

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. It contains resolutions to be voted on at an extraordinary general meeting of the Company to be held at 10.00 a.m. on 9 October 2018. If you are in any doubt about the contents of this Document or as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended, if you are resident in the United Kingdom, or if you are taking advice in another jurisdiction, from an appropriately authorised independent professional adviser.

If you have sold or otherwise transferred all of your Existing Ordinary Shares, please immediately forward this Document, together with the accompanying Form of Proxy and/or Form of Direction, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. Such documents should, however, not be forwarded to or transmitted into any jurisdiction outside of the UK. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. If you have sold only part of your holding of Existing Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this Document.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. The New Ordinary Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, and will rank in full for all dividends and other distributions declared, made or paid on Ordinary Shares after Admission.

This Document contains no offer of transferable securities to the public within the meaning of section 102B of the FSMA, the Companies Act 2006 or otherwise. Accordingly, this Document does not constitute a prospectus within the meaning of section 85 of the FSMA and has not been drawn up in accordance with the Prospectus Rules or approved by the FCA or any other competent authority. It is emphasised that no application is being made for admission of the Existing Ordinary Shares or the New Ordinary Shares to the Official List of the United Kingdom Listing Authority.

Bagir Group Ltd.

(incorporated and registered in Israel with company number 513994806)

Proposed issue of 359,560,310 new ordinary shares in connection with the proposed investment of \$16.5 million by Shandong Ruyi Fashion Investment Holding Co., Ltd.

and

Notice of Extraordinary General Meeting

This Document should be read as a whole. However, your attention is drawn to the letter from the Non-Executive Chairperson of the Company which is set out on pages 10 to 20 of this Document and which contains the Directors' unanimous recommendation that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting.

N+1 Singer, which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and broker to the Company in connection with the Proposed Investment and will not be acting for any other person (including a recipient of this Document) or otherwise be responsible to any person for providing the protections afforded to clients of N+1 Singer or for advising any other person in respect of the Proposals or any transaction, matter or arrangement referred to in this Document. N+1 Singer's responsibilities as the Company's nominated adviser and broker are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this Document.

Apart from the responsibilities and liabilities, if any, which may be imposed on N+1 Singer by the FSMA or the regulatory regime established thereunder, N+1 Singer does not accept any responsibility whatsoever for the contents of this Document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company or the Proposals. N+1 Singer accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this Document or any such statement.

Notice of an Extraordinary General Meeting of Bagir Group Ltd., to be held at the offices of N+1 Singer, One Bartholomew Lane London EC2N 2AX at 10.00 a.m. on 9 October 2018, is set out at the end of this Document.

To be valid, the accompanying Form of Proxy and/or Form of Direction for use in connection with the Extraordinary General Meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Link Asset Services, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by not later than 10.00 a.m. on 4 October 2018. Completion and return of Forms of Proxy and/or Forms of Direction will not preclude Shareholders or Depository Interest Holders from attending and voting at the Extraordinary General Meeting should they so wish.

A copy of this Document will be made available from the Company's website, www.bagir.com in accordance with AIM Rule 26. This Document does not constitute or form part of any offer or instruction to purchase, subscribe for or sell any shares or other securities in the Company in any other jurisdiction, specifically in any jurisdiction in which such offer or instruction would be unlawful, nor shall it or any part of it or the fact of its distribution form the basis of, be relied on in connection with or act as any inducement to, enter into any contract or commitment for any securities. The distribution of this Document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this Document and/or the accompanying Form of Proxy and/or Forms of Direction comes should inform themselves about and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

Forward-looking statements

This Document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this Document and include statements regarding the Directors' current intentions, beliefs or expectations concerning, among other things, the Company's results of operations, financial condition, liquidity, prospects, growth, strategies and the Company's markets.

None of the New Ordinary Shares to be admitted, as described in this document, have been registered under the securities laws of any other territory other than those pertaining to the United Kingdom.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this Document are based on certain factors and assumptions, including the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. In addition, the fulfilment or non-fulfilment of such forward-looking statements is affected by factors which cannot be determined in advance and are not under the control of the Company, including without limitation, third parties, changes in market conditions and risk factors characterizing the Company's activities. These forward-looking statements speak only as of the date of this Document and, save as required by law or by the AIM Rules, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this Document that may occur due to any change in the Directors' expectations, to reflect events or circumstances or to revise or amend these forward-looking statements, after the date of this Document.

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KEY STATISTICS

Number of Existing Ordinary Shares	310,542,881
Number of outstanding Warrants and Share Options	29,452,516
Fully Diluted Share Capital ²	339,995,397
Number of New Ordinary Shares being issued by the Company	359,560,310
Total gross proceeds of the Proposed Investment	\$16.5 million
Issue Price of New Ordinary Shares	\$0.04588938
Approximate Issue Price of New Ordinary Shares in GBP ¹	3.5 pence
Enlarged Share Capital following Admission of the New Ordinary Shares	670,103,191
Number of New Ordinary Shares as a percentage of the Enlarged Share Capital	53.7 per cent.
Number of New Ordinary Shares as a percentage of the Fully Diluted Enlarged Share Capital ²	51.4 per cent.

¹ Based on the exchange rate at the point of announcement on 23 November 2017

² Assuming full exercise of all outstanding Warrants and Share Options

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Document	3 September 2018
Latest time and date for receipt of Form of Proxy	10.00 a.m. on 5 October 2018
Latest time and date for receipt of Form of Direction	10.00 a.m. on 4 October 2018
Extraordinary General Meeting	10.00 a.m. on 9 October 2018

Each of the above dates is subject to change at the absolute discretion of the Company and N+1 Singer and if any of the above times or dates should change, the revised times and/or dates will be notified by an announcement on a regulatory information service. All times are UK times.

DIRECTORS AND ADVISERS

Directors	<p>Tessa Laws, <i>Non-Executive Chairperson</i> Eran Itzhak, <i>Chief Executive Officer</i> Udi Cohen, <i>Chief Financial Officer and Deputy CEO</i> Samuel Vlodinger, <i>Non-Executive Director</i> Jonathan Feldman, <i>Non-Executive External Director</i> Esti Maoz, <i>Non-Executive External Director</i> Marc Zalcman, <i>Non-Executive Director</i></p> <p>all of:</p> <p>44 Israel Pollack Rd. Industrial area, Kiryat Gat 82101 Israel</p>
Company Secretary	<p>Gary Copelovitz, Adv. Lipa Meir & Co. Beit Amot Hashkaot 2 Weizmann St. Tel-Aviv 64239, Israel</p>
Nominated Adviser and Broker	<p>Nplus1 Singer Advisory LLP One Bartholomew Lane London EC2N 2AX</p>
UK Legal Advisers to the Company	<p>Kuit Steinart Levy LLP 3 St Mary's Parsonage Manchester M3 2RD</p>
Israeli Legal Advisers to the Company	<p>Lipa Meir & Co. Beit Amot Hashkaot 2 Weizmann Street Tel Aviv 64239 Israel</p>
Registrars	<p>Link Asset Services 6th Floor, 83 Princes Street Edinburgh EH2 2ER</p>
Depositary	<p>Link Market Services Trustees Limited 6th Floor, 83 Princes Street Edinburgh EH2 2ER</p>

