

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE CODE

The Company is dedicated to maintaining and ensuring high standards of corporate governance practices. The corporate governance principles of the Company emphasize accountability and transparency and are adopted in the best interests of the Company and its shareholders. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of its shareholders and to fulfil its commitment to excellence in corporate governance.

The Group has applied and complied with the applicable code provisions set out in the Code for the Year, except for code provisions C.2.1 and C.5.1, the details of which are disclosed below.

CORPORATE PURPOSE, STRATEGY AND CULTURE

The Board has established the Company's mission, vision, core values and strategy, and has ensured that these are aligned with a high degree of consistency and convergence of the Company's corporate culture, clearly expressed to all members of the Company, and provide operating guidance for the management team. All Directors should act with integrity, lead by example, and promote the desired corporate culture.

Mission:

Warming the world

The Group will stay true to its original mission of warming the world. With a focus of human development, the Group strives to deliver exceptional craftsmanship and quality, provide sincere and thoughtful services, drive technological innovation, and create shared values that build upon customers' love and trust for a better life.

Vision:

Being the leading fashionable, functional and technological apparel group in the world

The Group is committed to building a leading organization in terms of scale, with a global market presence and excellent operations, and which is to become the preferred brand for customers, the best employer for employees, an environmental enterprise co-existing with partners harmoniously and a trend leader, expert in down apparel as well as a functional expert, which promotes industrial upgrading, leading the sustainable and healthy development of the industry, and gaining social respect.

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Core Values:

Customers Foremost, Openness and Innovation, Results Driven, Striving for the Best

The Group is committed to meeting the evolving needs of its customers and has built four major capabilities: leading brands, leading products, retail upgrades, and high product quality and quick response, in order to provide high-quality products and services for customers. Honesty and trustworthiness are at the core of the Group's values, and it upholds the principles of taking the right path, abiding by rules, being responsible and benefiting others. The Group faces challenges without fear, stays abreast of the latest trends, fosters teamwork, strives to be a pioneer in its industry and embodies a positive and enterprising spirit. The Group dares to innovate and push beyond boundaries, adapting to changes with an open and inclusive mindset that respects professionalism. The Group's operational concept focuses on providing excellent services to its customers, relying on its physical stores and prioritizing the needs of its customers. The Group establishes shared values, responsibility and work standards that are aligned with the global business environment.

Corporate Strategy:

The Group has established the development vision of "Being the leading fashionable, functional and technological apparel group in the world", clarified the strategic direction of "focusing on principal business and key brands" by regarding our mission as our foundation, centering on customers, regarding our brands as leaders, and driving our development by innovation. By focusing on the main theme of "fashionable, functional and technological apparel", the Group continued to consolidate the four core competencies in "leading brands, leading products, retail upgrades and high product quality and quick response" and the two security systems in relation to "organization, mechanism, culture and talent development and digital operation" and has devoted its efforts to realising Bosideng's original mission of "Bosideng warms the world".

The Group regards it as its responsibilities to empower employees internally, warm customers externally and give back to the society, and unswervingly strives towards the development goal of "creating a 100-year brand, building a 100-year enterprise" by advocating and practicing the concept of "sustainable fashion".

BOARD OF DIRECTORS

The Board is charged with providing effective and responsible leadership for the Company. The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of the Group's overall purposes, values and strategies, internal control and risk management systems and internal audit function, monitoring its operational and financial performance and evaluating the performance of the senior management of the Group. The Directors, individually and collectively, have to make decisions objectively in the best interests of the Company and its shareholders.

As at July 18, 2024 (being the Latest Practicable Date), the Board consisted of eight Directors, of whom five are executive Directors and three are independent non-executive Directors. The executive Directors are responsible for implementing business strategies and managing the business of the Group in accordance with all applicable laws, rules and regulations, including but not limited to the Listing Rules. All Directors (including the independent non-executive Directors) have been consulted on all major and material matters of the Group. The Company maintains appropriate Directors' and senior management's insurance.

