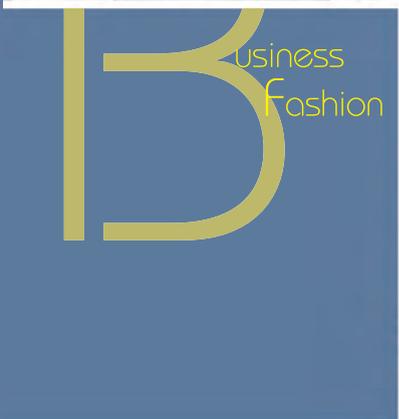


# Bosideng International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)  
Stock code : 3998

## INTERIM REPORT 2007/08



**Bosideng** is the largest down apparel company in the PRC. Its retail distribution network comprises approximately 7,000 retail outlets covering 67 cities across the nation, selling its six core brands including *Bosideng, Snow Flying, Kangbo, Bingjie, Shuangyu and Shangyu*. According to China Industrial Information Issuing Centre ("CIIC"), in terms of sales in 2006, *Bosideng, Snow Flying and Kangbo* down apparel products achieved a combined market share\* of 36.1% in the PRC. *Bosideng* was the leading down apparel brand in the PRC for 12 consecutive years from 1995 to 2006, according to CIIC and the National Bureau of Statistics of China. The *Bosideng* brand was named one of *China's Top 10 Brands in the World* in 2006 by the World Confederation of Productivity Science, Chinese Association of Productivity Science and World Productivity Congress. In 2007, *Bosideng* was the only apparel brand awarded *China's World Famous Brand* by the PRC General Administration of Quality Supervision, Inspection and Quarantine.

\* among the 30 largest down apparel brands

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# Financial Highlights

- Listed on October 11, 2007 on the Main Board of The Stock Exchange of Hong Kong Limited
- Revenue grew 15.9% year-on-year to RMB2,003.3 million
- Gross profit margin remained stable at 31.4%
- Operating profit increased by 12% to RMB328.0 million
- Profit attributable to equity holders rose 50.6% to RMB274.3 million
- Basic and diluted earnings per share increased by 66.7% to RMB0.05

## Interim Results Highlights

	Six months ended September 30,		Change (%)
	2007 Unaudited RMB'000	2006 Unaudited RMB'000	
Revenue	<b>2,003,314</b>	1,729,085	+15.9
Gross profit	<b>629,163</b>	549,408	+14.5
Profit from operations	<b>327,989</b>	292,923	+12.0
Profit attributable to equity holders	<b>274,315</b>	182,130	+50.6
Earnings per share			
– Basic	<b>0.05</b>	0.03	+66.7
– Diluted	<b>0.05</b>	0.03	+66.7

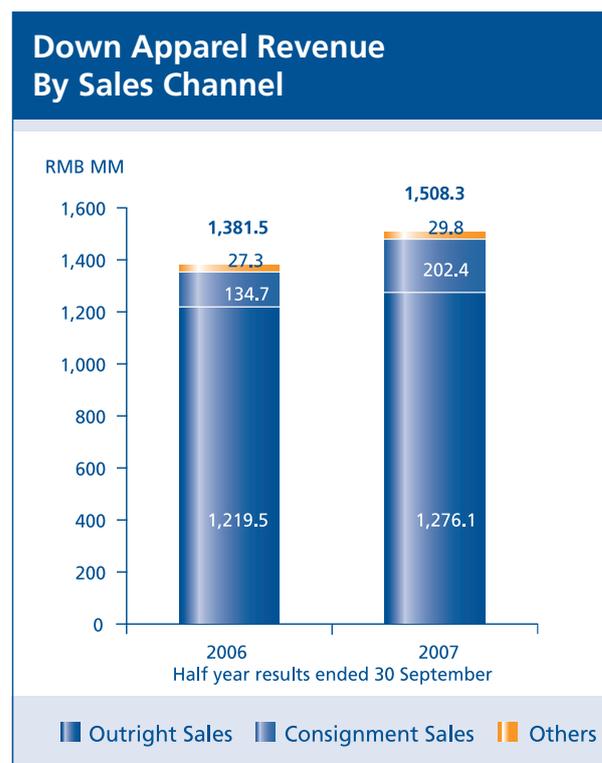
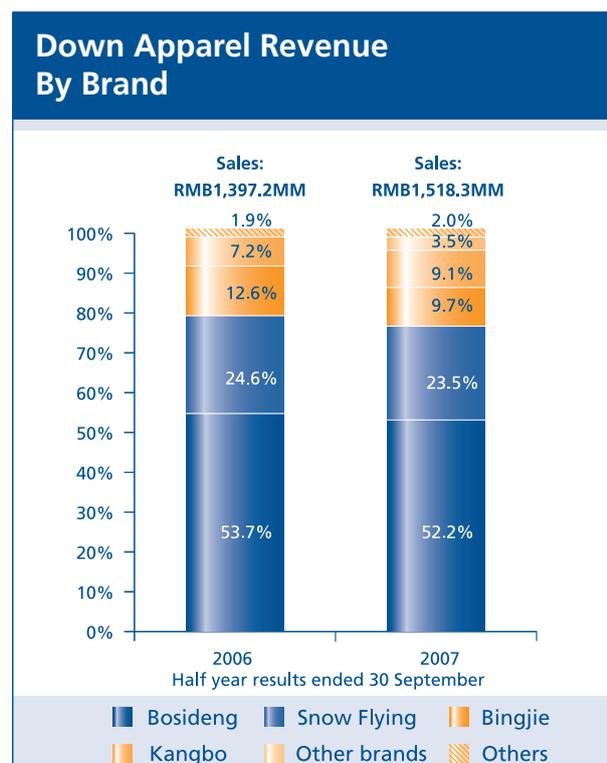
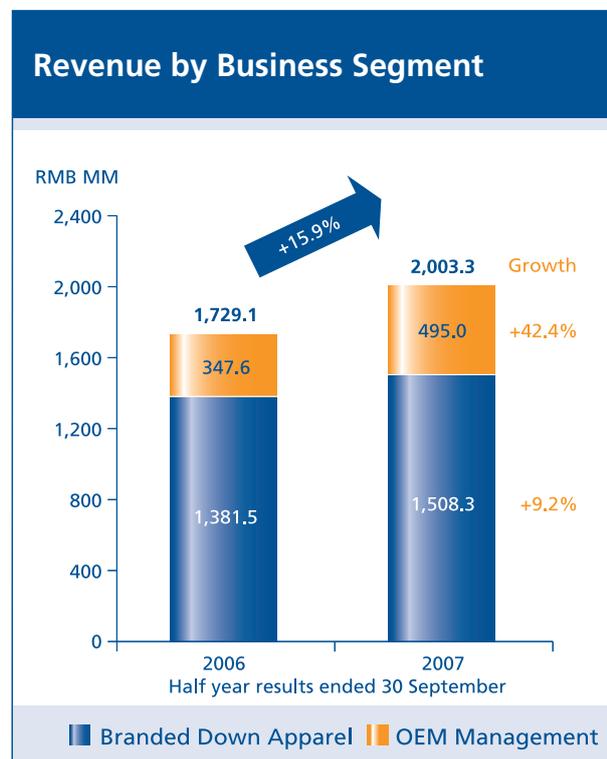
## Performance Indicators

