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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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波司登國際控股有限公司
Bosideng International Holdings Limited
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 3998)

CONTINUING CONNECTED TRANSACTIONS

**REVISION OF ANNUAL CAPS FOR THE FRAMEWORK
MANUFACTURING
OUTSOURCING AND AGENCY AGREEMENT
AND
NOTICE OF EGM**

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



A notice convening the EGM to be convened and held at 10:30 a.m. on Friday, February 6, 2015 at Meeting Room, Regus Business Centre, 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong is set out on pages 31 to 32 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.

January 21, 2015

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DEFINITIONS

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

“Agreement”	the framework manufacturing outsourcing and agency agreement entered into between the Company and Mr. Gao Dekang dated September 15, 2007, which was then further extended to a term up to September 14, 2017, pursuant to which the Group agrees to outsource its manufacturing process of down apparel to the Parent Group on a non-exclusive basis
“Announcement”	the announcement made by the Company dated December 23, 2014
“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 the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held to consider and approve the New Annual Caps
“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” or “IBC”	the independent board committee comprising all the INEDs

DEFINITIONS

“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 SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Shareholders in relation to the New Annual Caps
“Independent Shareholders”	Shareholders other than Mr. Gao Dekang and his associates and any other person who has a material interest in the Agreement
“INEDs”	the independent non-executive Directors, namely Mr. Dong Binggen, Mr. Wang Yao, Dr. Ngai Wai Fung and Mr. Lian Jie
“Latest Practicable Date”	January 16, 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining the information contained therein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Manufacturing Companies”	Jiangsu Xuezhongfei Apparels Manufacturing Co., Ltd., Shandong Kangbo Industry Co., Ltd., Jiangsu Kangxin Garment Co., Ltd and Jiangsu Suyong International Trade Co., Ltd., all of them are owned or controlled by Mr. Gao Dekang’s family
“New Annual Caps”	the proposed revised annual caps for the continuing connected transactions under the Agreement for each of the three years ending March 31, 2017, as set out under the section “Historical figures and New Annual Caps” in this circular
“Parent Group”	Mr. Gao Dekang and his associates, other than members of the Group
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)

DEFINITIONS

“Shareholders”	the shareholders of the Company
“Shares”	ordinary shares of USD0.00001 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

LETTER FROM THE BOARD



波司登國際控股有限公司
Bosideng International Holdings Limited
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 3998)

Executive Directors:

Mr. Gao Dekang (*Chairman of the Board*)
Ms. Mei Dong
Ms. Gao Miaoqin
Ms. Huang Qiaolian
Mr. Mak Yun Kuen
Mr. Rui Jinsong

Registered Office:

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

Independent Non-Executive Directors:

Mr. Dong Binggen
Mr. Wang Yao
Dr. Ngai Wai Fung
Mr. Lian Jie

Place of Business in Hong Kong:

Room 1703A, 17th Floor, Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

January 21, 2015

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

**REVISION OF ANNUAL CAPS FOR THE FRAMEWORK MANUFACTURING
OUTSOURCING AND AGENCY AGREEMENT
AND
NOTICE OF EGM**

INTRODUCTION

Reference is made to the Announcement in respect of the New Annual Caps for the Agreement.

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

LETTER FROM THE BOARD

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 as at the Latest Practicable Date.

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

Framework Manufacturing Outsourcing and Agency Agreement

Background Information

At the extraordinary general meeting held on August 28, 2014, the Company has obtained the Shareholders' approval in relation to the renewal of the Agreement and the annual caps for the transactions under the Agreement for each of the three years ending March 31, 2017.

As the amount of manufacturing services actually required by the Company under the Agreement exceeds the original projection, the aggregate amount of fees payable by the Group to the Parent Group for the year ending March 31, 2015 may soon exceed the original renewed annual caps obtained in August 2014. Accordingly, the Company proposes to obtain the New Annual Caps for the three years ending March 31, 2017 in order to comply with Rule 14A.54 of the Listing Rules.

The reasons for the increase in the demand for the manufacturing services of the Parent Group are:

(i) *Specific demand from OEM customers*

The Group is running the original equipment manufacturing ("OEM") management business through which the Group is sourcing and distributing OEM products and managing the outsourced manufacturing process on behalf of its OEM customers. 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, there is substantial increase in the specific demand from the OEM customers of the Group for the down apparel products to be manufactured by the Parent Group during the period from April 1, 2014 to November 30, 2014.

(ii) *Adoption of the "Stringent control in inventory as well as operation refinement" strategy of the Group*

As disclosed in the 2014/2015 interim results of the Company, the Group has adopted a series of measures to enhance retail operating capability as well as to reduce its inventory. The Group has made adjustment to orders placed by distributors and strictly controlled the overall production amount based on actual sales. The Group will have more meticulous store data

LETTER FROM THE BOARD

analysis such as product portfolio, sales speed and profitability, etc., which has enhanced efficiency of logistics and warehouses for immediate stock replenishment to ensure sufficient product supply at a more cost efficient basis.