The role of the Board includes convening shareholders' meetings and reporting their work to shareholders in shareholders' meetings, implementing the resolutions of the shareholders' meetings, determining the Group's business plans and investment plans, preparing the Group's annual budget and final accounts, putting forward proposals for dividend and bonus distributions and for the increase or reduction of registered or issued share capital, formulating proposals for share repurchases in accordance with any repurchase mandate granted by the shareholders as well as exercising other powers, functions and duties as conferred by the Articles. The Board is also responsible for performing the corporate governance duties set out in code provision A.2.1 of the Code. The Directors are continually updated with the most up-to-date regulatory requirements, business activities and development of the Company to facilitate the discharge of their responsibilities through regular Board meetings and by acting in good faith and with due diligence and care. During the Year, the following were discussed during Board meetings: (i) developing and reviewing the Group's policies and practices on corporate governance and making recommendations; (ii) reviewing and monitoring the training and continuous professional development of the Directors and senior management of the Group; (iii) reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to the Directors and employees of the Group; and (v) reviewing the Group's compliance with the Code and disclosure in this annual report.

During the Year, the Board convened a total of two Board meetings based on the needs of the operations and business development of the Group, instead of holding at least four regular board meetings during the Year as required under code provision C.5.1 of the Code. Each Board meeting had been arranged to discuss multiple topics and resolutions. During the Year, the Directors were provided with all relevant information on an ongoing basis to enable them to stay informed of the Group's development progress and to make swift decisions as required. The Company will consider holding more regular Board meetings in the coming year to comply with the requirements under the said code provision.

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The composition of the Board and their respective attendance at the Board meetings and the Board committee meetings convened during the Year, as well as at the annual general meeting held on August 22, 2023, are as follows:

	No. of meetings attended/held				
	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meeting	Annual General Meeting
Executive Directors					
Mr. Gao Dekang <i>(Chairman of the Board and CEO)</i>	2/2	N/A	1/1	1/1	1/1
Ms. Mei Dong	2/2	N/A	N/A	N/A	0/1
Ms. Huang Qiaolian	2/2	N/A	N/A	N/A	0/1
Mr. Rui Jinsong	2/2	N/A	N/A	N/A	0/1
Mr. Gao Xiaodong	2/2	N/A	N/A	N/A	0/1
Independent non-executive Directors					
Mr. Dong Binggen	2/2	2/2	1/1	1/1	0/1
Mr. Wang Yao	2/2	2/2	1/1	1/1	0/1
Dr. Ngai Wai Fung	2/2	2/2	N/A	N/A	1/1

Throughout the Year, the Board had met the requirements of Rules 3.10 and 3.10A of the Listing Rules of having at least three independent non-executive Directors (representing at least one-third of the Board) with one of them (namely, Dr. Ngai Wai Fung) possessing the appropriate accounting professional qualifications.

The independent non-executive Directors bring a variety of experience and expertise to the Company. Each of the independent non-executive Directors has confirmed his independence in writing pursuant to Rule 3.13 of the Listing Rules. The Directors are of the view that all independent non-executive Directors have met the independence guidelines set out in Rule 3.13 of the Listing Rules.

The appointment of each of the Directors may be terminated by either the Company or the Director by giving a three-month written notice and the Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles.

Minutes of the Board meetings are kept by the Company Secretary and are available for inspection by the Directors and the auditor of the Company.

Save as disclosed in the section headed "Directors and Senior Management" in this annual report, there is no relationship (including financial, business, family or other material or relevant relationship) between each Director (including the independent non-executive Directors) and the other members of the Board or the senior management of the Group.

DIRECTORS' TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT

All Directors receive comprehensive, formal and tailored induction on appointment, so as to ensure their understanding of the business and operations of the Group and Directors' responsibilities and obligations under the Listing Rules, the SFO and other relevant regulatory requirements.

All Directors are continually updated on developments in the relevant statutory and regulatory regimes, and the latest business and market changes to facilitate the discharge of their responsibilities and obligations under the Listing Rules and the relevant statutory requirements. Briefings and professional development for Directors will be arranged when necessary.