	Six months ended September 30,	
	2007	2006
Gross profit margin	<b>31.4%</b>	31.8%
Operating margin	<b>16.4%</b>	16.9%
Net margin	<b>13.7%</b>	10.6%

## Financial Ratios

	As at September 30,	
	2007 Unaudited	2006 Unaudited
Current ratio (times)	<b>1.1</b>	1.1
Gearing ratio* (times)	<b>3.9</b>	4.8

\* Gearing ratio is calculated as total debt divided by total equity. Total debt includes borrowings of RMB1,471.1 million as of September 30, 2007 (September 30, 2006: borrowings of RMB205.6 million and equity holder loans of RMB395.4 million).



Note: Sales rebates are not deducted from the total down apparel revenue or from the revenue of each brand. Sales rebates in 1H 2006/07 and 1H 2007/08 were RMB15.7MM and RMB10.0MM respectively.

# Management Discussion and Analysis

Bosideng International Holdings Limited (the “Company”, together with its subsidiaries the “Group”) is pleased to report the first set of interim results for the six months ended September 30, 2007 following its successful listing on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on October 11, 2007. The Group’s listing marks a major milestone in its corporate history which has enhanced the reputation of the Bosideng brand, strengthened its capital base and contributed to upholding sound corporate governance practices.

For the six months ended September 30, 2007, the Group’s revenue grew 15.9% to RMB2,003.3 million as compared to the same period of the previous year. Sales from the branded down apparel business accounted for 75.3% of the Group’s revenue, as compared to 79.9% in the same period of the previous year.

Despite the intense market competition in the off-peak sales season from June to September 2007, coupled with the down apparel inventories in the industry carried forward from the previous year, the Group is pleased to see an increase of 9.2% in branded down apparel revenue. OEM management revenue surged 42.4% when compared with the same period of the previous year as the orders were made and delivered earlier in this year.

The Group’s gross profit margin remained at a stable level of 31.4%, as compared to 31.8% in the previous year. Profit attributable to equity holders of the Company rose 50.6% to RMB274.3 million. The strong growth was partly attributable to tax exemption of four principal subsidiaries in the period under review, during which the Group’s income tax expense was reduced to RMB12.5 million from RMB107.4 million in the same period of the previous year. Basic and diluted earnings per share amounted to RMB0.05, against RMB0.03 for the corresponding period in 2006.

## Market Review

The booming economic growth and rising affluence in mainland China have boosted the consumer demand for high quality down apparel. As penetration of down apparel in mainland China is still at a relatively low level as compared to developed countries, market demand has been on the rise, offering a lucrative outlook for competent industry players. However, the inventories in the market accumulated since the previous 2006/2007 winter has exerted operational and financial pressure on smaller players. Intensified regional price competition was seen during the period under review when compared with the same period of the previous year.

## Business Review

The Group typically experiences seasonal fluctuations in the branded down apparel revenue. The sales are generally highest from October to February of the following year (the peak sales season). In contrast, the sales are generally lowest from March to May before the Group enters into off-peak sales season from June to September when it offers promotional discounts in selling the inventories carried forward from the previous fiscal year.

As the market leader by sales volume and market share, the Group continued to stay at the forefront of the industry with a broad brand portfolio and a diverse range of appealing products that cater to the needs of different consumer segments. In 2006, the market share by sales of Bosideng, Snow Flying and Kangbo, three of the Group's major brands, in aggregate accounted for 36.1% of the market among the 30 largest down apparel brands in China, according to China Industrial Information Issuing Centre.

### Brand management and marketing

The success of the Bosideng brand and the Group's competence in brand management has enabled it to generate respectable and sustainable sales growth. In September 2007, Bosideng was the only apparel brand awarded the distinction of "China's World Famous Brand" (中國世界名牌) by the PRC General Administration of Quality Supervision, Inspection and Quarantine. This further attested to the Group's outstanding execution capability in brand building and marketing, making Bosideng synonymous with quality down apparel in China.

The Group has been actively engaged in sustained and focused brand building activities to promote brand reputation and customer loyalty. It seeks to convey a stylish, trendy and modern image through the implementation of integrated marketing programmes that encompass print and television media advertising, event-based marketing through participation in trade fairs and fashion shows to showcase its latest products, and sponsorship of prominent sporting events such as the Winter Olympics. These gained increasing recognition for the Group's brands and products.

### Product research, design and development

The Group distinguishes its products from other rivals by their design and quality, placing emphasis on boosting profitability rather than driving sheer volume growth. To achieve this, the Group's design focus has shifted increasingly from function to fashion, integrating colourful design, new fabrics and trendy styles to produce versatile, light-weighted fashionable garment. The broadened range of products are designed to appeal to consumers of different age groups and with varying tastes.

