are appropriate measures in place to govern the conduct of the transactions contemplated under the Framework Manufacturing Outsourcing and Agency Agreement and safeguard the interests of the Independent Shareholders.

II. Property Lease Agreement as supplemented by the Supplemental Property Lease Agreement

In assessing the reasonableness of the lease tenure of the Property Lease Agreement as supplemented by the Supplemental Property Lease Agreement, we have reviewed the following information:

- The Company has entered into the Property Lease Agreement with Mr. Gao Dekang dated 15 September 2007 in its ordinary and usual course of business, pursuant to which the Parent Group will lease certain properties with a total area of approximately 55,824 square meters to the Group. The properties leased under the Property Lease Agreement are used as the Group's regional offices or warehouse. The term of each lease granted under the Property Lease Agreement shall not be more than 20 years.
- The Directors are of the view that leases with terms of 20 years is common in the PRC and leases with such a long duration would help reduce any potential inconvenience and administrative cost arising from the expiry of a short-term lease.
- On 11 March 2010, the Company and Mr. Gao Dekang entered into the Supplemental Property Lease Agreement pursuant to which the Parent Group agreed to lease five additional premises for a term not exceeding 20 years from the date of the Supplemental Property Lease Agreement.

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- Based on the review of those recent prospectuses issued by companies listed on the Stock Exchange within six months of the date of the Supplemental Property Lease Agreement (i.e. prospectuses dated after 11 September 2009), we note that it is not uncommon for listed companies listed on the Stock Exchange to enter into similar agreements involving leasing of properties in the PRC which have durations comparable to that of the Supplemental Property Lease Agreement, details of which are as follows:

Company	Stock code	Date of prospectus	Particulars of occupancy	Duration of tenancy agreement (years)
Zhongsheng Group Holdings Limited	881	16 March 2010	for automobile sales and ancillary purposes	20 - 30
China SCE Property Holdings Limited	1966	25 January 2010	sale centre	20
China Pacific Insurance (Group) Co., Ltd.	2601	10 December 2009	certain properties for use as office, commercial or residential purposes	lease expiry date as late as 21 June 2035
Shengli Oil & Gas Pipe Holdings Limited	1080	9 December 2009	for production, office and storage purposes	20
Comtec Solar Systems Group Limited	712	19 October 2009	for industrial purpose	20

Source: the official website of the Stock Exchange (www.hkex.com.hk)

- Under the Property Lease Agreement as supplemented by the Supplemental Property Lease Agreement, the Group is able to terminate a lease of any premise at any time prior to its expiry at the Group's sole discretion and without any penalty, provided that a 30-day advance notice is provided to the Parent Group. Despite the long duration of each lease, the Group enjoys the flexibility of a short-term lease to relocate to another site or premises at any time should the Group consider any property leased or to be leased under the Property Lease Agreement as supplemented by the Supplemental Property Lease Agreement no longer suitable for its use or no longer cost-competitive. The Parent Group, on the other hand, is not entitled to terminate any lease under the Property Lease Agreement as supplemented by the Supplemental Property Lease Agreement without the Group's consent, which enables the Group to minimize any potential and/or unexpected disruption to our business operations which may arise from the expiry of a short-term lease.

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- The annual cap for the continuing connected transactions contemplated under the Property Lease Agreement as supplemented by the Supplemental Property Lease Agreement will be subject to renewal every three years in accordance with the Listing Rules.

Having considered the above factors, we are of the view that it is (i) essential to safeguard the interests of the Company and the Shareholders to enter into the Supplemental Property Lease Agreement with duration exceeding 3 years; and (ii) a normal business practice in the PRC for a property lease to have a duration of 20 years.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that (i) the proposed renewal of the Framework Manufacturing Outsourcing and Agency Agreement is in the interests of the Company and the Shareholders as a whole; (ii) the transactions to be contemplated under the Framework Manufacturing Outsourcing and Agency Agreement are in the ordinary and usual course of business of the Company and on normal commercial terms; (iii) the terms of the Framework Manufacturing Outsourcing and Agency Agreement, including the proposed annual caps, are fair and reasonable. Accordingly, we would advise the Independent Board Committee and the Independent Shareholders that the Independent Shareholders should vote in favour of the ordinary resolution to approve the proposed renewal of the Framework Manufacturing Outsourcing and Agency Agreement at the EGM.