Pursuant to the requirements of code provision C.1.4 of the Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills, and should provide their training records to the Company. According to the training records provided by the Directors, the trainings attended by them during the Year are summarized as follows:

Directors	Corporate Governance, Regulatory Development and Trainings on other relevant topics
Executive Directors	
Mr. Gao Dekang	√
Ms. Mei Dong	√
Ms. Huang Qiaolian	√
Mr. Rui Jinsong	√
Mr. Gao Xiaodong	√
Independent non-executive Directors	
Mr. Dong Binggen	√
Mr. Wang Yao	√
Dr. Ngai Wai Fung	√

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THE ROLES OF THE CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 of the Code provides that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Gao Dekang is the founder of the Group, the chairman of the Board and the CEO. The Board believes that it is necessary to vest the roles of the chairman and the CEO in the same person due to Mr. Gao Dekang's unique role, his experience and well-established reputation in China's down apparel industry, and the importance of Mr. Gao Dekang in the strategic development of the Company. This dual role provides strong and consistent market leadership and is critical for efficient business planning and the decision-making of the Company. As all major decisions are made in consultation with members of the Board and relevant Board committees, and there are independent non-executive Directors on the Board offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure a sufficient balance of powers within the Board.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the Code and maintaining a high standard of corporate governance practices within the Company.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding Directors' securities transactions. Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiry by the Company, all Directors have confirmed that they had complied with the required standards set out in the Model Code throughout the Year and up to the date of this annual report. No incident of non-compliance in relation to the guidelines of the Model Code by the Directors and relevant employees was noted by the Company during the Year.

MECHANISMS TO ENSURE INDEPENDENT VIEWS AND INPUT ARE AVAILABLE TO THE BOARD OF DIRECTORS

During the Year, the Board reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board on an annual basis. Taking into account the following measures, the Board is of the opinion that those are proper, adequate and/or effective:

- a sufficient number of three independent non-executive Directors representing more than one-third of the Board and all of them continue to devote adequate time to the Company;
- the independent non-executive Directors have an equal status to other Board members;

- all independent non-executive Directors share their views and opinions through regular meetings;
- annual meetings between the chairman of the Board and all independent non-executive Directors without the presence of other Directors, providing an effective platform for the chairman of the Board to listen to independent views on various issues concerning the Group;
- interaction with the management and other Board members, including the chairman of the Board, outside of the boardroom, upon request by the Directors;
- independent professional advice would be provided to independent non-executive Directors upon reasonable request to assist them to perform their duties to the Company; and
- the Board reviews its structure, size, composition (including the skills, knowledge and experience) and the board diversity policy adopted by the Board (the "Board Diversity Policy") at least once a year to maintain a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors).

AUDIT COMMITTEE

The Audit Committee was established by the Company on September 15, 2007, whose primary duties are to review and supervise the financial reporting process and internal control procedures of the Group, nominate and monitor the external auditor, and perform other duties and responsibilities as assigned by the Board. Please refer to the terms of reference of the Audit Committee published on the websites of the Company and the Stock Exchange for the principal roles and functions of the Audit Committee. The Financial Statements have been reviewed by the Audit Committee and audited by KPMG, the Company's external auditor. As at July 18, 2024 (being the Latest Practicable Date), the Audit Committee comprised three independent non-executive Directors (i.e. Dr. Ngai Wai Fung (Chairman), Mr. Dong Binggen and Mr. Wang Yao).

During the Year, the Audit Committee held two meetings and the major works performed during the Year are summarized as follows:

- review, and making recommendation for the Board's approval, of the 2022/23 annual results and 2023/24 interim results of the Group, as well as the financial information contained therein with a focus on compliance with accounting and auditing standards, the Listing Rules and other requirements in relation to financial reporting and the reports prepared by the external auditor relating to accounting matters and other major findings identified during the course of the interim review and annual audit;

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- review of the continuing connected transactions of the Group;
- review of the accounting policies adopted by the Group and matters related to common accounting practices;
- review of the nature and scope of audit;
- discussion with the external auditor and the management on possible accounting risks;
- assist the Board with the evaluation of the efficiency of the financial reporting procedures, and the systems of internal control and risk management;
- review of and monitor the scope, effectiveness and results of the internal audit function, so as to ensure co-ordination between the internal and external auditors and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Group;
- approval of the audit fees and terms of engagement of the external auditor; and
- review of the external auditor's qualifications, independence and performance, and making recommendation for the Board's re-appointment of the external auditor.