DEFINITIONS

The following definitions apply throughout this Document unless the context otherwise requires:

“Admission”	the admission of the New Ordinary Shares to trading on AIM;
“AIM”	the AIM market operated by the London Stock Exchange;
“AIM Rules”	the AIM Rules for Companies and guidance notes published by the London Stock Exchange from time to time;
“Articles”	the Company’s articles of association currently in force;
“Cash Payment”	has the meaning given to it in paragraph 2 of this Document;
“certificated form” or “in certificated form”	an ordinary share recorded on a company’s share register as being held in certificated form (namely, not in CREST);
“Company” or “Bagir”	Bagir Group Ltd., a company incorporated and registered in the State of Israel with company number 513994806;
“Companies Law”	the Israeli Companies Law, 5759-1999;
“CREST”	the relevant computerised settlement system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in those regulations) which facilitates the transfer of title to shares in uncertificated form;
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual Daily Timetable, CREST Application Procedure, and CREST Glossary of Terms (all as defined in the CEST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since);
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended);
“Depositary Interest Holders”	holders of existing depositary interests issued by Link Market Service Trustees Limited in respect of Ordinary Shares;
“Directors” or “Board”	the directors of the Company whose names are set out on page 6 of this Document, or any duly authorised committee thereof;
“Document”	this document;
“Down Payment”	has the meaning given to it in paragraph 2 of this Document;
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST;
“Enlarged Share Capital”	the issued share capital of the Company immediately following Admission comprising the Existing Ordinary Shares and the New Ordinary Shares;
“Existing Option Plan”	the Global Incentive Option Scheme adopted by the Board on 9 September 2013;

“Existing Ordinary Shares”	the 310,542,881 Ordinary Shares in issue at the date of this Document, all of which are admitted to trading on AIM and being the entire issued ordinary share capital of the Company;
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at the offices of N+1 Singer One Bartholomew Lane, London EC2N 2AX at 10.00 a.m. on 9 October 2018 to consider and if thought fit pass the Resolutions, notice of which is set out at the end of this Document;
“FCA”	UK Financial Conduct Authority;
“Form of Proxy” or “Form of Direction”	the form of proxy/form of direction for use in connection with the Extraordinary General Meeting which accompanies this Document;
“FSMA”	the Financial Services and Markets Act 2000 (as amended);
“Fully Diluted Enlarged Share Capital”	the issued share capital of the Company, immediately following Admission, assuming the full exercise of all outstanding Warrants and Share Options, comprising the Fully Diluted Share Capital and the New Ordinary Shares;
“Fully Diluted Share Capital”	the issued share capital of the Company assuming the full exercise of all outstanding Warrants and Share Options;
“Group”	the Company and its subsidiaries as at the date of this Document;
“London Stock Exchange”	London Stock Exchange plc;
“Long Stop Date”	31 August 2018;
“New Ordinary Shares”	the 359,560,310 new Ordinary Shares to be issued by the company pursuant to the Proposed Investment;
“Nominated Adviser” or “N+1 Singer”	Nplus1 Singer Advisory LLP, the Company’s nominated adviser and broker;
“Notice of Extraordinary General Meeting”	the notice convening the Extraordinary General Meeting which is set out at the end of this Document;
“Ordinary Shares”	the ordinary shares of 0.04 New Israeli Shekels each in the capital of the Company;
“Proceeds”	the funds to be received by the Company pursuant to the Proposed Investment consisting of the Down Payment and Cash Payment;
“Proposals”	together the Proposed Investment and strategic partnership between the Company and the Shandong Ruyi Group;
“Proposed Directors”	Qui Chenran, Yuanshu Du, Kelvin Ho, Qiang Cui and Dajun Yang whose appointment as directors of the Company is due to take effect from Admission, subject to all conditions to the SPA being satisfied (or, where applicable, waived by Bagir and/or Shandong Ruyi);
“Proposed Investment”	the proposed acquisition of the New Ordinary Shares for \$16,500,000 pursuant to the terms of the SPA;
“Prospectus Rules”	the Prospectus Rules which implement the Prospectus Directive (2003/71/EC);

“QCA Code”	the Corporate Governance Code for Small and Mid-Size Quoted Companies published by the Quoted Companies Alliance;
“Relationship Agreement”	the relationship agreement dated 31 August 2018 between (1) the Company (2) Shandong Ruyi and (3) the Nominated Adviser, further details of which are set out in paragraph 10 of the letter from the Chairperson;
“Resolutions”	the resolutions set out in the Notice of Extraordinary General Meeting;
“Retiring Director”	Samuel Vlodinger whose resignation as director of the Company is due to take effect from Admission, subject to all conditions to the SPA being satisfied (or, where applicable, waived by Bagir and/or Shandong Ruyi)
“Shandong Ruyi”	Shandong Ruyi Fashion Investment Holding Co., Ltd., a company incorporated and registered in the Republic of China with company number 91370800267103228T;
“Shandong Ruyi Group”	Shandong Ruyi and its subsidiary undertakings, associated undertakings and any other undertaking in which Shandong Ruyi and/or such undertakings (aggregating their interests) have a direct or indirect interest in 10 per cent. or more of the equity share capital;
“Shandong Ruyi Technology Group”	Shandong Ruyi Technology Group Co. Ltd, a company incorporated and registered in the Republic of China with company number 91370800734712875Q, being a majority owned subsidiary of Shandong Ruyi;
“Share Options”	options to acquire Ordinary Shares pursuant to the Existing Option Plan being in respect of 29,201,400 Ordinary Shares as at the date of this document;
“Shareholders”	holders of the Existing Ordinary Shares;
“SPA”	the share purchase agreement between (1) Shandong Ruyi Technology Group and (2) the Company, dated 22 November 2017 setting out the terms of the Proposed Investment;
“Special Resolution”	approval of the holders of 75 per cent. of the Ordinary Shares held by Shareholders and Depositary Interest Holders who are in attendance and voting at the Extraordinary General Meeting, either in person or by proxy;
“UK”	the United Kingdom of Great Britain and Northern Ireland;
“uncertificated” or “in uncertificated form”	an Ordinary Share recorded on a company’s share register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST; and
“Warrants”	warrants entitling the holder thereof to subscribe for Ordinary Shares being in respect of 251,116 Ordinary Shares as at the date of this document.

LETTER FROM THE CHAIRPERSON OF BAGIR GROUP LTD.

Bagir Group Ltd.

(incorporated and registered in Israel with company number 513994806)

Directors:

Tessa Laws, *Non-Executive Chairperson*
Eran Itzhak, *Chief Executive Officer*
Yehuda (Udi) Cohen, *Chief Financial Officer and Deputy CEO*
Samuel Vlodinger, *Non-Executive Director*
Jonathan Feldman, *Non-Executive External Director*
Esti Maoz, *Non-Executive External Director*
Marc Zalcman, *Non-Executive Director*

Registered Office:

44 Israel Pollack Rd.
Industrial area
Kiryat Gat
82101
Israel

3 September 2018

Dear Shareholders and Depositary Interest Holders,

Proposed issue of 359,560,310 new ordinary shares in connection with the proposed investment of \$16.5 million by Shandong Ruyi Fashion Investment Holding Co., Ltd.

and

Notice of Extraordinary General Meeting

1. Introduction

The Company announced on 23 November 2017 that it had agreed terms with Shandong Ruyi Technology Group for a proposed investment and strategic partnership under which the Shandong Ruyi Group will invest \$16.5 million into the Company in return for 359,560,310 New Ordinary Shares representing 53.7 per cent. of the Company's Enlarged Share Capital.