Yours faithfully,
For and on behalf of
Access Capital Limited
Alexander Tai
Principal Director

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF 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 or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules were as follows:

(a) Long position in the Company

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest in the issued share capital of Company
Mr. Gao Dekang	Other (Note 1)	5,207,291,201	67.00%
	Deemed interest (Note 2)	52,478,931	0.67%
	Deemed interest (Note 3) (Note 4)	2,763,697	0.036%
Ms. Mei Dong	Other (Note 1)	5,207,291,201	67.00%
	Deemed interest (Note 2) (Note 5)	52,478,931	0.67%
	Beneficial owner (Note 3)	2,763,697	0.036%
Ms. Gao Miaoqin	Beneficial owner (Note 3)	2,763,697	0.036%
Dr. Kong Shengyuan	Beneficial owner (Note 3)	2,763,697	0.036%
Ms. Huang Qiaolian	Beneficial owner (Note 3)	2,763,697	0.036%
Ms. Wang Yunlei	Beneficial owner (Note 3)	1,878,242	0.024%

Notes:

- (1) These Shares are directly held by Kong Bo Investment Limited (as to 5,154,719,202 shares) and Kong Bo Development Limited (as to 52,571,999 shares). Each of Kong Bo Investment Limited and Kong Bo Development Limited is wholly owned by Kova Group Limited, which is in turn wholly-owned by The GDK Family Trust, the trustee of which is HSBC International Trustee Limited. The GDK Family Trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong). Accordingly, each of Mr. Gao Dekang and Ms. Mei Dong is deemed to be interested in such Shares under the SFO.
- (2) As at the Latest Practicable Date, the Share Scheme comprises 52,478,931 Shares held by Gather Wealth Holdings Limited (as trustee of the Share Scheme) subsequent to the vesting of part of the shares comprising the Share Scheme on the first anniversary of 11 October 2007 (the "Listing Date"). Mr. Gao Dekang is deemed to be interested in the 52,478,931 Shares held by Gather Wealth Holdings Limited in his capacity as of one of the founders of the Share Scheme.
- (3) Each of Ms. Mei Dong, Ms. Gao Miaoqin, Dr. Kong Shengyuan and Ms. Huang Qiaolian was granted 2,763,697 Shares, and Ms. Wang Yunlei was granted 1,878,242 Shares, under the Share Scheme over a vesting period.
- (4) Mr. Gao Dekang is the spouse of Ms. Mei Dong. Thus, he is deemed to be interested in the 2,763,697 Shares under the SFO.
- (5) Ms. Mei Dong is the spouse of Mr. Gao Dekang. Thus, she is deemed to be interested in the 52,478,931 Shares under the SFO.

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

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

Notes:

- (1) Kong Bo Investment Limited and Kong Bo Development Limited own 66.32% and 0.68% of the Shares (comprising 5,154,719,202 Shares and 52,571,999 Shares, respectively), each of which is wholly owned by Kova Group Limited, which is in turn wholly-owned by The GDK Family Trust, the trustee of which is HSBC International Trustee Limited. The GDK Family Trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong). Accordingly, each of Mr. Gao Dekang and Ms. Mei Dong is deemed to be interested in the shares of Kong Bo Investment Limited, Kong Bo Development Limited and Kova Group Limited under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(B) Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at the Latest Practicable Date, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the Directors or chief executive of the Company, the following persons, other than Directors or chief executive of the Company, had an interest or short position in the shares which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company:

Name of Shareholder	Nature of interest	Number of Shares held	Approximate percentage of interest in the Company
Kong Bo Investment Limited	Corporate interest	5,154,719,202	66.32%
HSBC International Trustee Limited	Trustee (<i>Note 1</i>)	5,207,291,201	67.00%
Kova Group Limited	Interest of controlled corporation (<i>Note 1</i>)	5,207,291,201	67.00%
Shanghai Olympics Investment Holdings Company Limited (<i>"Olympics Investment"</i>)	Corporate interest	401,151,953	5.16%
	Deemed interest (<i>Note 2</i>)	52,478,931	0.68%
The HSBC Private Equity Fund 3 Limited (<i>"HSBC Private Equity"</i>)	Interest of controlled corporation (<i>Note 3</i>)	453,630,884	5.84%
Solandra Investments Limited	Interest of controlled corporation (<i>Note 3</i>)	453,630,884	5.84%
HSBC Entities	Interest of controlled corporation (<i>Note 4</i>)	453,630,884	5.84%