During the Year, the Board had no disagreement with the Audit Committee's view on the re-appointment of the Company's external auditor.

REMUNERATION COMMITTEE

The Remuneration Committee was established by the Company on September 15, 2007, whose primary duties are to determine the remuneration packages of individual executive Directors and senior management of the Group based on the Company's operating results, individual performance and comparable market statistics. Please refer to the terms of reference of the Remuneration Committee published on the websites of the Stock Exchange and the Company for the principal roles and functions of the Remuneration Committee.

As at July 18, 2024 (being the Latest Practicable Date), the Remuneration Committee consisted of one executive Director and two independent non-executive Directors (i.e. Mr. Wang Yao (Chairman), Mr. Gao Dekang and Mr. Dong Binggen).

During the Year, the Remuneration Committee held one meeting and reviewed the Group’s policy on remuneration of all the Directors and senior management of the Group, assessing performance of executive Directors and approving the terms of executive Directors’ service contracts by the Remuneration Committee. During the Year, the Remuneration Committee, after assessing their performance, had also determined the remuneration packages of all executive Directors and senior management of the Group (i.e. the model disclosed in code provision E.1.2(c)(i) of the Code was adopted), made recommendations to the Board on the remuneration of the independent non-executive Directors (i.e. required under code provision E.1.2(d) of the Code) and reviewed and approved matters relating to share schemes described under Chapter 17 of the Listing Rules. The Remuneration Committee noted that the Board has not resolved to approve any remuneration or cooperation arrangements with which the Remuneration Committee has disagreed with.

Pursuant to code provision E.1.5 of the Code, the annual remuneration of the members of the senior management of the Group by band for the Year are set out below:

Remuneration band	Number of persons
RMB5,000,001 to RMB5,500,000	1
RMB6,500,001 to RMB7,000,000	1
RMB8,500,001 to RMB9,000,000	1
RMB9,000,001 to RMB9,500,000	1
RMB11,000,001 to RMB11,500,000	1

Note: The members of the senior management of the Group disclosed above refer to employees other than Directors.

NOMINATION COMMITTEE

The Nomination Committee was established by the Company on September 15, 2007, whose primary functions are to determine the nomination policy for the Directors, review the structure, size, diversity and composition of the Board, identify individuals suitably qualified to become Board members with reference to the candidates’ experience and qualifications and the Company’s corporate strategy and diversity policy, assess the independence of independent non-executive Directors and select and make recommendations to the Board regarding candidates to fill vacancies on the Board. The Board is ultimately responsible for the selection and appointment of new Directors. Please refer to the terms of reference of the Nomination Committee published on the websites of the Company and the Stock Exchange for the principal roles and functions of the Nomination Committee.

As at July 18, 2024 (being the Latest Practicable Date), the Nomination Committee consisted of one executive Director and two independent non-executive Directors (i.e. Mr. Gao Dekang (Chairman), Mr. Dong Binggen and Mr. Wang Yao).

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The Nomination Committee noted that all the independent non-executive Directors have served for more than nine years, and is aware of the requirement to appoint a new independent non-executive Director at the AGM pursuant to code provision B.2.4(b) of the Code. The Group will take practical steps to appoint a new independent non-executive Director as and when appropriate. The Nomination Committee will continue to review the structure of the Board, consider a range of diversity perspectives, as well as the merits and contributions that the candidates will bring to the Board.

During the Year, the Nomination Committee held one meeting and had performed various duties, including reviewing the structure, number and composition (including the skills, knowledge and experience) of the Board and senior management of the Group, assessing the independence of independent non-executive Directors, making recommendations to the Board on matters relating to the succession of Directors and disclosing the policy on nomination of Directors during the Year, including the nomination process adopted by the Nomination Committee for director candidates and the selection and recommendation criteria during the Year.