The Directors believe that through forming this strategic partnership with the Shandong Ruyi Group, together with the significant increase in capital, the Proposed Investment has the potential to transform the Company and its ability to compete and win major apparel manufacturing contracts from the world's largest retailers.

The Proposals are conditional, amongst other things, on: (i) the passing by the Shareholders and Depositary Interest Holders of all the Resolutions (except for Resolution 3) at the Extraordinary General Meeting, including a special resolution which will give the Directors the required authority to disapply the pre-emption rights contained in the Articles in respect of the allotment of the New Ordinary Shares; (ii) the Proposed Investment receiving approval from each of the China Provincial Development and Reform Commission, the Department of Commerce and the State Administration of Foreign Exchange; and (iii) Admission becoming effective following the receipt of the Cash Payment from Shandong Ruyi.

The purpose of this Document is to provide you with information about the background to and the reasons for the Proposals, to explain why the Board considers the Proposals and the passing of the Resolutions to be in the best interests of the Company, its Shareholders and its Depositary Interest Holders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting.

2. Summary terms of the Proposed Investment

On 22 November 2017, the Company and Shandong Ruyi Technology Group signed the SPA, detailing the terms of the Proposed Investment, pursuant to which the Shandong Ruyi Group agreed, subject to all conditions to the SPA being satisfied (or, where applicable, waived by Bagir and/or Shandong Ruyi Technology Group), to acquire 359,560,310 New Ordinary Shares, now agreed to be issued by the Company

to Shandong Ruyi, for \$16.5 million. The Proposed Investment values each New Ordinary Share at approximately 3.5³ pence per Ordinary Share and represents:

- a premium of 155 per cent. to the mid-price at 12:10 on 20 November 2017, being the point at which trading in the Ordinary Shares was suspended ahead of the announcement of the Proposed Investment on 23 November 2017; and
- approximately the same value as the issue price of the placing completed by the Company on 22 December 2016.

Immediately following Admission becoming effective, the Enlarged Share Capital of the Company will consist of 670,103,191 Ordinary Shares. The New Ordinary Shares, and therefore Shandong Ruyi's interest in Ordinary Shares, will represent 53.7 per cent. of the Enlarged Share Capital. Assuming that all outstanding Share Options and Warrants are exercised, the New Ordinary Shares, and therefore Shandong Ruyi's interest in Ordinary Shares, will represent 51.4 per cent. of the Fully Diluted Enlarged Share Capital.

Pursuant to the terms of the SPA, the Proceeds are to be received in two stages:

- a Down Payment of \$1.65 million, which was received on 9 January 2018. The Down Payment is repayable by the Company to the Shandong Ruyi Group in the event that the Proposed Investment has not become effective, with all conditions to the SPA being satisfied (or, where applicable, waived by Bagir and/or Shandong Ruyi Technology Group) by the Long Stop Date. The Company will not, however, be obliged to repay the Down Payment if the Proposed Investment does not become effective due to (i) not receiving approval from each of the China Provincial Development and Reform Commission and the Department of Commerce and the State Administration of Foreign Exchange or (ii) the Shandong Ruyi Group not paying the Cash Payment; and
- a Cash Payment for the remaining Proceeds of \$14.85 million following satisfaction of the completion conditions to the SPA (or, where applicable, waived by Bagir and/or Shandong Ruyi Technology Group).

On 17 July 2018, the Company received a further advanced payment of \$1.65 million from the Shandong Ruyi Group, confirming the Shandong Ruyi Group's commitment to the completion of the Proposed Investment, therefore the balance of the Cash Payment to be received by the Company is \$13.20 million.

Pursuant to the terms of the SPA, the Proceeds must be used by the Company to expand its existing manufacturing facility in Ethiopia and for working capital purposes, further details of the Directors' intentions for the use of proceeds are set out in paragraph 5 of this Document.

3. Information on the Shandong Ruyi Group

Founded in 1972 and headquartered in Jining, Shandong, the Shandong Ruyi Group is one of the largest textile enterprises in China and ranks among the Top 100 Chinese multi-national companies. The Shandong Ruyi Group predominately engages in textile offerings, using wool, cotton, ecological fibres and synthetic fibres, and owns a fully-integrated value chain with operations spanning across raw materials cultivation, textiles processing, and design and sale of brands and apparel. The Shandong Ruyi Group operates 13 manufacturing facilities domestically and boasts some of the largest production lines and advanced technologies in China. The Shandong Ruyi Group also has significant distribution with more than 5,000 points of sales (POS) across 40 countries with a network that services a global customer base spread across 6 continents. The Shandong Ruyi Group has over 30 subsidiaries in over 15 countries, with four listed subsidiaries, with a combined market capitalisation of over \$3 billion, in China, Japan, France and Hong Kong, being Shandong Ruyi Woolen Garment Group Co., Limited, Renown Inc., SMCP SAS and Trinity Limited respectively.

The Shandong Ruyi Group has recently been highly acquisitive, making a number of acquisitions, investments, partnerships and joint ventures domestically and internationally across its textiles value chain to leverage their scale in China and increase the scale of their operations internationally.

³ Calculated using the GBP:USD exchange rate on 23 November 2017 being the date that the Proposals were announced

Through a range of international transactions the Shandong Ruyi Group has secured access to commodities including cotton and wool, acquired manufacturing capacity in large foreign markets and grown its international brand portfolio and distribution channel.

Some of the recent notable acquisitions and/or investments made by the Shandong Ruyi Group include:

- SMCP SAS – The Shandong Ruyi Group acquired a controlling stake of SMCP SAS for €1.4 billion in April 2016. SMCP SAS is a high fashion conglomerate, based in France, with over 1,200 stores across 36 countries consisting of apparel and accessories brands Sandro, Maje and Claudie Pierlot. Following the acquisition SMCP SAS accelerated its global expansion plans and in October 2017 listed on the Euronext Stock Exchange;
- Invista's Apparel & Advanced Textiles business – The Shandong Ruyi Group acquired the Apparel & Advanced Textiles business, a US focused manufacturer and retailer with brands including Lycra and Coolmax, from INVISTA, a subsidiary of Koch Industries Inc., in October 2017 for \$2.7 billion;
- Aquascutum – The Shandong Ruyi Group acquired British heritage brand Aquascutum from YGM Trading Limited for \$117 million in March 2017; and
- Trinity Limited – The Shandong Ruyi Group acquired 51 per cent. of Trinity Limited for HK\$2.2 billion in November 2017. Trinity Limited is a Hong Kong based businesses, listed on the Hong Kong Stock Exchange, and operates as a menswear wholesale and retail retailer across China, Hong Kong and Macau, Taiwan and Europe and owns a number of international high profile brands, including Gieves and Hawkes, Kent and Curwen, Cerrutti 1881 and D'URBAN.