The product design and development team creates nearly 200 new styles under various themes each year. The Group conducts research and keeps itself current with the latest fashion trends through participation in trade exhibitions, evaluation of sales performance, customer feedback and constant updates from fashion-related media. To further strengthen its design capability, the Group collaborated with international fashion design institutes in France and Korea to obtain first-hand information on the latest international fashion trends.

Product quality has always been a top priority of the Group. To further enhance the quality of Bosideng down apparel products, the Group utilises innovative fabric and materials that are odourless, anti-bacterial, water-repellent and stain-repellent for a selected range of Bosideng down apparel products.

## Sales and distribution network expansion

The Group's products are distributed through an extensive retail distribution network in the PRC. During the period under review, the Group added 276 retail stores to its network, bringing the total number of retail stores to 7,120 as at September 30, 2007. The increase mainly came from increased number of sales outlets in department stores to pave the way to capture opportunities in the winter peak season.

The retail network composition by outlet type and geographical location is as follows:

Outlet types	September 30, 2007	March 31, 2007	Change
Specialty stores			
• Operated by the Group	3	3	–
• Supervised/Operated by third party distributors	4,573	4,956	-383
	4,576	4,959	-383
Concessionary retail outlets			
• Supervised by the Group	1,527	1,018	+509
• Supervised/Operated by third party distributors	1,017	867	+150
	2,544	1,885	+659
Total	7,120	6,844	+276

Sales regions	September 30, 2007	March 31, 2007	Change
Shandong	748	749	-1
Eastern China	1,156	1,194	-38
South Eastern China	576	666	-90
Central China	1,474	1,381	+93
Northern China	799	768	+31
North Eastern China	892	832	+60
North Western China	1,475	1,254	+221
Total	7,120	6,844	+276

As part of the brand building programme, the Group started taking active steps during the period under review to further enhance store image through the use of standardised and modern interior décor and window display that are distinctive to its image and brand portfolio. It also regularly reviews store performances, both operational and financial, to ensure that the stores conform to the Group's standards. As at September 30, 2007, the number of specialty stores dropped by 383 from that of March 31, 2007, as under-performing stores were eliminated from the network, and certain stores were under renovation. The increase in the number of concessionary retail outlets also reflected the strategic shift in the channel mix and the aim to enhance overall brand image by setting up outlets in mid- to high-end department stores.

## Supply chain management

The Group effectively manages each stage of its supply chain from product research, design and development, procurement of raw materials, outsourced manufacturing, marketing and promotion and distribution. To focus on its core strength of developing and managing its brand portfolio and to be more cost-efficient, the Group has outsourced its manufacturing operations to over 300 contract manufacturers since the last fiscal year.

The Group remains cost-competitive and responsive to supplemental production orders by leveraging its established relationships with its major suppliers and contract manufacturers. During the period under review, the Group started an enhancement programme to upgrade its ERP system and to extend the reach from the Group's regional sales companies to retail outlets. Phase I of the enhancement programme commenced in the second half of the year, enabling more timely access to key operational data and quicker response to market changes.

## Financial Review

### Revenue

Revenue of the Group was mainly generated from sales of branded down apparel. This accounted for 75.3% of the Group's revenue, with the remaining 24.7% coming from the OEM management business, versus 79.9% and 20.1% respectively in the same period last year.

A revenue analysis of down apparel sales by brand is as below:

	Six months ended September 30,			
	2007		2006	
	(RMB million)	<i>As a % of branded down apparel sales</i>	(RMB million)	<i>As a % of branded down apparel sales</i>
Bosideng	793.1	52.2	750.0	53.7
Snow Flying	356.7	23.5	343.6	24.6
Bingjie	146.9	9.7	176.0	12.6
Kangbo	137.8	9.1	100.3	7.2
Other brands	54.0	3.5	–	–
Others	29.8	2.0	27.3	1.9
<b>Sub-total</b>	<b>1,518.3</b>	<b>100%</b>	1,397.2	100%
Less: sales rebates	(10.0)		(15.7)	
<b>Total down apparel revenue</b>	<b>1,508.3</b>		1,381.5	

During the period under review, the Group has formulated an effective sales plan to control the quantity and the selling price of inventories to be sold in the low season sales period in order to prevent any adverse effect on the sales of the new winter collection in the upcoming peak season. At the same time, the inventories were sold with reasonable profitability.

## Management Discussion and Analysis (Continued)

A breakdown of the revenue by sales methods is as below:

	Six months ended September 30,			
	2007		2006	
	(RMB million)	% of revenue	(RMB million)	% of revenue
Branded down apparel				
• Outright sales	1,276.1	63.7%	1,219.5	70.5%
• Consignment sales	202.4	10.1%	134.7	7.8%
Others*	29.8	1.5%	27.3	1.6%
Total down apparel revenue	1,508.3	75.3%	1,381.5	79.9%
OEM management	495.0	24.7%	347.6	20.1%
Total revenue	2,003.3	100%	1,729.1	100%

\* Mainly represents sales of raw materials relating to down products.

A majority of the Group's products were sold through outright sales, which accounted for 84.6% of the Group's branded down apparel revenue, as compared to 88.3% in the same period of last year. Change in the mix of the outright sales and consignment sales reflects our continual strategic shift to increase consignment sales as part of our branding and marketing strategy.

### Cost of sales

Cost of sales for the period under review remained stable as a percentage of revenue during the period under review. It amounted to approximately RMB1,374.2 million, or 68.6% of the Group's revenue, as compared to RMB1,179.7 million or 68.2% of revenue in the corresponding period of last year. This comprised the cost of branded down apparel and the cost of the OEM management business, which accounted for 70.0% and 30.0% of the Group's cost of sales respectively, as compared to 74.5% and 25.5% in the same period of last year.

### Operating expenses

Operating expenses, mainly comprising distribution and administrative expenses, accounted for 16.2% of the Group's revenue, as compared to 15.0% in the corresponding period of last year.