Notes:

- (1) These Shares are directly held by Kong Bo Investment Limited (as to 5,154,719,202 Shares) and Kong Bo Development Limited (as to 52,571,999 Shares). Each of Kong Bo Investment Limited and Kong Bo Development is wholly owned by Kova Group Limited, which is in turn wholly owned by The GDK Family Trust, the trustee of which is HSBC International Trustee Limited. The GDK Family Trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong). Accordingly, each of Kova Group Limited and HSBC International Trustee Limited is deemed to be interested in such shares under the SFO.
- (2) As at the Latest Practicable Date, the Share Scheme comprises 52,478,931 Shares held by Gather Wealth Holdings Limited (as trustee of the Share Scheme) subsequent to the vesting of part of the shares comprising the Share Scheme on the first anniversary of the Listing Date. Olympics Investment is deemed to be interested in the 52,478,931 Shares held by Gather Wealth Holdings Limited in its capacity as one of the founders of the Share Scheme.
- (3) Olympics Investment is the wholly-owned subsidiary of HSBC Private Equity. Solandra Investments Limited owns 33.8% of the shareholding interest of HSBC Private Equity. Solandra Investments Limited is an indirect wholly-owned subsidiary of its ultimate holding company, HSBC Holdings plc. Each of HSBC Private Equity and Solandra Investments Limited is deemed to be interested in the Shares held by Olympics Investment.
- (4) This refers to the shareholding of each of the HSBC Entities, which comprise The Hongkong and Shanghai Banking Corporation Limited, HSBC Asia Holdings B.V., HSBC Asia Holdings (UK) Limited, HSBC Holdings B.V., HSBC Finance (Netherlands) and HSBC Holdings plc, each of which is deemed to be interested in the Shares held by Olympics Investment. Olympics Investment is the wholly-owned subsidiary of HSBC Private Equity. Solandra Investments Limited owns 33.8% of the shareholding interests of HSBC Private Equity. Solandra Investments Limited is directly wholly-owned by The Hongkong and Shanghai Banking Corporation Limited, which is directly wholly-owned by HSBC Asia Holdings B.V., a direct wholly-owned subsidiary of HSBC Asia Holdings (UK) Limited. HSBC Asia Holdings (UK) Limited is in turn directly wholly-owned by HSBC Holdings B.V., which is directly wholly owned by HSBC Finance (Netherlands), a direct wholly-owned subsidiary of HSBC Holdings plc.

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

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

(C) Material Interests

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

(a) Framework Raw Material Purchase Agreement

The Company entered into a framework raw material purchase agreement dated 15 September 2007 with Mr. Gao Dekang, pursuant to which the Group agreed to purchase (on a non-exclusive basis) nanometre fabric from the Parent Group for a term of three years, renewable for another term of three years at the option of the Company. Under this agreement, the prices of nanometre fabric supplied by the Parent Group to the Group are comparable to those of similar products which the Parent Group supplies to third party customers. As disclosed in the Announcement, this agreement will be renewed on or before 14 June 2010.

(b) Framework Integrated Service Agreement

The Company entered into a framework integrated service agreement dated 15 September 2007 with Mr. Gao Dekang, pursuant to which Mr. Gao Dekang procured the Parent Group to provide various ancillary services to the Group, which currently includes the provision of hotel accommodation, for a term of three years, renewable for another term of three years at the option of the Company. The framework integrated service agreement was entered into on terms no less favourable to the Group than terms available to independent third parties. As disclosed in the Announcement, this agreement will be renewed on or before 14 June 2010.

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

Details of which are set out in pages 5 to 8 of this Circular.

(d) Framework Manufacturing Outsourcing and Agency Agreement

Details of which are set out in pages 8 to 10 of this Circular.