In addition to acquiring controlling stakes at the retail end of the textile value chain the Shandong Ruyi Group has also invested heavily in manufacturing, with recent notable investments including:

- The Shandong Ruyi Group, in May 2017, announced a \$410 million investment to renovate the vacant 1.4 million-square-foot cotton spinning Sanyo factory in Arkansas; and
- The Shandong Ruyi Group, in October 2017, announced it had signed a Memorandum of Understanding with the Kano State Government to invest \$600 million in order to establish a textile industrial park in Nigeria.

Directors

The directors of Shandong Ruyi are as follows:

<i>Name</i>	<i>Function</i>
Qiu Yafu	<i>(Board Chairman and General Manager)</i>
Qiu Dong	<i>(Director)</i>
Cui Juyi	<i>(Director)</i>
Wang Yan	<i>(Director)</i>
Sun Weiyang	<i>(Director)</i>
Sun Liming	<i>(Director)</i>
Zhou Hongrun	<i>(Director)</i>

Incorporation and Registered Office

Shandong Ruyi was incorporated in the Republic of China and its registered office is at Ruyi Industrial Park, Northside of the 327 Industrial Highway, Jining, China.

Financial information on Shandong Ruyi

	Year ended 31 December 2017 RMB m	Year ended 31 December 2017 \$m ⁴	Year ended 31 December 2016 RMB 100m	Year ended 31 December 2016 \$m ⁴	Year ended 31 December 2015 RMB 100m	Year ended 31 December 2015 \$m ⁴
Revenue	36,785	5,641	29,283	4,219	23,952	3,695
Gross profit	9,874	1,522	6,166	878	4,122	631
Total Assets	69,915	10,744	57,146	8,222	37,274	5,743
Net Assets	28,583	4,396	18,747	2,693	10,151	1,570

⁴ Based on the exchange rate on the year ended date

Shandong Ruyi Interests and market dealings in Ordinary Shares

As at the close of business on 31 August 2018, being the latest practicable date before the publication of this Document, the Shandong Ruyi Group, and the directors of Shandong Ruyi (including any members of such directors' respective immediate families, related trusts or connected persons) do not hold any interest in, or right to subscribe for, or have any short position in relation to the Ordinary Shares.

There have been no dealings in Ordinary Shares by the Shandong Ruyi Group and the directors of Shandong Ruyi (including any members of such director's respective immediate families, related trusts or connected persons) during the past 12 months other than the Proposed Investment as detailed in this Document.

Shandong Ruyi's intentions regarding the Company

Shandong Ruyi does not currently intend to use its interest in the Company to dis-continue the existing business of the Group, to introduce any major changes to the existing operation and business of the Company or dispose of any of the assets of the Group other than in the ordinary course of business. Following Completion, Shandong Ruyi will, together with the existing management of the Group, conduct a detailed review of the operations and business strategy of the Group with a view to improving the performance of the Group and to developing a corporate strategy to broaden the income stream of the Group. Subject to the result of the review, Shandong Ruyi will consider all possible options to improve the existing operations and business of the Group or to seek new business opportunities to improve the Group's financial position and prospects, including possible co-operations with the Shandong Ruyi Group to leverage on its wide range of operations globally.

4. Current trading

On 7 March 2018, the Company announced its audited annual results for the year ended 31 December 2017. Overall revenue in the period was lower at \$51.1 million than the prior year (2016: \$64.1 million) due to a slower order book during the year, particularly with regard to development of product lines in Vietnam. Unadjusted EBITDA in the period was \$0.6 million (2016: \$1.6 million) reflecting the lower than anticipated turnover, however this was partly offset by savings in operating costs of 16 per cent., from 2016: \$10.9 million, to \$9.2 million. Net cash at 31 December 2017 was \$0.3 million compared to \$8.6 million at 31 December 2016 following the strategic acquisition of the remaining 50 per cent. interest in, and further investment in machinery at, the Company's Ethiopia manufacturing facility.

In the current year, ending 31 December 2018, despite facing continued challenging market conditions, the Group has had a positive sales performance and the Company expects revenue for the year to be in line with management's expectations. Whilst sales have been positive, the Group has continued to experience operational delays and increased production costs which are expected to reduce profitability in the current financial year. The increase in production costs have largely resulted from the recruitment and training of new production line teams in Ethiopia as a result of the increase in production capacity following the investment in new machinery in 2017. Training of the new teams has further led to higher than expected levels of raw material usage. Additionally subcontractor's costs, in Vietnam and Egypt, have been higher during a transition period where production has been moved to more competitive costing programmes.

Looking ahead, the Group is undertaking a rationalisation of its operations, focussing on fewer production sites and a reduction in the Group's operational cost base, as detailed in paragraph 5 of this document. The Board expects these measures, together with the operational cost savings identified in the

announcement on 20 November 2017, will reduce the Group's operational cost base by approximately \$5 million on an annualised basis.

As a result, the Company expects that EBITDA for the current financial year will be a loss of approximately \$1.0 million, and that the Company will return to profitability in the year ending 31 December 2019.

5. Outlook and use of proceeds

The Group continues to evolve its recovery plan, which commenced in 2016, comprising a cost reduction strategy and operational strategy.

Cost reduction strategy

The Group continues to make good progress reducing operating costs across the business. As announced on 20 November 2017, following a review, the Group has identified opportunities to reduce the Group's overall operational cost base by approximately \$2 million on an annualised basis. This programme was anticipated to be implemented in full during 2018.

Following further review of the Group's operations the Company has identified further scope to increase the cost reduction programme to approximately \$5.0 million of annualised cost savings. This is to be achieved by reducing the number of production sites from 6 to 5, increasing the focus on Group's largest market, the USA, together with a range of further rationalisation initiatives. The expanded cost reduction programme has commenced and is expected to complete by the first quarter of 2019.

Operational strategy

The Group is focused on its three core manufacturing geographies in Vietnam, Egypt and Ethiopia. The Directors believe that the combination of these manufacturing facilitates, in particular Ethiopia over the medium-longer term, give the Group a competitive advantage in the production of textiles for export to the EU and US. This competitive advantage is centred on the facilities benefiting from duty free status for sales into the EU and US (except Vietnam), highly competitive production costs and local government support for the textile industry. Under the Group's cost reduction strategy, the Company intends to reduce the number of third party production sites in Vietnam from three to two, continue to manufacture from its wholly owned site in Ethiopia and from its 50:50 joint venture and subcontractor in Egypt.

During the current financial year the Company has signed a lease extension for the building and its facilities for the Group's 50:50 joint venture manufacturing facility in Egypt, from May 2020 to July 2022. The Company has also signed a sub-contracting agreement with its Egypt joint venture partner, for additional production capacity in the Egypt joint venture partner's wholly owned Egyptian manufacturing site, locking in capacity and production costs for 500 suits and 200 trousers per working day from 2019 until July 2022. Together with the existing control rights agreement for the Company in the 50:50 joint venture owned manufacturing facility in Egypt until July 2022, the Directors believe that these developments will ensure the Group's ability to fulfill volume orders from the USA from this duty free country, at competitive prices, supporting the USA market growth strategy.