The Group's distribution expenses, mainly comprising advertising, promotion, concessionaire fees, and salary and welfare, amounted to approximately RMB287.1 million, representing 14.3% of the Group's revenue, a slight increase from 13.4% in the same period last year. The increase was mainly due to the opening of new sales companies under the Group's business expansion plan and the increase in concessionaire fees as an increased percentage of revenue was generated from consignment sales.

Despite the keen competition of the down apparel market in the period under review, the Group was able to control the total advertising and promotion expenses at 7.4% of revenue, as compared to 7.7% in the corresponding period last year.

The administrative expenses of the Group, which were mainly comprised of salary and welfare, travel and office expenses, amounted to RMB37.8 million for the period under review, representing 1.9% of the Group's revenue, as compared to RMB26.8 million or 1.5% in the same period last year. The increase mainly came from the increase of headcounts and general office expenses as a result of the business expansion and the preparation for the listing of the Group.

## Other expenses

Other expenses for the six months ended September 30, 2006 amounting to RMB17.5 million represented the fees payable to licensees in connection with the early termination of licensing of a number of our trademarks in relation to non-down products.

## Operating profit

For the six months ended September 30, 2007, operating profit of the Group rose by 12.0% to RMB328.0 million. Operating profit margin for the period under review was 16.4%, comparable with 16.9% in the corresponding period last year.

## Finance costs and taxation

The Group's finance costs for the period under review increased considerably to RMB43.0 million from RMB3.8 million in the previous year due to increased loans and bank borrowings to finance operations and to settle related party balances, and the issuance of convertible redeemable preference shares in September 2006.

For the six months ended September 30, 2007, income tax expense amounted to RMB12.5 million, which is equivalent to an effective tax rate of 4.4%, as compared to RMB107.4 million and an effective tax rate of 37.0% in the same period of last year. The decrease in income tax expense was attributable to four principal subsidiaries enjoying tax exemption during the reporting period since they became foreign investment enterprises in late 2006.

## Liquidity and financial resources

The Group adopted prudent funding and treasury management policies and maintained a healthy financial position. The Group met its working capital and other capital requirements principally with internally generated cash flow from operating activities and long-term and short-term bank borrowings.

For the six months ended September 30, 2007, the Group's net cash inflow from operating activities amounted to RMB365.2 million, as compared to net cash outflow of RMB237.2 million in the same period in 2006. Net cash generated from financing activities in the six months ended September 30, 2007 decreased to RMB78.3 million from RMB692.0 million in the corresponding period of the previous year, primarily as a result of repayments of loans and borrowings of RMB825.2 million and the payment of dividends amounting to approximately RMB756.9 million. Cash and cash equivalents as at September 30, 2007 was in the amount of RMB814.0 million, as compared to RMB507.8 million as at March 31, 2007.

As at September 30, 2007, the Group's total loans and borrowings increased to RMB1,471.1 million from RMB635.9 million as at March 31, 2007. The increase is mainly for working capital funding and settlement of related party balances before the listing. As at September 30, 2007, gearing ratio (total debt/total equity) of the Group was 3.9 times, representing an 18.8% decrease as compared to 4.8 times as at September 30, 2006.

### Contingent liabilities

As at September 30, 2007, the Group had no material contingent liabilities.

### Pledge of assets

As at September 30, 2007, bank deposits amounting to approximately RMB156.8 million had been pledged to secure the Group's banking facilities.

### Foreign currency exposure

The business operations of the Group were mainly in the PRC, and the revenue and expenses of the Group were denominated in RMB. Certain of the Group's cash and bank deposits, including the proceeds from the share offer in October 2007, were denominated in Hong Kong Dollars. As of September 2007, the directors of the Company consider that the Group's risk in foreign exchange is insignificant. During the period under review, the Group did not use any financial instrument for hedging purposes.

The proceeds from the share offer are denominated in Hong Kong Dollars. Any significant exchange rate fluctuations of the Hong Kong Dollar against the Renminbi may have a financial impact to the Group.

## Business Outlook

Going forward in the second half of this fiscal year, the Group is optimistic and sees enormous potential in the PRC market. The Group believes that strengthening and enriching its product design without compromising the functional features of its down apparel are crucial to its long-term success.

A series of new products with different themes that are stylish and trendy in design and feature superior quality have been launched to capture expected demand and to convey the advertising slogan for this year's fall/winter season – "Bosideng products making a more beautiful winter". The Group has worked with a leading international advertising agency to create a comprehensive, innovative and multi-pronged promotional strategy which covers the following aspects for this year's winter:

- Hosting the 2007 winter new product release, and using a mobile "T-stage" runway to conduct the down apparel fashion show to showcase the latest designs
- Organising a photography competition with the theme "Beautiful Winter"
- Introducing new sales and promotion channels, including the Internet
- Collaborating with popular magazines to promote our brands and products

Going forward, the Group's primary goal is to further strengthen and expand its leading position in the PRC down apparel industry and to further capitalise on the rising demand for down apparel with a diverse range of products under a portfolio of brands that cater to the needs of different market segments, while selectively diversifying into new product offerings and new markets. The Group aims to achieve these goals through a business strategy with the following key aspects:

### **Strengthen brand differentiation, brand loyalty and reputation through targeted marketing efforts**

The Group will continue tailoring its marketing efforts to different consumer segments. It will further strengthen its brand image and may introduce new brands to the market in the future to fully capture growth opportunities in the increasingly affluent PRC market. It will leverage its enhanced brand equity to further strengthen the business relationships with its major suppliers, contract manufacturers and third party distributors.

### **Strengthen, expand and consolidate the retail distribution network**

The Group will enhance the efficiency of the retail outlets in cities where it has a strong presence and expand its retail network coverage in cities with growth potential. The Group plans to develop its self-owned stores in tier-one cities, provincial capitals, and other developed medium to large cities to enhance product penetration. Cost control measures will also be implemented to consolidate under-performing retail outlets in the PRC and re-allocate resources to other outlets with growth potential.