BOARD DIVERSITY

The Board adopted the Board Diversity Policy setting out the approach to the diversity of members of the Board, and embedded within the Board Diversity Policy is the nomination policy for the Directors. The Company recognizes and embraces the benefits of diversity of the Board members and strives to have high transparency in the selection process of the Board. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives that are appropriate to the requirements of the Company's business. All Board appointments are made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

During the Year, the Company had continued to comply with its Board Diversity Policy, and the Board considered that it has a balanced mix of knowledge and skills, including knowledge and experience in the areas of business management, the textile industry, auditing and accounting. The Directors obtained degrees in various majors including business administration, engineering, economics and accounting. Furthermore, the Board consists of a wide range of ages, ranging from 48 years old to 74 years old. The current gender ratio of all employees of the Group is approximately 80.7% (female) to approximately 19.3% (male), and the percentage of female general management and above exceeded 50.0%. The Group will also continue to take steps to promote gender diversity at all levels of the Group, including but without limitation at the Board and the management levels, and continue to take opportunities to increase the proportion of female Board members over time as and when suitable candidates are identified, subject to the Board being satisfied with the competence and experience of the relevant candidates after a comprehensive review process based on reasonable criteria. The Group will also try to ensure gender diversity when recruiting staff at the senior level and engage more resources in training female staff with the aim of promoting them to the senior management or directorship of the Company, and will continue to apply the principle of merit-based recruitment with reference to our diversity policy as a whole. All Directors, including independent non-executive Directors, have brought a variety of valuable business experiences, knowledge and professional skills to the Board for its efficient and effective operation. Independent non-executive Directors are invited to serve on the Board Committees namely, the Audit Committee, the Remuneration Committee and the Nomination Committee.

As at the date of this annual report, the Board comprises eight Directors, which includes five executive Directors and three independent non-executive Directors. Details of the current members of the Board are set out as follows:

Gender			Male	Female
			6	2
Nationality				Chinese
				8
Age group	40-49	50-59	60-69	70-79
	1	3	2	2
Length of service			6-10 years	Over 10 years
			1	7

Biographies of the Directors (including their ages and appointment dates) are set out in the section headed “Directors and Senior Management” in this annual report.

APPOINTMENTS, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company, and each of the independent non-executive Directors has entered into an appointment letter with the Company, both of which are for a fixed term of three years and renewable automatically for successive term of one year, until terminated by either party by giving a three-month written notice. Each Director is subject to re-election at the annual general meeting of the Company upon retirement. The Articles provide that any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office until the first annual general meeting after his/her appointment and be subject to re-election at the annual general meeting.

INTERNAL CONTROL AND RISK MANAGEMENT AND INTERNAL AUDIT FUNCTION

The Board acknowledges its responsibility over the risk management and internal control systems, reviewing their effectiveness and maintaining a sound and effective internal audit function of the Group. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Under the internal control and risk managements systems of the Group, the processes used to identify, evaluate and manage significant risks by the Group are summarized as follows:

- risk identification: identify risks that may potentially affect the Group’s business and operations;

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- risk assessment: assess the risks identified by using the assessment criteria developed by the management, and consider the impact and consequences on the business and the likelihood of their occurrence;
- risk response: prioritize risks by comparing the results of the risk assessment, and determine the risk management strategies and internal control processes to prevent, avoid or mitigate the risks; and
- risk monitoring and reporting: perform ongoing and periodic monitoring of the risks and ensure that appropriate internal control processes are in place, revise risk management strategies and internal control processes in case of any significant change of circumstances, and report the results of risk monitoring to the management and the Board regularly.

Furthermore, set out below are the main features of the said systems:

- risk management and internal control procedures have been designed to identify risks, safeguard assets against misappropriation and disposition, and to protect the interests of stakeholders;
- comprehensive management accounting system to provide financial and operational performance assessment, proper maintenance of accounting records for the provision of reliable financial information used for reporting or for publication; and
- strict compliance with relevant laws, rules and regulations, strict prohibition on unauthorized access and use of confidential, sensitive or inside information.