In June 2017, the Group completed the strategic acquisition of the remaining 50 per cent. shareholding in Nazareth Garments, the joint venture owner of the manufacturing site in Ethiopia. This site is considered by the Directors to be fundamental to the future growth prospects of the Group. The facility produces suit trousers, with a current production rate of approximately 2,500 trousers per day, which is expected to grow to 3,200 trousers per day by the end of the year.

The USA is the Company's largest market and the Company will increase its focus on the USA where the average transaction size is larger.

The Directors believe that the Proposed Investment, by one of the largest textile manufacturers in China, reaffirms their view that the Group's first mover advantage in Ethiopia is potentially transformative to its medium-to-long term prospects. The Directors believe that the restructuring initiatives taking place across the Group will better place the Group to take advantage of the Proposed Investment and the commercial synergies that the strategic partnership with the Shandong Ruyi Group will offer.

The majority of the Proceeds are expected to be used to expand the Group's existing manufacturing facility in Ethiopia. The Directors have identified that some funds will be used to significantly expand the suit trouser production line and to establish a jacket production line. The Proposed Investment will increase the Ethiopian facility's ability to produce large volume and high value orders. The Directors believe that the expansion of the Ethiopian facility will enable the Group to take advantage of the interest in the facility from international retailers and improve its ability to compete and win major apparel manufacturing contracts.

The remaining Proceeds will be used to improve the Group's working capital position.

6. Background to and reasons for the recommendation

As confirmed in July 2017, the development of the production lines at the Group's facilities in Vietnam and Ethiopia to support larger volumes was slower than anticipated, impacting the Group's ability to secure larger volume orders. In September 2017, the Company confirmed that the manufacturing costs in Vietnam had increased which affected the Company's bottom line and the Board reaffirmed our aim to expand the Group's manufacturing base in Ethiopia. The Directors believe that the investment by Shandong Ruyi, which will be targeted directly at expediting the development and expanding the manufacturing facility in Ethiopia, will significantly accelerate the timetable for the operational potential in Ethiopia to be realised enabling the facility to attract and compete for major apparel manufacturing contracts from large international retailers which generate an acceptable level of return to Bagir.

Following the Proposed Investment completing, a strategic partnership will be formed between the Company and the Shandong Ruyi Group. The Directors believe that the Shandong Ruyi Group, as a result of its significant international textile and retail investments, is well positioned to provide the Group with significant new commercial opportunities, especially in the fields of fabric design and development, and technical innovation.

The Directors also believe that the strategic partnership with the Shandong Ruyi Group will increase the Company's own profile and reputation which may, in turn, increase customer interest in the Group and, in particular, its Ethiopian manufacturing facility. Furthermore, Shandong Ruyi has committed to evaluate ways in which it can provide additional operational support to Bagir. The Directors believe that the knowledge of the Shandong Ruyi Group and the Proposed Directors will improve the Group's operations and trading performance.

The issue price of the New Ordinary Shares is at a significant premium of 155 per cent. to the latest practicable trading price before the announcement of the Proposed Investment. The Directors believe that this represents a sufficient premium payable by Shandong Ruyi for the control over the Company that their proposed shareholding would give them.

Importantly, the Directors believe that the Proposed Investment has the potential to have a transformational effect on the operations and the prospects of the Group from which all Shareholders and Depository Interest Holders will benefit.

Furthermore, should the Proposed Investment not proceed the Company would need to seek alternative sources of funds in the second half of the financial year ending 31 December 2018 to enable it to fund its working capital needs. There can be no guarantee that such funds would be available to the Company nor that they would be available on terms which would not result in a substantially greater dilution of Shareholders' interests.

7. Board composition

The Company announces that with effect from, and conditional on, Admission, Chenran Qiu, Yuanshu Du, Kelvin Ho, Qiang Cui and Dajun Yang will be appointed at the Extraordinary General Meeting as directors of the Company. Furthermore, conditional on Admission, Samuel Vlodinger will step down from his position as director of the Company on Admission. Separately Jonathan Feldman has informed the Board that he wishes to step down from the Board at the next AGM, to be held on 4 September 2018, to pursue other business opportunities. The Board have commenced a formal process to identify a suitable successor as Non-executive External Director as soon as possible. Once a candidate has been agreed by the Board, the Board shall convene an Extraordinary General Meeting in order to approve the nomination of the new

Non-executive External Director. Marc Zalzman has informed the Board, that immediately upon the appointment of a new Non-executive External Director, he intends to step down as director of the Company.

Therefore, the proposed Board composition following Admission will be as follows:

Name

Chenran Qiu	<i>Non-executive Chairperson</i>
Yuanshu Du	<i>Non-executive Director</i>
Kelvin Ho	<i>Non-executive Director</i>
Qiang Cui	<i>Non-executive Director</i>
Dajun Yang	<i>Non-executive Director</i>
Tessa Laws	<i>Independent Non-executive Director</i>
Eran Itzhak	<i>Chief Executive Officer</i>
Yehuda (Udi) Cohen	<i>Chief Financial Officer and Deputy CEO</i>
Esti Maoz,	<i>Non-executive External Director</i>
Marc Zalzman	<i>Non-executive Director</i>

Chenran Qiu (aged 37)

Chenran Qiu is the vice chairman of the board and the executive president of Shandong Ruyi International Fashion Industry Investment Holding Company Limited, responsible for the development of the brand and international investments of the Shandong Ruyi Group. Chenran Qiu joined the Shandong Ruyi Group in May 2007, and was promoted to her present position as vice chairman of the board of Shandong Ruyi International Fashion Industry Investment Holding Company Limited in January 2017. Chenran Qiu is also currently a director of each of Renown Incorporated which is listed on the Tokyo Stock Exchange, SMCP S.A.S. which is listed on Euronext Paris and Trinity Limited which is listed on the Hong Kong Stock Exchange.

Chenran Qiu received several awards in the industry sector, such as the “Fashion Innovation Award” of the China National Garment Association and the “Brand Builder Award” of the Shandong region.

Chenran Qiu received her bachelor’s degree in Arts Design from the Arts Academy of University of Suzhou in the People’s Republic of China in 2004. She further obtained a master’s degree in International Fashion Retailing from the University of Manchester in the United Kingdom in 2006.

Yuanshu Du (aged 51)

Yuanshu Du has over 30 years experience in the international textiles industry having joined the Shandong Ruyi Group in 1988. Yuanshu Du has held a number of senior management positions in the Shandong Ruyi Group including seven years as General Manager of Shandong Ruyi Technology Group Limited and is currently General Manger of Shandong Ruyi Woollen Garment Group Limited, subsidiary of Shandong Ruyi listed on the Shenzhen Stock Exchange. Yuanshu Du obtained an EMBA from Beijing University in 2007.

Kelvin Ho Cheuk Yin (aged 44)

Kelvin Ho joined the Shandong Ruyi Group in December 2017 and serves as the Chief Strategy Officer and president of Ruyi International Fashion (China) Financial Investment Holding Group Limited, responsible for the strategic development and acquisitions for the Shandong Ruyi Group. Kelvin Ho is also Executive Director of Trinity Limited, a premium menswear retailer listed on the Hong Kong Stock Exchange. Kelvin Ho has over 13 years of experience in corporate finance and mergers and acquisitions. He worked in the investment banking teams of BNP Paribas in Hong Kong and Paris between 2004 and 2007. From July 2007 to December 2017, he worked in the investment banking team of J.P. Morgan Securities (Asia Pacific) Limited.