### **Enhance the product research, design and development capability**

The Group plans to expand the size and quality of the research, design and development team and to continue collaborating with international fashion design institutes. It will also foster collaboration with renowned domestic and international research institutions in countries such as France, Italy and Japan to develop new fabric materials to strengthen product competitiveness.

### **Enhance supply chain management**

The Group will continue to upgrade its management information system, further enhance its ERP system and extend its operational scope to both upstream and downstream segments of the supply chain gradually over three years. Such system upgrades will enable the Group to have a comprehensive assessment of the performance of its entire supply chain and expedite its response to market changes. It also intends to establish a quality inspection centre to ensure its adherence to quality control standards at every stage of the supply chain.

### **Explore overseas expansion opportunities**

Leveraging on its strong product design capability, wealth of experience in the down apparel sector and its high quality and cost competitive products, the Group plans to extend its footprint beyond mainland China to international markets with suitable climate, population size and consumer demand. The Group is exploring opportunities in Russia, Canada and the United States, for new retail channels, which will either be operated by the Group or by authorised third party distributors and wholesalers and which can provide country-specific expertise and access to customers and business relationships.

### Diversify into new product lines

To complement its existing product portfolio, the Group intends to broaden its product portfolio and selectively diversify into new product lines that are less sensitive to variations in seasonal patterns (such as bedding products and a selected range of non-down apparel products). In view of this, the Group intends to expand its brand portfolio associated with such products by the introduction of new brands associated with such products, either through in-house development or the acquisition of established external brands.

## Human Resources

The Group adopts a performance-based remuneration system under which staff bonuses are principally determined by their respective performance and contribution to the Group. To attract and retain skilled and experienced personnel and to motivate them to strive for the future development and expansion of the Group's business, the Group also offers a share scheme ("Share Scheme") as well as a share option scheme ("Share Option Scheme"), both of which are disclosed in Appendix VIII of the Prospectus. As at September 30, 2007, the Group had approximately 1,340 full-time employees (March 31, 2007: 1,034 full-time employees). Staff costs (including directors' remuneration) were RMB44.5 million (September 30, 2006: RMB22.4 million). The increase was mainly due to the increase of headcounts to support the business and distribution network expansion, and the expenses arising from the Share Scheme.

As of September 30, 2007, there have not been any share options granted under the Share Option Scheme.

## Appreciation

On behalf of the Board of Directors, I would like to express my gratitude to our shareholders, distributors and customers for their continued support, and to our employees for their dedication and hard work.

By order of the Board

**Bosideng International Holdings Limited**

**Gao Dekang**

*Chairman and CEO*

# Independent Review Report of the Auditors



## **Independent Review Report to the Board of Directors of Bosideng International Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

## Introduction

We have reviewed the condensed interim financial statements set out on pages 14 to 41 which comprise the condensed consolidated balance sheet of Bosideng International Holdings Limited ("the Company") and its subsidiaries (hereinafter collectively referred to as "the Group") as of September 30, 2007, and the related condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of interim financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim financial reporting" issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial statements in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the condensed interim financial statements and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements as at September 30, 2007 have not been prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim financial reporting".

### **KPMG**

*Certified Public Accountants*  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

December 18, 2007

# Unaudited Condensed Consolidated Interim Income Statement

For the Six Months ended September 30, 2007

	Note	Six months ended September 30,	
		2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Revenue	7	2,003,314	1,729,085
Cost of sales		(1,374,151)	(1,179,677)
<b>Gross profit</b>		<b>629,163</b>	549,408
Other income	8	23,681	20,360
Other expenses		–	(17,612)
Distribution expenses		(287,062)	(232,440)
Administrative expenses		(37,793)	(26,793)
<b>Profit from operations</b>	10	<b>327,989</b>	292,923
Finance income		1,875	824
Finance expenses		(43,027)	(3,799)
<b>Net financing expenses</b>	11	<b>(41,152)</b>	(2,975)
<b>Profit before income tax</b>		<b>286,837</b>	289,948
Income tax expense	12	(12,522)	(107,379)
<b>Profit for the period</b>		<b>274,315</b>	182,569
<b>Attributable to:</b>			
Equity holders of the Group		274,315	182,130
Minority interests		–	439
<b>Profit for the period</b>		<b>274,315</b>	182,569
Dividends	13	467,435	453,160
<b>Basic earnings per share (RMB)</b>	14	<b>0.05</b>	0.03
<b>Diluted earnings per share (RMB)</b>	14	<b>0.05</b>	0.03

The notes on pages 20 to 41 form part of these unaudited condensed interim financial statements.

# Unaudited Condensed Consolidated Interim Balance Sheet

As at September 30, 2007

	Note	September 30, 2007 (Unaudited) RMB'000	March 31, 2007 (Audited) RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	38,375	30,825
<b>Total non-current assets</b>		<b>38,375</b>	30,825
<b>Current assets</b>			
Inventories	16	1,019,742	1,243,902
Trade and other receivables	17	1,808,280	896,158
Receivables due from related parties	27	40,603	468,885
Pledged bank deposits	18	156,847	7,048
Cash and cash equivalents	19	813,972	507,806
<b>Total current assets</b>		<b>3,839,444</b>	3,123,799
<b>Total assets</b>		<b>3,877,819</b>	3,154,624
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued/combined capital	20	416	5,797
Reserves		109,209	80,164
Retained earnings		264,372	469,237
<b>Total equity attributable to equity holders of the Group</b>		<b>373,997</b>	555,198
<b>Minority interests</b>		<b>1,095</b>	16,086
<b>Total equity</b>		<b>375,092</b>	571,284

Unaudited Condensed Consolidated Interim Balance Sheet (Continued)

As at September 30, 2007

	Note	<b>September 30, 2007 (Unaudited) RMB'000</b>	March 31, 2007 (Audited) RMB'000
<b>Non-current liabilities</b>			
Liability component of convertible redeemable preference shares	22	<b>131,896</b>	127,189
<b>Total non-current liabilities</b>		<b>131,896</b>	127,189
<b>Current liabilities</b>			
Interest-bearing borrowings	24	<b>1,471,134</b>	240,000
Equity holder loans		–	395,940
Income tax payables		<b>80,139</b>	248,233
Trade and other payables	25	<b>1,812,196</b>	1,490,526
Payables due to related parties	27	<b>7,362</b>	81,452
<b>Total current liabilities</b>		<b>3,370,831</b>	2,456,151
<b>Total liabilities</b>		<b>3,502,727</b>	2,583,340
<b>Total equity and liabilities</b>		<b>3,877,819</b>	3,154,624
<b>Net current assets</b>		<b>468,613</b>	667,648
<b>Total assets less current liabilities</b>		<b>506,988</b>	698,473

The notes on pages 20 to 41 form part of these unaudited condensed interim financial statements.