Under such an operation refinement strategy, each batch of down apparel products orders placed by the Group can only be of a smaller quantity and at a quicker turnaround time so as to meet such immediate replenishment policy. As such, there are not many independent manufacturers who will be willing or capable to take up such manufacturing order at the Estimated Costs (as defined below) as requested by the Group. The Parent Group therefore took up most of these manufacturing orders placed by the Group in the past eight months period, which nearly fully utilized the original annual cap as obtained by the Group.

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. The details of the Agreement were set out in the announcement of the Company dated June 26, 2014 and the circular of the Company dated July 25, 2014.

Under the Agreement, the Parent Group provides labor, 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 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 relating to the Estimated Costs to be incurred for the processing services is transparent, as the Group can easily make reference to the prevailing market information relating to labor 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 cost to be incurred for each batch of down apparel products.

After determining the costs to be incurred for the relevant batch of down apparel products of the Parent Group with the applicable mark-up rate ranging from 5% to 10% (depending on place, quality and turnaround of the processing services) (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.

LETTER FROM THE BOARD

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 then been further renewed and extended to September 14, 2017.

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.

Historical figures and the New Annual Caps

Set out below the aggregate fee paid by the Group to the Parent Group for each of the years ended March 31, 2012, 2013 and 2014 and the period from April 1, 2014 to November 30, 2014:

	For the year ended March 31,			For the period from
	2012	2013	2014	April 1, 2014 to
				November 30, 2014
				(unaudited)
	<i>RMB (million)</i>	<i>RMB (million)</i>	<i>RMB (million)</i>	<i>RMB (million)</i>
Fees paid under the Agreement	479.5	430.0	482.7	542.3

The Company proposes the New Annual Caps as follows:

	For the year ending March 31,					
	2015		2016		2017	
	<i>RMB (million)</i>		<i>RMB (million)</i>		<i>RMB (million)</i>	
	Original	Revised	Original	Revised	Original	Revised
	Cap	Cap	Cap	Cap	Cap	Cap
Fees payable under the Agreement	570.0	770.0	673.0	950.0	795.0	1,150.0

LETTER FROM THE BOARD

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

- (a) the historical figures of the relevant transactions, in particular, the historical figures for the period from April 1, 2014 to November 30, 2014 of approximately RMB542.3 million, which had nearly fully utilized the original annual cap of RMB570.0 million for the year ending March 31, 2015;
- (b) the continuous adoption of the stringent control in inventory and immediate stock replenishment strategy of the Group which will increase the manufacturing costs of the other independent manufactures and thus the Group's reliance on the manufacturing services of the Parent Group which can be more flexible in entertaining the Group's order request in terms of smaller quantity and quicker turnaround time;
- (c) the expected continuous increase in costs of provision of manufacturing services required by the Group under the Agreement over the next three years, in particular, the increase of manufacturing fees as a result of higher labor costs;
- (d) 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 substantially increased during the past eight months period; and
- (e) the inclusion of a 5% buffer to accommodate any unexpected increase in the aforesaid transaction volume amount (as a result of any unexpected increase in market demand for the Group's down apparel products, i.e. the OEM customers) or potential fluctuation in the costs of provision of the services as contemplated under the Agreement.

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

LETTER FROM THE BOARD

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.

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

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

1. a detailed cost calculation will be carried out through the Company's large scale computerized automated system with pre-set technology parameters and cost estimation formulas with reference to the cost of materials, products and labors, etc for cost to be incurred for the relevant batch of down apparel products processed by the Parent Group and the applicable mark-up rate will be determined by the cost control management centre of the Company taking into account the place of processing services required; and
2. after the Estimated Cost has been determined, the Company will then invite at least three independent third parties to consider if they are able to provide the processing services on similar terms (i.e. quality, turnaround time, payment terms) at a fixed price (being the Estimated Cost) or any lower price they can offer. Such quotations will be reviewed and evaluated from both the technical and commercial perspectives by qualified personnel of the Group (those personnel who are independent from the Parent Group and familiar with information on processing fees and costs of raw materials and have a good understanding of the suppliers, in particular the general manager of the cost control management centre of the Company) and compared against the Estimated Cost quoted by the Group, so as to ensure the processing services provided by the Parent Group will only be used if the price and terms offered are competitive and comparable to those offered by independent third parties.

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

LETTER FROM THE BOARD

In addition, the INEDs and the auditor of the Company will be provided on a regular basis 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. Based on the above, the Directors, including the INEDs, are of the view that the procedures adopted by the Group to govern transactions contemplated under the Agreement could ensure that the pricing mechanism will be strictly adhered to and the transactions contemplated under the Agreement could be conducted under normal commercial terms and not prejudicial to the interests of the Company and the Shareholders.