Kelvin Ho received his bachelor’s degree in Economics from the University of Hong Kong in 1995. He further obtained a master’s degree in Business Administration from the London Business School in 2004. Kelvin Ho has earned the Chartered Financial Analyst designation.

Qiang Cui (aged 36)

After graduating from Asia University with a Masters Degree in Asia and International Business Strategy in 2010, Qiang Cui joined the Shandong Ruyi Group. Qiang Cui started working for Renown Inc., in 2013, following its acquisition by the Shandong Ruyi Group, in a number of roles latterly as Executive Officer. Ms Cui was appointed Vice Chairman of Shandong Ruyi in 2017.

Dajun Yang (aged 50)

Dajun Yang graduated with an MBA from the International Trade University of Agriculture and Technology of Dhaka in Bangladesh. From 1998 to 2012, he held the position of Chairman and Chief Executive Officer of UTA Fashion Management Groupe, then in 2012 the position of Chairman and CEO of UTA Brand Inv. Management Co. Dajun Yang is author of numerous books related to the analysis of fashion markets. With an experience of over 25 years in management in the fashion industry, Dajun Yang is regularly consulted in connection with investments in China by European companies. Dajun Yang is currently a director of SMCP S.A.S., a member of the Shandong Ruyi Group, which is listed on Euronext Paris.

Further information on the Proposed Directors, including the disclosures pursuant to Rule 17 and Schedule Two Paragraph (g) of the AIM Rules, is set out in Appendix 2 of this Document.

The appointment of the Proposed Directors is subject to the Company's procedure for the election of directors, as set out in the Articles and the applicable provisions of Israeli law.

8. Structure of the Proposed Investment

The Company is proposing to raise \$16.5 million (before expenses) through an investment by Shandong Ruyi, following which Shandong Ruyi will acquire 359,560,310 New Ordinary Shares.

The New Ordinary Shares will be issued credited as fully paid and will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions declared, made or paid after Admission. The New Ordinary Shares will represent approximately 53.7 per cent. of the Enlarged Share Capital.

Application will be made to the London Stock Exchange for the admission of the Enlarged Share Capital to trading on AIM following the conditions to the SPA being satisfied (or, where applicable, waived by Bagir and/or Shandong Ruyi Technology Group) and the ensuing completion of the Proposed Investment. Further announcements on this will be made at the appropriate time.

9. Conditions of the Proposed Investment

Completion of the Proposed Investment is conditional upon satisfaction (or, where applicable, waived by Bagir and/or Shandong Ruyi Technology Group), among others, of the following conditions:

- the passing by the requisite majority of Shareholders and Depositary Interest Holders of all Resolutions except for Resolution 3;
- the obtaining of a resignation letter from the Retiring Director; and
- the obtaining of all necessary approvals by each of the China Provincial Development and Reform Commission, the Department of Commerce and the State Administration of Foreign Exchange.

10. Relationship Agreement

As referred to above, following Admission becoming effective, Shandong Ruyi's interest in Ordinary Shares will represent 53.7 per cent. of the Enlarged Share Capital. Shandong Ruyi has accordingly entered into a relationship agreement dated 31 August 2018 with the Company and the Nominated Adviser to manage the relationship between them.

The Relationship Agreement is conditional on Admission and comes into force on closing of the SPA, continuing for so long as the Shares are admitted to trading on AIM and Shandong Ruyi is interested in 25 per cent. or more of the voting rights attaching to the Ordinary Shares.

Under the Relationship Agreement, Shandong Ruyi undertakes to use all its voting rights and to procure (so far as it is lawfully able) that its associates exercise any of their voting rights to procure that, *inter alia*:

- the Group and its business shall be managed for the benefit of the Company as a whole and independently of Shandong Ruyi and its associates;
- all transactions between the Company and Shandong Ruyi and its associates will be at arm's length and on normal commercial terms, unless otherwise approved by the Company or the shareholders in accordance with applicable law;
- the remuneration committee, nomination committee and audit committee of the board shall be comprised of at least two independent directors (as defined in the Relationship Agreement);
- the quorum for a board meeting to consider certain specified reserved matters is at least two independent directors (unless specifically permitted otherwise by applicable law) with only independent directors entitled to vote on such matters (unless all of the independent directors consent otherwise); and
- the Company shall be managed in accordance the QCA Code, to the extent practicable.

In addition, Shandong Ruyi undertakes that it shall not and none of its associates shall, *inter alia*:

- take any action which would prevent or might reasonably be expected to prevent the Group from complying with its obligations under applicable laws, including AIM Rule 13;
- exercise its voting rights to procure a de-listing of the Company's shares from trading on AIM; or
- exercise its voting rights to procure or seek to procure any amendment to the Company's articles of association.

Each party is subject to confidentiality obligations as regards the other parties' confidential information.

11. Qualification as a 'Permitted Acquisition'

Pursuant to paragraph 77.2(a) and (b) of the Articles, the Proposed Investment would require Shandong Ruyi to make a mandatory offer to acquire all of the remaining shares in the Company since it involves the acquisition of shares which carry 30 per cent. or more of the voting rights attributable to the shares. Notwithstanding this, Articles 77.3(a) permits the independent non-executive directors to waive this requirement should they so determine.

Accordingly, the independent non-executive directors have determined to consent to the Proposed Investment in the absence of an offer by Shandong Ruyi to acquire the entire issued share capital of the Company since they consider this to be in the best interests of all Shareholders and Depositary Interest Holders. In evaluating the Proposed Investment, the independent non-executive directors considered that, whilst it would be preferable for Shandong Ruyi to make an offer to purchase any shares from any willing Shareholders and Depositary Interest Holders, Shandong Ruyi was not willing to proceed with the Proposed Investment should this be a requirement. The independent non-executive directors consider that the potential transformational nature of the Proposed Investment, for the reasons set out in paragraph 6 of this Document, are sufficient so that they recommend that all Shareholders and Depositary Interest Holders vote in favour of the Proposed Investment and give their consent to the Proposed Investment under paragraph 77.3(a) of the Articles.

12. Irrevocable undertakings to vote in favour of the Proposed Investment

Irrevocable undertakings to vote, or procure the vote, in favour of all of the Resolutions have been received from Tessa Laws, Eran Itzhak, Marc Zalcmann and Samuel Vlodinger in respect of their entire beneficial holdings of Ordinary Shares amounting, in aggregate, to 10,203,658 Ordinary Shares, which represents approximately 3.29 per cent. of the Existing Ordinary Shares. Udi Cohen, Jonathan Feldman and Esti Maoz do not have any beneficial holdings in Ordinary Shares.

Irrevocable undertakings have also been received from Barenboim Properties Limited to vote, or procure the vote, in favour of all of the Resolutions in respect of their entire beneficial holdings of Ordinary Shares amounting to 65,410,095 Ordinary Shares, which represent approximately 21.06 per cent. of the Existing Ordinary Shares.