# Unaudited Condensed Consolidated Statement of Changes in Equity

For the Six Months ended September 30, 2007

	Unaudited									
	Attributable to the equity holders of the Group									
	Issued/ combined capital	Convertible preference shares	Capital reserves	Statutory reserves	Translation reserves	Other reserves	Retained earnings	Total	Minority interests	Total equity
	RMB'000 (note 20)	RMB'000 (note 21)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at March 31, 2006</b>	5,400	-	-	40,859	-	-	332,853	379,112	600	379,712
Issuance of ordinary shares	397	-	-	-	-	-	-	397	-	397
Capital injections by minority shareholders to subsidiaries	-	-	-	-	-	-	-	-	6,828	6,828
Profit for the period	-	-	-	-	-	-	182,130	182,130	439	182,569
Appropriation to reserves	-	-	-	(17,493)	-	-	17,493	-	-	-
Transaction costs for transfer of convertible preference shares between holders	-	-	-	-	-	(20,199)	-	(20,199)	-	(20,199)
Equity component of convertible redeemable preference shares (note 22)	-	-	29,458	-	-	-	-	29,458	-	29,458
Translation reserves	-	-	-	-	(181)	-	-	(181)	-	(181)
Dividends	-	-	-	-	-	-	(453,160)	(453,160)	-	(453,160)
<b>Balance at September 30, 2006</b>	5,797	-	29,458	23,366	(181)	(20,199)	79,316	117,557	7,867	125,424
<b>Balance at March 31, 2007</b>	5,797	-	29,458	68,908	1,997	(20,199)	469,237	555,198	16,086	571,284
Deemed distribution to the equity holder on acquisition of entities under common control (1)	(5,400)	-	-	-	-	-	(11,655)	(17,055)	(14,991)	(32,046)
Profit for the period	-	-	-	-	-	-	274,315	274,315	-	274,315
Appropriation to reserves	-	-	-	71	-	-	(71)	-	-	-
Equity-settled share-based payment transactions (note 23)	-	-	6,711	-	-	-	-	6,711	-	6,711
Translation reserves	-	-	-	-	22,263	-	-	22,263	-	22,263
Capitalization issue of ordinary shares	19	-	-	-	-	-	(19)	-	-	-
Dividends	-	-	-	-	-	-	(467,435)	(467,435)	-	(467,435)
<b>Balance at September 30, 2007</b>	416	-	36,169	68,979	24,260	(20,199)	264,372	373,997	1,095	375,092

(1) Certain equity interests of Shanghai Kangbo International Trading Co., Ltd. and Shanghai Shuang Yu Fashion Co., Ltd. were transferred from the Group's equity holder to the Group during the six months period ended September 30, 2007. The transfer is accounted for as an acquisition of entities under common control. The consideration paid to the Group's equity holder was accounted for as a deemed distribution.

The notes on pages 20 to 41 form part of these unaudited condensed interim financial statements.

# Unaudited Condensed Consolidated Cash Flow Statement

For the Six Months ended September 30, 2007

	Six months ended September 30,	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
<b>Operating activities</b>		
Profit for the period	274,315	182,569
Adjustments for:		
Income tax	12,522	107,379
Depreciation	4,152	1,470
Interest expenses	38,430	2,638
Interest income	(1,875)	(824)
Share-based payment expenses	6,711	–
Government grants	(12,106)	(1,709)
<b>Operating profit before changes in working capital</b>	<b>322,149</b>	291,523
Decrease/(increase) in inventories	88,413	(101,508)
Increase in trade and other receivables	(622,701)	(1,156,068)
Decrease/(increase) in receivables due from related parties	564,029	(173,496)
Increase in trade and other payables	289,624	641,823
(Decrease)/increase in payables due to related parties	(74,090)	275,135
<b>Cash generated from/(used in) operating activities</b>	<b>567,424</b>	(222,591)
Proceeds from government grants	12,106	1,709
Interest paid	(33,723)	(2,638)
Income tax paid	(180,616)	(13,678)
<b>Net cash generated from/(used in) operating activities</b>	<b>365,191</b>	(237,198)
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(12,417)	(22,036)
Interest received	1,875	824
Increase in pledged bank deposits	(149,799)	(3,821)
Proceeds from sale of property, plant and equipment	715	275
<b>Net cash used in investing activities</b>	<b>(159,626)</b>	(24,758)

## Unaudited Condensed Consolidated Cash Flow Statement (Continued)

For the Six Months Ended September 30, 2007

	Six months ended September 30,	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
<b>Financing activities</b>		
Proceeds from bank loans	1,660,349	779,224
Repayment of equity holder loans	(395,940)	–
Repayment of bank loans	(429,215)	(27,919)
Dividends paid	(756,856)	–
Capital injection from minority equity holders	–	6,828
Transaction costs for transfer of convertible preference shares between holders	–	(20,199)
Net cash advance to related parties	–	(45,933)
<b>Net cash generated from financing activities</b>	<b>78,338</b>	692,001
<b>Effect of foreign currency exchange rate changes on cash and cash equivalents</b>	<b>22,263</b>	(181)
<b>Net increase in cash and cash equivalents</b>	<b>306,166</b>	429,864
<b>Cash and cash equivalents at the beginning of the period</b>	<b>507,806</b>	246,348
<b>Cash and cash equivalents at the end of the period</b>	<b>813,972</b>	676,212

The notes on pages 20 to 41 form part of these unaudited condensed interim financial statements.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

## 1. Reporting Entity

Bosideng International Holdings Limited (the “Company”) was incorporated in the Cayman Islands on July 10, 2006 as an exempted company with limited liability under the Cayman Companies Law, Cap 22 (law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company and its subsidiaries (the “Group”) are principally engaged in the research, design and development, raw material procurement, outsourced manufacturing, marketing and distribution of branded down apparel products in the People’s Republic of China (the “PRC”). The condensed consolidated interim financial statements as at and for the six months ended September 30, 2007 comprise the financial statements of the Group.