REASONS FOR AND BENEFITS FOR REVISION OF THE ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS

As mentioned above, the amount of manufacturing services actually required by the Company under the Agreement exceeds the original projection, the aggregate amount of fees payable by the Group to the Parent Group for the year ending March 31, 2015 may soon exceed the original annual cap. Accordingly, the Company proposes to obtain the New Annual Caps for the three years ending March 31, 2017 in order to comply with Rule 14A.54 of the Listing Rules.

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. The New Annual Caps will enable the Group to continue to use the more flexible manufacturing services offered by 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 responding to the increasing customer requirements for improved quality of down garments in recent years and the specific demand from the OEM customers of the Group for the down apparel products to be manufactured by the Parent Group, so as to increase its competitiveness.

Mr. Gao Dekang, Ms. Mei Dong (the spouse of Mr. Gao Dekang) and Ms Gao Miaoqin (the cousin of Mr. Gao Dekang), all of whom are Directors, have abstained from voting on the board resolutions approving the New Annual Caps.

EGM

The applicable percentage ratios under Chapter 14A of the Listing Rules to the New Annual Caps is expected to be more than 5% on an annual basis and the maximum annual consideration is more than HKD10,000,000. Accordingly, the transactions contemplated under the Agreement is required to be subject to Independent Shareholders' approval, reporting and announcement requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

A notice convening the EGM to be held at 10:30 a.m. on Friday, February 6, 2015 at Meeting Room, Regus Business Centre, 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong is set out in this circular for the purpose of considering and, if thought fit, passing the ordinary resolution in relation to the approval of the New Annual Caps.

The ordinary resolution to be proposed at the EGM will be determined by way of poll by the Shareholders. Mr. Gao Dekang and his associates (namely Kong Bo Investment Limited, Kong Bo Development Limited, Cititrust (Singapore) Limited, Kova Group Limited, Ms. Mei Dong and Ms. Gao Miaoqin) together controlled the exercise of an aggregate 5,212,558,595 shares, representing approximately 65.10%* 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 New Annual Caps.

* *Among the 5,212,558,595 Shares, (i) 5,208,791,201 Shares are directly held by Kong Bo Investment Limited (as to 5,156,219,202 Shares) and Kong Bo Development Limited (as to 52,571,999 Shares). Each of Kong Bo Investment Limited and Kong Bo Development Limited is wholly owned by Kova Group Limited, which is in turn wholly owned by The GDK Family Trust, the trustee of which is Cititrust (Singapore) Limited. The GDK Family Trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong); (ii) 2,763,697 Shares are held by Ms. Mei Dong (the spouse of Mr Gao); and (iii) 1,003,697 Shares are held by Ms Gao Miaoqin (the cousin of Mr. Gao).*

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

The Independent Board Committee comprising all INEDs has been set up to approve the appointment of the Independent Financial Advisor and to advise the Shareholders in relation to the New Annual Caps. Investec has been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Shareholders in this regard.

The Directors (including the INEDs, having received and considered the advice from the Independent Financial Adviser) are of the opinion that i) the revision of the annual caps for the continuing connected transactions contemplated under the Agreement is in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and ii) the New Annual Caps are determined on a fair and reasonable basis and in the interests of the Company and the Shareholders as a whole.

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

LETTER FROM THE BOARD

GENERAL

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

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



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)

January 21, 2015

To the Shareholders

Dear Shareholder,

CONTINUING CONNECTED TRANSACTIONS

**REVISION OF ANNUAL CAPS FOR THE FRAMEWORK MANUFACTURING
OUTSOURCING AND AGENCY AGREEMENT**

We refer to the circular dated January 21, 2015 issued by the Company to its Shareholders (the “Circular”) of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter, unless the context otherwise requires.

We, being the independent non-executive Directors, have been appointed as members of the Independent Board Committee to advise the Shareholder in connection with the New Annual Caps, the details of which are set out in the letter from the Board contained in the Circular. Investec has been appointed to advise us and the Shareholders in relation to the New Annual Caps.

We wish to draw your attention to the letter from the Board and the letter from Investec to us and the Shareholders containing its advice in respect of the New Annual Caps, as set out in the Circular.

Having taken into account the principal factors and reasons considered by Investec and its conclusion and advice, we consider that i) the revision of the annual caps for the continuing connected transactions contemplated under the Agreement is in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and ii) the New Annual Caps are determined on a fair and reasonable basis and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the New Annual Caps.