(e) Framework Trademark Licensing Agreement

As part of the Group's business reorganization, the Parent Group has previously assigned to the Group all trademarks that are relevant to the Group's core business, on the condition that the Group will license these trademarks to the Parent Group solely for use in connection with business operations which are outside the scope of the Group's business (excluding any use as company names and on properties invested by the Parent Group).

The Group therefore entered into a framework trademark licensing agreement dated 15 September 2007 with Mr. Gao Dekang and the Parent Group, pursuant to which the Group shall licence to the Parent Group all these trademarks. In consideration, the Parent Group will pay the Group royalties based on arms-length commercial terms and by reference to the royalties charged by the Group on independent third parties. The term of the framework trademark licensing agreement is three years, renewable at the parties' option for another term of three years by giving at least six months' notice prior to expiry of the initial term.

(f) *Framework Distribution and Sale Agreement*

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

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

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or the professional adviser named in paragraph 7 of this Appendix had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2009, being the date of the latest published audited financial statements of the Company.

(D) **Competing Interests**

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

3. LITIGATION

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

4. SERVICE CONTRACTS

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

5. MATERIAL ADVERSE CHANGE

Save as disclosed herein, as at the Latest Practicable Date, the Directors confirm that there has not been any material adverse change in the financial or trading position of the Company since 31 March 2009, being the date of the latest published audited financial statements of the Company.

6. CONSENTS

Access Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the references to its name in the form and context in which they respectively appear.

7. QUALIFICATIONS OF EXPERT

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

Names	Qualifications
Access Capital Limited	A corporation licensed under the SFO (Chapter 571 of the Laws of Hong Kong) to carry out type 1 regulated activities (dealing in securities), type 4 regulated activities (advising on securities), type 6 regulated activities (advising on corporate finance) and type 9 regulated activities (asset management)

As at the Latest Practicable Date, Access Capital was not beneficially interested in the share capital of any member of the Group or had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor had any interest, either directly or indirectly, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. MISCELLANEOUS

- (a) The company secretary and qualified accountant of the Company is Mr. Mak Yun Kuen, a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (b) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (c) The place of business in Hong Kong is Room 1703A, 17/F Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.
- (d) The English text of this circular and the accompanying proxy form shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at DLA Piper Hong Kong at 17th Floor, Edinburgh Tower, the Landmark, 15 Queen's Road, Central, Hong Kong during normal business hours on any business day from the date of this circular up to and including 20 April 2010:

- (a) the Property Lease Agreement and the Supplemental Property Lease Agreement;
- (b) the Framework Manufacturing Outsourcing and Agency Agreement;
- (c) Framework Raw Material Purchase Agreement;
- (d) Framework Integrated Service Agreement;
- (e) Framework Trademark Licensing Agreement; and
- (f) Framework Distribution and Sale Agreement.



Bosideng International Holdings Limited

波司登國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3998)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Bosideng International Holdings Limited (the “Company”) will be held at Everest Room, Pacific Place Conference Centre, 5/F One Pacific Place, 88 Queensway, Hong Kong on 20 April 2010 at 10 a.m. for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

1. **”THAT:**

- (a) the proposed annual caps for each of the three years ending 31 March 2013 and all the transactions contemplated under the Framework Manufacturing Outsourcing and Agency Agreement as set out in the circular to the shareholders of the Company dated 31 March 2010 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 Agreement and the transactions contemplated therein.”

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

Hong Kong, 31 March 2010

Notes:

- 1. Any shareholder entitled to attend and vote at the meeting is entitled to appoint another person as his/her proxy to attend and vote instead of his/her. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not

be a shareholder of the Company but must be present in person at the meeting to represent the shareholder. Completion and return of the form of proxy will not preclude a shareholder from attending the meeting and voting in person. In such event, his/her form of proxy will be deemed to have been revoked.

2. Where there are joint holders of any share, any one of such joint holders may vote at the meeting, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the meeting, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority must be deposited at the offices of the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment thereof.
4. In accordance with Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), Mr. Gao Dekang and his associates (as defined in the Listing Rules) are required to abstain from voting on the above ordinary resolution.
5. The ordinary resolution as set out above will be determined by way of a poll.

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