In total therefore, irrevocable undertakings in favour of all of the Resolutions have been received from Shareholders and Depositary Interest Holders controlling, in aggregate, 75,613,753 Ordinary Shares, which represent approximately 24.35 per cent. of the Existing Ordinary Shares.

Further details of the irrevocable undertakings are set out in Appendix 1 of this Document.

13. Incentivisation

Conditional on Admission, based on the recommendation of the Remuneration Committee, the Board has approved, subject to the approval of Shareholders at the Extraordinary General Meeting, payment of bonuses to key employees, including Eran Itzhak and Udi Cohen, amounting in aggregate to \$360,000. These bonuses are to compensate and incentivise management in a fair and competitive way for the implementation of the Proposed Investment and for leading the reorganisation and recovery plan. The aforementioned bonuses at the amount of \$360,000 were already disclosed as provisions in the company's annual report for the year ended 31 December 2017.

The Board have approved bonuses to the following individuals:

Eran Itzhak – \$85,832

Udi Cohen – \$65,942

14. Applicable Israeli Law provisions

The Company has considered the Proposals in the context of Israeli law and its Articles. The Proposals have been approved by the Board. The following is a summary explanation of the matters which require Shareholder approval:

The authority of the Company to issue and allot shares is reserved to the Board at such times and on such terms and conditions as the Board may determine, subject to the limit on the Company's registered share capital, which may be amended by an ordinary shareholder resolution of the Company. The registered share capital of the Company is therefore to be increased pursuant to Resolution 1 to enable the issue and allotment of the New Ordinary Shares.

In addition, under the Articles, pre-emption rights apply in respect of the New Ordinary Shares. These rights may be waived, in accordance with the Articles, pursuant to a Special Resolution of the Shareholders and Depositary Interest Holders.

Under Israeli law, a company's undertaking to compensate a director with respect to his/her position in the company other than serving on the board, requires the following approval procedure: the remuneration committee, the board and an ordinary shareholder resolution of the Company.

15. Notice of Extraordinary General Meeting

The Company requires authority to enlarge the Company's registered share capital, to disapply pre-emption rights in respect of the issuance and allotment of the New Ordinary Shares, to approve the proposed bonuses and to appoint the Proposed Directors to the Board.

The increased registered share capital of the Company will suffice for issuing and allotting the New Ordinary Shares and an amount sufficient to enable the Company to issue Ordinary Shares in respect of all outstanding Warrants and Share Options.

Notice of the Extraordinary General Meeting is set out at the end of this Document. The Extraordinary General Meeting will be held at the offices of N+1 Singer, One Bartholomew Lane, London EC2N 2AX at 10.00 a.m. on 9 October 2018. The following is a summary of the Resolutions being proposed at the Extraordinary General Meeting:

Resolution 1

An ordinary resolution to (a) enlarge the Company's registered share capital by 14,382,412.40 NIS divided into 359,560,310 Ordinary Shares p.v. 0.04 NIS each, following which the Company's Share Capital shall

amount to 29,835,613.08 NIS divided into 745,890,327 Ordinary Shares p.v. 0.04 NIS each; and (b) to amend the Company's Articles accordingly.

Resolution 2

An ordinary resolution to appoint the Proposed Directors, namely Chenran Qiu, Yuanshu Du, Kelvin Ho, Qiang Cui and Dajun Yang to the Board, effective upon Admission.

Resolution 3

An ordinary resolution to approve, conditional on Admission, payment of bonuses to Eran Itzhak and Udi Cohen respectively, in the following amounts:

Eran Itzhak – \$85,832

Udi Cohen – \$65,942

Resolution 4

A Special Resolution to dis-apply the pre-emption right afforded to Shareholders and Depositary Interest Holders under the Articles with respect to the New Ordinary Shares.

16. Action to be taken

A Form of Proxy and/or Form of Direction for use at the Extraordinary General Meeting accompanies this Document. The Form of Proxy and/or Form of Direction should be completed and signed in accordance with the instructions thereon and returned to the Company's registrars, Link Asset Services, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible, but in any event so as to be received by no later than 10.00 a.m. on 4 October 2018. The completion and return of a Form of Proxy and/or Form of Direction will not preclude Shareholders or Depositary Interest Holders from attending the Extraordinary General Meeting and voting in person should they so wish.

17. Recommendation

Your Board considers the Proposals and the passing of the Resolutions to be in the best interests of the Company, its Shareholders and its Depositary Interest Holders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting as the Directors, who have an interest in Ordinary Shares, have irrevocably undertaken to do in respect of their own and connected persons beneficial shareholdings totalling 10,203,658 Ordinary Shares, representing approximately 3.29 per cent. of the Company's issued voting share capital as at the date of this document. Should any of the Resolutions (except for Resolution 3) not be passed by the Shareholders and Depositary Interest Holders, then the SPA conditions will not be satisfied, the Proposed Investment will lapse and the strategic partnership with the Shandong Ruyi Group will not be realised.

Should the Proposed Investment not proceed the Company would need to seek alternative sources of funds in the second half of the financial year ending 31 December 2018 to enable it to fund its working capital needs. There can be no guarantee that such funds would be available to the Company nor that they would be available on terms which would not result in a substantially greater dilution of Shareholders' interests.

Whether or not you are able to attend the Extraordinary General Meeting in person, please read the Notice of Extraordinary General Meeting set out at the end of this document and the enclosed Form of Proxy and/or Form of Direction, including the notes thereto, carefully to ensure you are able to record your votes in respect of the Resolutions to be proposed at the Extraordinary General Meeting.

Yours sincerely

Tessa Laws

Non-Executive Chairperson

Appendix 1

Irrevocable undertakings

Irrevocable Undertakings

The following Directors, Shareholders and Depositary Interest Holders have, on the basis set out below, given irrevocable undertakings to vote in favour of the Resolutions:

<i>Name of Shareholder</i>	<i>Number of Ordinary Shares in respect of which undertaking is given</i>	<i>Percentage of existing issued share capital of Bagir</i>
Barinboim Properties Limited	65,410,095	21.06%
Tessa laws	310,390	0.10%
Eran Itzhak	286,000	0.09%
Samuel Vlodinger	633,533	0.20%
Marc Zalcman*	8,973,735	2.89%
Total	75,613,753	24.35%

*Marc Zalcman owns 100 per cent. of the issued share capital of Man Capital Investment Ltd. which is interested in an aggregate of 7,846,720 Ordinary Shares representing 2.53 per cent. of the total voting rights of the Company, and 100 per cent. of the issued share capital of Man Capital Management Ltd., which is interested in an aggregate of 1,127,015 Ordinary Shares representing 0.36 per cent. of the total voting rights of the Company.

Irrevocable Undertakings – General

The irrevocable undertakings referred to above include undertakings to vote, or procure the vote, in favour (or submit, or procure the submission of, Forms of Proxy or Forms of Direction voting in favour) of the Resolutions to be proposed at the Extraordinary General Meeting.