Yours faithfully,

Independent Board Committee

Dong Binggen

Wang Yao

Ngai Wai Fung

Lian Jie

Independent non-executive Directors

LETTER FROM INVESTEC

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



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www.investec.com

January 21, 2015

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

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

REVISION OF ANNUAL CAPS FOR THE FRAMEWORK MANUFACTURING OUTSOURCING AND AGENCY AGREEMENT

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Shareholders in respect of the Agreement, details of which are set out in the circular to the Shareholders dated January 21, 2015 (the “Circular”), of which this letter forms part. This letter contains our advice to the Independent Board Committee and the Shareholders in respect of the New Annual Caps. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

Reference is made to the announcement of the Company dated June 26, 2014 and the circular of the Company dated July 25, 2014 (the “July Circular”) in respect of, among other things, the Agreement, which was entered into between the Company and the Parent Group regarding the renewal.

As the amount of services actually required by the Group from the Parent Group under the Agreement exceeds the original projection, the aggregate amount of fees payable by the Group to the Parent Group for the year ending March 31, 2015 may soon exceed the original annual cap. Accordingly, the Company proposes to obtain the New Annual Caps for the three years ending March 31, 2017 in order to comply with Rule 14A.54 of the Listing Rules.

LETTER FROM INVESTEC

The Independent Board Committee, comprising all the INEDs, namely, Mr. Dong Binggen, Mr. Wang Yao, Dr. Ngai Wai Fung and Mr. Lian Jie, has been formed to advise the Shareholders in relation to the New Annual Caps. As the independent financial adviser to the Independent Board Committee and the Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Shareholders as to (i) whether or not the revision of the annual caps for the continuing connected transactions contemplated under the Agreement is in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole; (ii) whether or not the New Annual Caps are determined on a fair and reasonable basis so far as the Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the relevant resolution to be proposed at the EGM.

As at the Latest Practicable Date, we were independent from and not connected with the Group or the Parent Group pursuant to Rule 13.84 of the Listing Rules, and accordingly, qualified to give independent advice to the Shareholders regarding these connected transactions of the Company. In addition to the appointment as the Independent Financial Adviser, Investec in the last two years has also acted as the independent financial adviser to the then Independent Board Committee and then independent Shareholders in respect of the renewal of the Agreement (including the proposed annual caps thereunder) as set out in the July Circular. Apart from the normal advisory fee payable to us in connection with our appointment as the independent financial adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

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, the Directors and/or its senior management staff (the “Management”). 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, the Directors and/or the Management 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 Company, the Directors and/or the Management contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company, the Directors and/or the Management that no material facts have been omitted from the information provided and referred to in the Circular.

LETTER FROM INVESTEC

We consider that we have reviewed all information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truthfulness, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company, the Directors and/or the Management and their respective advisers, if any, 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 or the Parent Group.

PRINCIPAL FACTORS CONSIDERED

In formulating our opinion regarding the revision of the annual caps for the continuing connected transactions contemplated under the Agreement, we have taken into consideration the following principal factors:

1. Background information and reasons for the revision of the annual caps for the continuing connected transactions

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

As set out in the letter from the Board (the “Letter from the Board”) under the section heading “Scope of the Agreement”, the Group agrees to outsource its manufacturing process of down apparel to the Parent Group on a non-exclusive basis pursuant to the Agreement. The renewal of the Agreement for a further term up to September 14, 2017, including the then proposed annual caps for the three years ending March 31, 2017 (the “Original Caps”), was approved by the then independent Shareholders at an extraordinary general meeting of the Company held in August 2014.

As set out in the Letter from the Board, since the amount of manufacturing services actually required by the Company under the Agreement exceeds the original projection, the aggregate amount of fees payable by the Group to the Parent Group for the year ending March 31, 2015 may soon exceed the Original Cap for the year ending March 31, 2015 (the “Original Cap 2015”). We also note from the Letter from the Board that the aggregate amount of fees paid by the Group to the Parent Group under the Agreement for the period from April 1, 2014 to November 30, 2014 (the “Eight Months Actual Fees”) of approximately RMB542.3 million (unaudited) represents approximately 95.1% of the Original Cap 2015 of RMB570.0 million.

In addition, we note from the Letter from the Board that the reasons for the increase in the demand for the manufacturing services of the Parent Group are (i) there was substantial increase in the specific demand from the OEM customers of the Group for the down apparel products manufactured by the Parent Group during the period from April 1, 2014 to November 30, 2014 due to 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

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of down garments in recent years; and (ii) the Parent Group took up most of the manufacturing orders of a smaller quantity and at a quicker turnaround time placed by the Group in the past eight months period as the Group continues implementing the “stringent control in inventory as well as operation refinement” strategy and various measures to enhance retail operating capability and to reduce its inventory.

We also note from the Letter from the Board that the New Annual Caps will enable the Group to continue to use the more flexible manufacturing services offered by 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 manufactured by the Parent Group, therefore, increasing the Group’s competitiveness.