The Board has conducted reviews of its systems of internal control and risk management semi-annually, through the Audit Committee, to ensure the effectiveness and adequacy of the systems. Key processes used to conduct the said reviews include considering the internal control evaluations conducted by the management and the internal and external auditors as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions, as well as those relating to environmental, social and governance performance and reporting. In the event that any material internal control defects are identified during the reviews, the Audit Committee will review the actions performed or the plans to be carried out by the management in addressing the issues and defects regarding the internal control and risk management systems. The corresponding remedial plans and recommendations to resolve such defects will then be submitted to the Board for consideration. The Board convened meetings with the Audit Committee semi-annually to discuss financial, operational and risk management controls. The Directors are of the view that the existing systems of internal control and risk management are effective and adequate to the Group.

The Company has an internal audit function, the effectiveness of which had been reviewed by the Audit Committee during the Year. Further information about the Audit Committee, including its work during the Year, is set out in the section headed “Audit Committee” in this annual report.

Further, stringent internal structures have been designed to prevent the misuse of inside information and avoid conflicts of interest. All Directors and those employees who could have access to, or monitor, the information of the Group, are responsible for making appropriate precautions to prevent abuse or misuse of such information. Employees of the Group are prohibited from using inside information for their own benefit. The Board is also vested with the responsibility to disseminate to the shareholders of the Company and the public any inside information in the form of announcements, in accordance with the Listing Rules.

MANAGEMENT FUNCTION

The Articles set out matters which are specifically reserved to the Board in terms of decision-making. In order to enhance efficiency, the Board has delegated the day-to-day responsibilities and operations to the senior management of the Group under the supervision of the Board. The management team meets regularly to review and discuss with executive Directors on daily operational issues, financial and operating performance as well as to monitor and ensure that the management of the Group is carrying out the directions and strategies set by the Board properly.

DIRECTORS AND AUDITOR’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to oversee the preparation of the financial statements for each financial period to ensure that they give a true and fair view of the state of affairs, results and cash flow of the Group.

In preparing the Financial Statements, the Directors have selected suitable accounting policies and applied them consistently, adopted appropriate International Financial Reporting Standards, made prudent and reasonable judgments and estimates, and prepared the Financial Statements on a going concern basis. The Directors also warrant that the Financial Statements will be published in a timely manner.

The statement of the auditor of the Group about their reporting responsibilities on the Financial Statements is set out in the section headed “Independent Auditor’s Report” on pages 102 to 109 of this annual report.

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AUDITOR'S REMUNERATION

During the Year, the fees charged by the Company's external auditor, KPMG, for audit and non-audit services are set out below:

	RMB'000
Audit services (including interim financial report review services)	5,600
Non-audit services (including tax advisory, compliance and other special audit services)	558
Total	6,158

The Audit Committee is responsible for making recommendations to the Board as to the selection, appointment, re-appointment, resignation and/or dismissal of the external auditor, which are subject to the approval by the Board and at the annual general meetings of the Company by its shareholders.

Certain factors that the Audit Committee will take into account when assessing the external auditor include the audit performance, quality, objectivity and independence of the auditor.

COMPANY SECRETARY

During the Year, Ms. Liang Shuang was the Company Secretary and she had taken no less than 15 hours of professional training. The biography of Ms. Liang is set out in the section headed "Directors and Senior Management" of this annual report.

DIVIDEND POLICY

The Board has adopted the Dividend Policy setting out the appropriate procedures on recommending and declaring the dividend payment of the Company. The Dividend Policy aims to allow the shareholders of the Company to participate in the Company's profits whilst preserving the Company's liquidity to capture future growth opportunities. The dividend distribution decision of the Company will depend on, among other factors, its financial results, cashflow, current and future operations and liquidity and capital requirements. In addition to the declaration of dividends based on the foregoing, the Board may also declare special dividends from time to time. The Dividend Policy will be reviewed by the Board on a regular basis.