Appendix 2

Regulatory disclosures on Proposed Directors

The names of all the companies and partnerships of which each Proposed Director currently holds a directorship or is a partner in or has been a director or partner at any time in the five years preceding the date of this Document (with the exception of the Company) are as follows:

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Qiu Chenran	Probest Enterprise Consulting Ltd/Shenzhen Boao Site Corporate Management Consulting Co Ltd. Huaneng Shandong Ruyi Fashion Trading Co Ltd Beijing Ruina Ruyi Fashion Trading Co Ltd Beijing SR Garment Co Ltd Wenzhou Zhuangji Clothing Co Ltd Jining Ruyi Garment Development Co Ltd Yinchuan Ruyi Garment Development Co Ltd Ruyi Youchuang (Beijing) Energy Technology Development Co Ltd Jining Ruyi Energy Technology Development Co Ltd Shandong Luyi International Electricity Co Ltd Youyi International Brand Management (Beijing) Co Ltd Jining Ruyi Brand Investment Holding Co Ltd Jining Ruyi Textile Material Co Ltd Jining Ruyi International Textile Development Co Ltd Renown Inc SR United Tailors Hongkong Limited Trinity (Management Services) Limited Trinity Limited China Huayi Fuyun (Hong Kong) International Port Development Limited China Huayi International Port Development Limited Ruyi Industrial International Development (China) Limited TMC Asia International Limited Aquascutum (Hong Kong) Limited Aquascutum (Overseas) Limited Aquascutum International Limited AquasPort Limited Aquascutum Limited Bentwood Limited Crystal Castle International Limited Diagram Limited Forever Winner International Development Limited Huaneng Shandong Ruyi (HK) Energy Limited	

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Qiu Chenran <i>(continued)</i>	Ruyi International Fashion (China) Limited Ruyi Technology Group (China) Limited Ruyi Brand Holding Group (China) Company Limited Ruyi International Fashion (China) Financial Investment Holding Group Limited Ruyi International Textile Development Limited Ruyi Brand Holding (Hong Kong) Company Limited SMCP SAS Aquascutum Limited Aquascutum International Licensing Limited TMC Asia International Limited Branch Ruyi Brands Management UK Limited	
Du Yuanshu	Shandong Ruyi Woolen Garment Co Ltd. Shandong Ruyi Woolen Group Co Ltd. Taian Ruyi Technology Fashion Industry Co Ltd.	
Cui Qiang	Ruyi Technology Group (China) Limited Aquascutum (Hong Kong) Limited Aquascutum (Overseas) Limited Aquascutum International Limited AquasPort Limited Aquascutum Limited Bentwood Limited Crystal Castle International Limited Diagram Limited Aquascutum Limited Aquascutum International Licensing Limited Renown Inc Ruyi International Fashion (China) Financial Investment Holding Group Limited Ruyi Brands Management UK Limited	
Kelvin Ho	Wise Genius Ltd Ruyi International Fashion (China) Financial Investment Holding Group Limited	
Dajun Yang	Youtahui International Brand Consulting (Beijing) Co. Ltd Jihua Group Corporation Ltd Youyi International Brand Management Co., Ltd. Chairman and General Manager United Times Associates Int'l Brand Equity Inv. Management Co. Ltd SMCP SAS	

Save as set out above and save as otherwise disclosed in this document:

- (a) No Proposed Director has any interest in the capital of the Company.
- (b) No Proposed Director has any unspent convictions relating to indictable offences (including fraudulent offences), has been bankrupt or has made or been the subject of any individual voluntary arrangement or has had a receiver appointed to any asset of such director.
- (c) None of the Proposed Directors has been a director of any company at the time of or within twelve months preceding the date of its receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors and none of the Proposed Directors has been a partner of any partnership at the time of or within twelve months preceding the date of any partnership voluntary arrangement, compulsory liquidation or administration of such partnership or owned, or has been a partner of a partnership which owned, any asset which while he owned that asset or while he was a partner or within twelve months after ceasing to be a partner in the partnership which owned that asset entered into receivership and none of the Proposed Directors has had any of his assets subject to any receivership.
- (d) None of the Proposed Directors have been publicly criticised or received any sanction by any statutory or regulatory authority (including recognised professional bodies) or been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of any company.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Bagir Group Ltd. (the "Company")

(incorporated and registered in Israel with company number 513994806)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at the offices of N+1 Singer, One Bartholomew Lane, London EC2N 2AX at 10.00 a.m. on 9 October 2018, for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions numbers 1, 2 and 3 are proposed as ordinary resolutions and resolution number 4 is proposed as a Special Resolution:

ORDINARY RESOLUTIONS

1. Resolved, (a) to enlarge the Company's registered share capital by 14,382,412.40 NIS divided into 359,560,310 Ordinary Shares, following which the Company's registered share capital shall amount to 29,835,613.08 NIS divided into 745,890,327 Ordinary Shares; and (b) to amend the Company's Articles accordingly;
2. Resolved, to appoint the Proposed Directors, Chenran Qiu, Yuanshu Du, Kelvin Ho, Qiang Cui and Dajun Yang to the Board, effective upon Admission.
3. Resolved, to approve, conditional on Admission, payment of bonuses to Eran Itzhak and Udi Cohen respectively, in the following amounts:
Eran Itzhak – \$85,832
Udi Cohen – \$65,942

SPECIAL RESOLUTION

4. Resolved, to dis-apply the pre-emptive right under Article 10.2 of the Articles with respect to the issuance and allotment of the New Ordinary Shares.

Capitalized terms in the foregoing resolutions 1, 2, 3 and 4, shall be given the meaning ascribed to them in the Circular to which this notice is attached.

By Order of the Board

Company Secretary – Gary Copelovitz, Adv.

Registered Office:
44 Israel Pollack Rd.
Industrial area
Kiryat Gat
82101
Israel

Dated: 3 September 2018

Notes:

1. Depositary Interest Holders may only appoint Link Market Service Trustees Limited as their proxy. Should a Depositary Interest Holder wish to attend, speak and vote on their number of shares held under the Trustee they must submit a request to the Trustee and ask for a Letter of Representation and this instruction is covered off in the notes on the Form of Direction.
2. To be valid, any Form of Proxy or other instrument appointing a proxy and any power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority, must be received by post or (during normal business hours only) by hand at Link Asset Services, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 10.00 a.m. on 5 October 2018.

3. Pursuant to Israel's Companies Law, 5759-1999 (the "Companies Law"), to be entitled to attend and vote at the Extraordinary General Meeting (and for the purpose of the determination by the Company of the votes they may cast), Depository Interest Holder must be registered in the Company's Depository Interest register at 10.00 a.m. on 4 October 2018 (or, in the event of any adjournment, 6.00 p.m. on the date which is two days before the time of the adjourned meeting). Changes to the Company's register after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Extraordinary General Meeting.
4. The quorum for the Extraordinary General Meeting shall be two or more shareholders present in person or by proxy. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall be adjourned to the same day in the next week, at the same time and place, or to such day and at such time and place as the Chairperson may determine.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.
6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to an instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent ID (RA10) by 10.00 a.m. on 5 October 2018. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
7. CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
8. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
9. As at 31 August 2018 (being the last business day prior to the publication of this Notice of Extraordinary General Meeting) the Company's issued share capital consisted of 310,542,881 ordinary shares of which none were held as treasury shares. Therefore, the total voting rights in the Company as at 31 August 2018 was 310,542,881.