Having considered the above, we concur with the Directors’ view that the revision of the annual caps for the continuing connected transactions contemplated under the Agreement is in the ordinary and usual course of business of the Group, under normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2. Rationale for determining the New Annual Caps

As set out in the Letter from the Board, the Company proposes the New Annual Caps as follows:

	For the year ended March 31,					
	2015		2016		2017	
	<i>RMB million</i>		<i>RMB million</i>		<i>RMB million</i>	
	New		New		New	
	Original	Annual	Original	Annual	Original	Annual
	Cap	Cap	Cap	Cap	Cap	Cap
Fees payable under the Agreement	570.0	770.0	673.0	950.0	795.0	1,150.0

As stated in the Letter from the Board, the New Annual Caps are determined based on the following:

- (a) the historical figures of the relevant transactions, in particular, the Eight Months Actual Fees of approximately RMB542.3 million, which had nearly fully utilized the Original Cap 2015 of RMB570.0 million for the year ending March 31, 2015;
- (b) the continuous adoption of the stringent control in inventory and immediate stock replenishment strategy of the Group which will increase the manufacturing costs of the other independent manufactures and thus the Group’s reliance on the manufacturing services of the Parent Group which can be more flexible in entertaining the Group’s order request in terms of smaller quantity and quicker turnaround time;

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- (c) the expected continuous increase in costs of provision of manufacturing services required by the Group under the Agreement over the next three years, in particular, the increase of manufacturing fees as a result of higher labor costs;
- (d) 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 substantially increased during the past eight months period; and
- (e) the inclusion of a 5% buffer to accommodate any unexpected increase in the aforesaid transaction volume amount (as a result of any unexpected increase in market demand for the Group's down apparel products, i.e. the OEM customers) or potential fluctuation in the costs of provision of the services as contemplated under the Agreement.

From the table above, we note that the New Annual Caps for the three years from 2015 to 2017 are approximately RMB770.0 million, RMB950.0 million and RMB1,150.0 million, respectively, representing an average annual growth rate of approximately 22.2% (as compared to approximately 18.1% of average annual growth rate of the Original Caps).

From the discussion with the Management, we understand the New Annual Cap for the year ending March 31, 2015 (the "New Annual Cap 2015") is revised based on the orders of OEM products received by the Group, latest down and OEM sales projection of the Group and projected aggregate transaction value between the Group and the Parent Group for the year ending March 31, 2015 which we have reviewed accordingly. We also understand that the average annual growth rate of approximately 22.2% is based on a number of factors reflecting the latest expected market conditions, particularly, the bases (c) and (d) as discussed above for determining the New Annual Caps.

In determining the fairness and reasonableness of determining the New Annual Caps, we have considered and performed the following analysis.

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For comparison among the Eight Months Actual Fees of the relevant continuing connected transactions, the Original Cap 2015 and the New Annual Cap 2015, the following sets out the respective percentages as represented by the Eight Months Actual Fees over the Original Cap 2015 and the New Annual Cap 2015, respectively.

(Approximately)	Eight Months Actual Fees <i>(RMB million)</i>	Original Cap <i>(RMB million)</i>	% represented by the Eight Months Actual Fees over the Original Cap	New Annual Cap <i>(RMB million)</i>	% represented by the Eight Months Actual Fees over the New Annual Cap
Fees paid/payable under the Agreement	542.3	570.0	95.1%	770.0	70.4%

As set out above, the percentage of the Eight Months Actual Fees over the Original Cap 2015 of approximately RMB542.3 million is approximately 95.1%, suggesting that the Original Cap 2015 is nearly fully utilised. Such percentage over the New Annual Cap 2015 of RMB770.0 million is reduced to approximately 70.4%.

As discussed in the July Circular, we consider that the Parent Group with specialisation in the manufacturing process of apparel on a contractual basis for the Group as well as its third party customers have a better understanding of the Group, in particular its production needs that are subject to changes from time to time, and the flexibility to adjust and deliver and understand that it has been involved in the successful cooperation with the Group in the past years. As set out in the Letter from the Board, we understand that the Parent Group is more flexible in entertaining the Group's order request in terms of smaller quantity and quicker turnaround time and have been able to supply the stock at a more competitive price than the other independent manufactures as the Group continues to adopt the stringent control in inventory and immediate stock replenishment strategy. Moreover, we also understand that due to 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 demand from the Group's OEM customers for the down apparel products manufactured by the Parent Group has substantially increased in the past eight months period. According to the interim results announcement of the Company (the "Interim Announcement 2014") for the six months ended September 30, 2014 dated November 27, 2014 we have reviewed, the revenue from the OEM management increased to approximately RMB1,011.2 million for the six months ended September 30, 2014 from approximately RMB653.4 million for the six months ended September 30, 2013, representing approximately a growth rate of approximately 54.8% (compared to approximately 1.4% increase in the total revenue of the same period). The share of total revenue contribution by OEM management increased to approximately 35.5% for the six months ended September 30, 2014 from approximately 23.3% for the six months ended September 30, 2013.