WHISTLEBLOWING POLICY

The whistleblowing policy has been put in place to enable all employees and other parties who deal with the Group (e.g. customers, suppliers, creditors and debtors, etc.) to report any misconduct, malpractice or irregularity within the Group. This policy allows individuals to raise concerns in writing by post, by email or by phone to the audit and supervision center which has been delegated by the Audit Committee (the “Audit and Supervision Center”) to supervise and implement the day-to-day operations of such policy. Reports made under this policy will be treated with utmost confidentiality and anonymity. If there is sufficient evidence to reasonably suggest that a case involving a possible criminal offence or element of corruption exists, the Audit and Supervision Center will report to the president of the Company and/or the Audit Committee. After consulting the legal advisors of the Company, the matter will be reported to the relevant local authorities as soon as reasonably practicable in accordance with the relevant laws and regulations, and the Company’s rules and regulations. For details regarding the whistleblowing policy, please refer to the Corporate Governance page on the website of the Company.

ANTI-CORRUPTION POLICY

The Group has formulated its own anti-corruption policy to ensure that all Directors, senior officers, employees and contractual workers of the Group (the “Applicable Personnel”) comply with the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) (the “POBO”), as well as other relevant laws of other countries or regions as applicable, to avoid any criminal and civil penalties as provided under the POBO and such other relevant anti-corruption laws of other countries or regions, and to mitigate the risk of any reputational damage that may arise from the Group’s involvement in any form of bribery, corruption, money laundering and financing of terrorism, whether in Hong Kong or elsewhere. The policy includes specific requirements for integrity and conduct and outlines the policies and controls in place which applies to all levels of Applicable Personnel. The policy is regularly reviewed to ensure that it remains effective in preventing corruption and maintaining the Group’s commitment to ethical business practices. For details regarding the anti-corruption policy, please refer to the Corporate Governance page on the website of the Company.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company is committed to strictly complying with the provisions of the Listing Rules in the disclosure of information and any other information that may significantly impact the decisions of the shareholders of the Company and other relevant parties on a true, accurate, complete and timely basis. In accordance with the good faith principle, the Company ensures that all of its shareholders have equal access to such information. The Company has duly fulfilled its statutory obligations in respect of information disclosures.

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Effective communication with investors is a top priority for the management of the Group. Since the listing of the Company in October 2007, the executive Directors (including the CEO) and the senior management of the Group held regular briefings and results presentations, attended investors' forums and responded to investors' call-in enquiries, arranged site visits and participated in roadshows, reverse road shows, face-to-face meetings, and telephone conferences, to communicate with institutional investors and financial analysts in mainland China, Hong Kong, China and overseas countries. These efforts are aimed at keeping investors abreast of the latest updates on the Company's business and development as well as its operating strategies and prospects. The Company values the advice and feedback of its investors and strives to develop an interactive and mutually beneficial relationship with them. By listening to their input, the Company can better meet the needs and expectations of its investors, which ultimately benefits both the Company and its shareholders.

Shareholders and investors of the Company who wish to make inquiries to the Company can contact us via mail, email, telephone, or fax. The contact address and details are as follows:

Address: Unit 5709, 57/F., The Center
99 Queen's Road Central
Central, Hong Kong

Email: bosideng_ir@bosideng.com
Tel: (852) 2866 6918
Fax: (852) 2866 6930

The Company has established a shareholders' communication policy. For details, please refer to the Corporate Governance page on the website of the Company.

SHAREHOLDERS' RIGHTS

Shareholders of the Company may request to convene extraordinary general meetings. Pursuant to Article 58 of the Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary (i) to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; (ii) to add resolutions in the meeting agenda; and (iii) such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may convene a physical meeting at only one location which will be the principal meeting place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board to hold such meeting shall be reimbursed to the requisitionist(s) by the Company.

Shareholders of the Company may put forward proposals at general meetings of the Company by sending the same to the Company, either by post, by email or by facsimile (the contact details are set out in the section headed “Communications with Shareholders and Investor Relations” above), specifying his/her information, contact details and the proposal(s) he/she intends to put forward at the general meeting regarding any specified transaction/business and the supporting documents.

During the Year, the Company has reviewed the implementation and effectiveness of its shareholders’ communication policy and considered that the policy was effectively implemented with the measures as disclosed under the sections headed “Communications with Shareholders and Investor Relations” and “Shareholders’ Rights” above.

MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

During the Year, no amendments were made by the Company to the memorandum of association and the Articles of the Company.