The Company’s shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on October 11, 2007.

## 2. Reorganization and Basis of Preparation

### (a) Reorganization

The companies comprising the Group underwent a reorganization (the “Reorganization”) to rationalise the Group’s structure in preparation for the listing of the Company’s shares on the Main Board of the Stock Exchange. Details of the Reorganization are set out in the prospectus of the Company dated September 27, 2007 (the “Prospectus”).

### (b) Basis of preparation

The Group is regarded as a continuing entity resulting from the Reorganisation of entities under common control. The condensed interim financial statements for the period from April 1, 2006 to September 30, 2006 have been prepared on the basis that the Company was the holding company of the Group for the period presented, rather than from the date of the Reorganisation. Accordingly, the consolidated results of the Group for the six months ended September 30, 2006 include the results of the Company and its subsidiaries from April 1, 2006, or their respective dates of incorporation or the date that common control was established, if later, as if the current group structure had been in existence throughout the period presented. All material intra-group transactions and balances have been eliminated on combination. In the opinion of the directors, the condensed interim financial statements for the period from April 1, 2006 to September 30, 2006 prepared on this basis present fairly the results of operations and the state of affairs of the Group as a whole.

The Company has a financial year end date of 31 March. These unaudited condensed interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” adopted by the International Accounting Standards Board (“IASB”).

## 2. Reorganization and Basis of Preparation (Continued)

### (b) Basis of preparation (Continued)

The condensed interim financial statements for the six months period ended September 30, 2007 are unaudited, but have been reviewed by the audit committee of the Company and approved for issue by the board of directors on December 18, 2007. They have also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants. KPMG's review report to the Board of Directors is included on page 13.

## 3. Significant Accounting Policies

The condensed interim financial statements have been prepared in accordance with the same accounting policies adopted in the preparation of the Accountants' Report included in the Appendix IA of the Prospectus (the "Accountants' Report") and should be read in conjunction with the Accountants' Report.

In the current interim period, the Group has adopted the following accounting policy in respect of share-based payment transactions:

### Share-based payment transactions

The grant date fair value of shares granted to employees is recognized as an employee expense, with a corresponding increase in a capital reserve within equity, over the period in which the employees become unconditionally entitled to the shares. The amount recognized as an expense is adjusted to reflect the actual number of shares that vest.

## 4. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

## 4. Estimates (Continued)

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to and are disclosed in the Accountants' Report.

## 5. Financial Risk Management

The Group's financial risk management objectives and policies are consistent with those disclosed in the Accountants' Report.

## 6. Determination of Fair Values

### (a) Convertible redeemable preference shares

The liability component of the convertible redeemable preference shares is recognized initially at the fair value of a similar liability that does not have an equity conversion option.

### (b) Grant date fair value of employees shares

The grant date fair value of employees shares are measured at the estimated market price, which was determined based on a valuation analysis performed by an independent valuer based on various generally accepted valuation methodologies.

## 7. Revenue and Segment Reporting

Segment information is presented in respect of the Group's business segments, which are the primary basis of segment reporting. The business segment reporting format reflects the Group's management and internal reporting structure.

### Business segment

The Group comprises the following business segments:

- Down apparels: The down apparels segment carries on the business of sourcing and distributing branded down apparels.
- OEM management: The OEM management segment carries on the business of raw materials sourcing, management of the outsourced manufacturing process and distributing OEM apparels overseas.

### Geographical segment

As the Group mainly operates in the PRC, no geographical segment information is presented.

## 7. Revenue and Segment Reporting (Continued)

For the six months ended September 30, 2007

Revenue and expenses

	Six months ended September 30, 2007 (Unaudited)		
	Down apparel RMB'000	OEM RMB'000	Consolidated RMB'000
Total segment revenues	<b>1,508,301</b>	<b>495,013</b>	<b>2,003,314</b>
Segment results	<b>248,068</b>	<b>22,642</b>	<b>270,710</b>
Government grants			<b>12,106</b>
Unallocated expenses			<b>(8,501)</b>
Profit for the period			<b>274,315</b>

For the six months ended September 30, 2006

Revenue and expenses

	Six months ended September 30, 2006 (Unaudited)		
	Down apparel RMB'000	OEM RMB'000	Consolidated RMB'000
Total segment revenues	1,381,514	347,571	1,729,085
Segment results	160,582	20,278	180,860
Government grants			1,709
Profit for the period			182,569

## 8. Other Income

	Note	Six months ended September 30,	
		2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Royalty income	(i)	11,575	18,651
Government grants	(ii)	12,106	1,709
		<b>23,681</b>	20,360

- (i) Royalty income arises from the licensing of rights to use the Group's brands to licensees.
- (ii) The Group received unconditional discretionary grants amounting to RMB12,106,000 (2006: RMB1,709,000) for the six months period ended September 30, 2007 from various local Chinese government authorities in recognition of the Group's contribution to the development of the local economies.