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Although we note that approximately RMB813.5 million would be the annualised aggregate fees paid under the Agreement for the year ending March 31, 2015 based on the Eight Months Actual Fees of approximately RMB542.3 million and would exceed the New Annual Cap 2015 of approximately RMB770.0 million, we also note from the Interim Announcement 2014 that a majority of orders in the OEM management business segment in financial year ending March 31, 2015 was completed and delivered by the end of September 2014 which had contributed to the considerable increase in the respective revenue of approximately 54.8%. Moreover, we have reviewed the latest available orders of the OEM products received by the Group, its latest down and OEM sales projection of the Group and projected aggregate transaction value between the Group and the Parent Group for the three years ending March 31, 2017 which we have also discussed with the Company about the underlying assumptions and basis for such projection and are satisfied with the underlying assumptions and basis relied upon. Particularly, we note that the relevant sales projection and projected aggregate transaction value between the Group and the Parent Group for the year ending March 31, 2015 are in line with the latest financial performance of the Group as disclosed by the Company.

Based on the above, we concur with the Directors' view that the New Annual Cap 2015 is determined on a fair and reasonable basis and in the interests of the Company and the Shareholders as a whole.

As discussed in our letter in the July Circular, the compound average growth rate per annum for the increase of the average salary of private enterprises – manufacturing industries in the PRC during the period from 2011 to 2013 was approximately 16.8% according to the data from national bureau of statistics of China, and was twice as much as the salary increase and the inflation components anticipated by the Company of approximately 5% in its estimation of the then new annual cap for the next three financial years ending March 31, 2017. Having discussed with the Company, we understand that the approximately 5% in its salary increase and the inflation components was underestimated by the Company. In addition to a buffer, the adjusted projection for the growth in the salary increase and the inflation components is a primary factor, among others, to the upward adjustment of the average annual growth rate of the New Annual Caps of approximately 22.2% from that of the Original Caps of approximately 18.1%. We have reviewed the relevant salary figures in the relevant accounts provided by the Company that and note that there was a higher increase in the average salary per employee in the past year. We have also considered that, assuming the difference of approximately 4.1% between the average annual growth rate of the New Annual Caps of approximately 22.2% and such rate of the Original Caps of approximately 18.1% were to be added entirely on the initially anticipated rate of approximately 5%, the average annual growth rate on its salary increase and the inflation components would become approximately 9.1% and still remain less than approximately 16.8% compound average growth rate per annum for the increase of the average salary of private enterprises – manufacturing industries in the PRC during the period from 2011 to 2013.

Moreover, we have discussed with the Company and considered the buffer (representing approximately 5% of the annual growth rate of the New Caps based on our understanding) taken into account by the Company to accommodate any market uncertainty resulting in unexpected increase in the volume of the transactions under the Agreement so as to avoid

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further revision of the New Annual Caps for the financial year ending 2016 and 2017. Considering factors such as (i) market unpredictableness; (ii) minimization of the production time so as to respond swiftly to changes in the market that can prevent loss of market share to its competitors; and (iii) the buffer in effect representing approximately RMB38.5 million and RMB47.5 million for the year ending 31 March 2016 and 2017, respectively, and a fraction of the historical fees paid under the Agreement, we are of the view that the buffer is fair and reasonable.

As such, we concur with the Directors' view that the average annual growth rate in the New Annual Caps of approximately 22.2% is determined on a fair and reasonable basis and in the interests of the Company and the Shareholders as a whole.

In view of the above, we concur to the Directors' view that the New Annual Caps are determined on a fair and reasonable basis and in the interests of the Company and the Shareholders as a whole.

3. Internal control and mechanism to regulate the transactions contemplated under the Agreement

As set out in the Letter from the Board, the Company has in place the following internal control procedures and mechanism to ensure that the transactions contemplated under the Agreement are carried out in accordance with the regulatory guidelines and terms as disclosed in the Circular:

1. a detailed cost calculation will be carried out through the Company's large scale computerized automated system with pre-set technology parameters and cost estimation formulas with reference to the cost of materials, products and labors, etc. for cost to be incurred for the relevant batch of down apparel products processed by the Parent Group and the applicable mark-up rate will be determined by the cost control management centre of the Company taking into account the location of processing services required; and
2. after the Estimated Cost (defined as the processing fee is to be charged at the estimated actual costs to be incurred for the processing services as set out in the Letter from the Board) has been determined, the Company will then invite at least three independent third parties to consider if they are able to provide the processing services on similar terms (i.e. quality, turnaround time, payment terms) at a fixed price (being the Estimated Cost) or any lower price they can offer. Such quotations will be reviewed and evaluated from both the technical and commercial perspectives by qualified personnel of the Group (those personnel who are independent from the Parent Group and familiar with information on processing fees and costs of raw materials and have a good understanding of the suppliers, in particular the general manager of the cost control management centre of the Company) and compared against the Estimated Cost quoted by the Group, so as to ensure the processing services provided by the Parent Group will only be used if the price and terms offered are competitive and comparable to those offered by independent third parties.

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In addition, as set out in the Letter from the Board, to ensure that the actual prices for the transactions contemplated under the Agreement are on normal commercial terms and on terms no less favorable to the Group than that available from independent third parties, the Group will also conduct regular checks to review and assess whether the processing services have been provided in accordance with the terms of the Agreement. Moreover, the INEDs and the auditor of the Company will be provided on a regular basis 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.

Having (i) discussed the internal control process (as disclosed above) with the Company; (ii) compared the respective sample agreements and corresponding payment receipts for the relevant comparable transactions entered into between the Group and the Parent Group and between the Group and the independent third parties which indicated the terms (including the prices paid) of the agreements entered into between the Group and the Parent Group were no less favorable to the Group than those entered into between the Group and the independent third parties; and (iii) reviewed the copies of the respective positive compliance confirmation letters from the Company (including the respective confirmation by the INEDs) to the auditors and from the auditors to the Board in relation to the relevant continuing connected transactions for the past three financial years, we are also of the view that there are effective procedures in place to ensure that the pricing mechanism will be adhered to and the transactions contemplated under the Agreement will be conducted under normal commercial terms and not prejudicial to the interests of the Company and the Shareholders.

4. Conditions of the New Annual Caps under the Agreement

There are certain conditions imposed on the New Annual Caps pursuant to the Listing Rules, in particular, the restriction of the value of the transactions contemplated under the Agreement by way of the New Annual Caps for the relevant financial years ending March 31, 2015, 2016 and 2017 and the annual review by the INEDs of the terms of such transactions and the relevant New Annual Caps not being exceeded, details of which must be included in the Company's subsequent published annual reports and accounts. Also, pursuant to the Listing Rules, each year the auditors of the Company must provide a letter to the Board confirming, among other things, that the transactions contemplated under the Agreement are conducted in accordance with the terms therein and that the relevant New Annual Caps are not being exceeded. In addition, pursuant to the Listing Rules, the Company shall publish an announcement if it knows or has reason to believe that the INEDs and/or its auditors will not be able to confirm that the terms of such transactions or the relevant New Annual Caps are not exceeded. We are of the view that there are appropriate measures in place to govern the conduct of the transactions contemplated under the Agreement and safeguard the interests of the Company and the Shareholders.

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RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that i) the revision of the annual caps for the continuing connected transactions is in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and ii) the New Annual Caps are determined on a fair and reasonable basis so far as the Shareholders are concerned. Accordingly, we would advise the Independent Board Committee to recommend the Shareholders to vote in favor of the relevant resolution and approve the proposed New Annual Caps at the EGM.

Yours faithfully
For and on behalf of
Investec Capital Asia Limited
Alexander Tai
Managing Director
Head of Corporate Finance

Mr. Alexander Tai of Investec is a responsible officer of 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 SFO. He has been active in the field of corporate finance advisory for over 20 years, involved in and completed various corporate finance advisory transactions.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTEREST

(A) Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them had taken or was deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules were as follows:

(a) Long position in the Company

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest in the Company
Mr. Gao Dekang	Other (Note 1)	5,208,791,201	65.05%
	Deemed interest (Note 3)	2,763,697	0.03%
Ms. Mei Dong	Other (Notes 1 and 4)	5,208,791,201	65.05%
	Beneficial owner (Note 2)	2,763,697	0.03%
Ms. Gao Miaoqin	Beneficial owner (Note 2)	1,003,697	0.01%
Ms. Huang Qiaolian	Beneficial owner (Note 2)	2,763,697	0.03%
Mr. Rui Jinsong	Beneficial owner (Note 2)	1,878,242	0.02%

Notes:

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

- (2) Each of Ms. Mei Dong, Ms. Gao Miaoqin and Ms. Huang Qiaolian was granted 2,763,697 Shares, and Mr. Rui Jinsong was granted 1,878,242 Shares, under the Share Scheme over a vesting period, of which Ms. Gao Miaoqin had already disposed of 1,760,000 Shares granted under the Share Scheme.
- (3) Mr. Gao Dekang is the spouse of Ms. Mei Dong. Thus, he is deemed to be interested in the 2,763,697 Shares held by Ms. Mei Dong under the SFO.
- (4) Ms. Mei Dong is the spouse of Mr. Gao Dekang. Thus, she is deemed to be interested in the 5,208,791,201 Shares held by Mr. Gao Dekang under the SFO.

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

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

Note:

Kong Bo Investment Limited and Kong Bo Development Limited own 64.39% and 0.66% of the Shares (comprising 5,156,219,202 Shares and 52,571,999 Shares, respectively), each of which is wholly owned by Kova Group Limited, which is in turn wholly owned by The GDK Family Trust, the trustee of which is Cititrust (Singapore) Limited. The GDK Family Trust is a discretionary trust set up by Mr. Gao Dekang as founder, for the benefit of his family members (including Ms. Mei Dong). Accordingly, each of Mr. Gao Dekang and Ms. Mei Dong is deemed to be interested in the shares of Kong Bo Investment Limited, Kong Bo Development Limited and Kova Group Limited under the SFO.

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

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

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

Name of shareholder	Nature of interest	Number of Shares in long position	Approximate percentage of interest in the Company
Cititrust (Singapore) Limited	Trustee	5,208,791,201 (Note)	65.05%
Kova Group Limited	Interest of controlled corporation	5,208,791,201 (Note)	65.05%
Kong Bo Investment Limited	Corporate interest	5,156,219,202 (Note)	64.39%
Brandes Investment Partners, L.P.	Investment manager	560,555,550	7.00%

Note:

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

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

(C) Material Interests

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

(a) Framework Raw Material Purchase Agreement

The Company entered into a framework raw material purchase agreement dated September 15, 2007 with Mr. Gao Dekang, pursuant to which the Group agreed to purchase (on a non-exclusive basis) nanometre fabric from the Parent Group for a term of three years, renewable for another term of three years at the option of the Company. Under this agreement, the prices of nanometre fabric supplied by the Parent Group to the Group are comparable to those of similar products which the Parent Group supplies to third party customers. The agreement has been further renewed for a term of three years from September 15, 2013.

(b) Framework Integrated Service Agreement

The Company entered into a framework integrated service agreement dated September 15, 2007 with Mr. Gao Dekang, pursuant to which Mr. Gao Dekang procured the Parent Group to provide various ancillary services to the Group, which currently includes the provision of hotel accommodation, for a term of three years, renewable for another term of three years at the option of the Company. The framework integrated service agreement was entered into on terms no less favourable to the Group than terms available to independent third parties. The agreement has been further renewed for a term of three years from September 15, 2013.

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

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

The term of each lease granted under the property lease agreement is no more than 20 years. Under the property lease agreement, the Group may terminate a lease of any premise, by giving a 30-day prior notice, at any time prior to its expiry at its sole discretion and without penalty. The Parent Group, on the other hand, is not entitled to terminate any lease under the property lease agreement without the Group's consent. On March 11, 2010, the Company and Mr. Gao Dekang entered into the supplemental property lease agreement pursuant to which the Parent Group agreed to lease 5 additional premises to the Company for a term not exceeding 20 years from the date of the supplemental property lease agreement. On April 22, 2013, the Company and Mr. Gao Dekang entered into a further supplemental property lease agreement pursuant to which the Parent Group agreed to lease additional premises in the PRC to the Group from time to time for a term not more than three years from 1 April 2013. The rental payable under the property lease agreement and the supplemental property lease agreement are to be reviewed annually taking into account market conditions, and should not be higher than the rent applicable to a third party tenant at the relevant time.

(d) Agreement

The details of the Agreement are set out in the letter from the Board as set out in this Circular.

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

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or any professional advisers named in paragraph 6 of this Appendix had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since March 31, 2014, being the date of the latest published audited financial statements of the Company.

(D) Competing Interests

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

3. SERVICE CONTRACTS

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

4. MATERIAL ADVERSE CHANGE

Save as disclosed herein, as at the Latest Practicable Date, the Directors confirmed that there had not been any material adverse change in the financial or trading position of the Company since March 31, 2014, being the date of the latest published audited financial statements of the Company.

5. CONSENTS

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

6. QUALIFICATIONS OF EXPERTS

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

Names	Qualifications
Investec	a corporation licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO

As at the Latest Practicable Date, Investec was not beneficially interested in the share capital of any member of the Group or had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

7. MISCELLANEOUS

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

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at principal place of business of the Company in Hong Kong at Room 1703A, 17th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong during normal business hours on any business day from the date of this circular up to and including the date of EGM:

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

NOTICE OF EGM



波司登國際控股有限公司

Bosideng International Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3998)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Bosideng International Holdings Limited (the “Company”) will be held at 10:30 a.m. on Friday, February 6, 2015 at Meeting Room, Regus Business Centre, 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

1. **“THAT:**

- (a) the proposed revised annual caps for the transactions contemplated under the Framework Manufacturing Outsourcing and Agency Agreement for each of the three years ending March 31, 2015, 2016 and 2017 as set out in the circular to the shareholders of the Company dated January 21, 2015 be approved; and
- (b) any 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 new annual caps.”

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

Hong Kong, January 21, 2015

NOTICE OF EGM

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.

As at the date of this notice, 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.