## 9. Personnel Expenses

	Six months ended September 30,	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Salaries, wages and other benefits	35,188	20,748
Share-based payment expenses (note 23)	6,711	–
Contributions to defined contribution plans	2,614	1,648
	<b>44,513</b>	22,396

## 10. Profit from Operations

The following items are included in cost of sales, distribution expenses and administrative expenses:

	Six months ended September 30,	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Cost of inventories recognized as expenses included in cost of sales	1,374,151	1,179,677
Depreciation	4,152	1,470
Operating lease charges	12,214	7,887
Auditors' remuneration	167	300

## 11. Net Financing Expenses

	Six months ended September 30,	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Interest income on bank deposits	1,875	824
Finance income	1,875	824
Interest on convertible redeemable preference shares	(8,501)	–
Interest on interest-bearing borrowings and equity holder loans repayable within 5 years	(29,929)	(2,638)
Bank charges and others	(692)	(526)
Net foreign exchange loss	(3,905)	(635)
Finance expenses	(43,027)	(3,799)
Net financing expenses	(41,152)	(2,975)

No interest was capitalised during the six months ended September 30, 2007.

## 12. Income Tax Expense

	Six months ended September 30,	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
<b>Current tax expenses</b>		
Provision for PRC income tax	12,522	107,379

- (a) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands or British Virgin Islands.
- (b) The provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC. The applicable tax rates of the Group's operating subsidiaries in the PRC ranged from 27% to 33%. Pursuant to the income tax rules and regulations of the PRC applicable to foreign investment enterprises, 4 principal operating subsidiaries located in the PRC started to be entitled to a tax holiday of a tax-free period for two years from January 1, 2007 and thereafter, they are subject to PRC enterprise income tax at 50% of the applicable income tax rate for the following three years, as they became foreign investment enterprises in late 2006.
- (c) New PRC tax law

On March 16, 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China (the "new tax law") which will take effect on January 1, 2008, when the current tax law will be abolished. The new tax law adopts a uniform tax rate of 25% for all enterprises including foreign investment enterprises and revokes the current tax exemption, reduction and protective treatments only applicable to foreign investment enterprises. The grandfathering treatment under the new law permits production foreign investment enterprises to continue to receive benefits of the tax holidays during a five year grandfathering period, the details of which have not been set out yet. Consequently, the Group is not able to make an estimate of the expected financial effect of the new tax law on its deferred tax assets and liabilities. The expected financial effect of the new tax law, if any, will be reflected in the Group's financial statements when the implemented details are announced. The enactment of the new tax law is not expected to have any significant financial effect on the amounts accrued in the condensed consolidated interim balance sheet in respect of current tax payable.

### 13. Dividends

On August 28, 2007 and September 14, 2007, the Group declared dividends in an aggregate amount of RMB467,435,000 (2006: RMB453,160,000) to the then shareholders from the retained earnings for the financial year ended March 31, 2007.

The Board of Directors does not recommend the payment of an interim dividend for the six months ended September 30, 2007.

### 14. Earnings Per Share

The calculation of basic earnings per share for the six months ended September 30, 2007 and 2006 is based on the profit attributable to equity holders of the Group during the above periods and the 5,257,199,855 shares in issue as of September 30, 2007, as if the shares had been outstanding throughout the entire respective periods.

The calculation of the basic and diluted earnings per share attributable to equity holders of the Group is based on the following data:

Earnings	Six months ended September 30,	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Earnings for the purpose of basic earnings per share, being the profit for the period attributable to the equity holders of the Group	<b>274,315</b>	182,130
<b>Effect of dilutive potential ordinary shares:</b>		
Interest on convertible redeemable preference shares	<b>8,501</b>	–
Earnings for the purpose of diluted earnings per share	<b>282,816</b>	182,130

## 14. Earnings Per Share (Continued)

Number of shares	Six months ended September 30,	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,257,199,855	5,257,199,855
<b>Effect of dilutive potential ordinary shares:</b>		
Weighted average conversion number of Series A convertible redeemable preference shares calculated from the date of issuance	212,228,613	12,969,526
Weighted average conversion number of Series B convertible preference shares calculated from the date of issuance	530,571,532	76,638,110
Weighted average number of ordinary shares for the purpose of diluted earnings per share	6,000,000,000	5,346,807,491
Basic earnings per share (RMB)	0.05	0.03
Diluted earnings per share (RMB)	0.05	0.03

## 15. Property, Plant and Equipment

	<b>Machinery</b> (Unaudited) RMB'000	<b>Motor vehicles and others</b> (Unaudited) RMB'000	<b>Total</b> (Unaudited) RMB'000
<b>Cost</b>			
Balance at April 1, 2007	6,929	38,194	45,123
Additions	1,299	11,118	12,417
Disposals	–	(1,174)	(1,174)
Balance at September 30, 2007	8,228	48,138	56,366
<b>Depreciation</b>			
Balance at April 1, 2007	(587)	(13,711)	(14,298)
Depreciation charge for the period	(600)	(3,552)	(4,152)
Disposals	–	459	459
Balance at September 30, 2007	(1,187)	(16,804)	(17,991)
<b>Carrying amount</b>			
At September 30, 2007	7,041	31,334	38,375
At March 31, 2007	6,342	24,483	30,825

## 16. Inventories

	<b>September 30, 2007</b> (Unaudited) RMB'000	March 31, 2007 (Audited) RMB'000
Raw materials	<b>112,182</b>	28,998
Work in progress	<b>339,372</b>	21,878
Finished goods	<b>568,188</b>	1,193,026
	<b>1,019,742</b>	1,243,902

At September 30, 2007, inventories carried at net realizable value amounted to approximately RMB449,922,000 (March 31, 2007: RMB737,870,000).

## 17. Trade and Other Receivables

	<b>September 30, 2007 (Unaudited) RMB'000</b>	March 31, 2007 (Audited) RMB'000
Trade receivables	<b>1,338,153</b>	767,583
Bills receivable	<b>22,449</b>	47,030
Third party other receivables		
• Prepayment to materials and service suppliers	<b>356,597</b>	41,520
• VAT recoverable/receivable	<b>47,976</b>	18,464
• Deposits	<b>10,350</b>	9,072
• Advance to employees	<b>15,233</b>	8,374
• Others	<b>17,522</b>	4,115
	<b>1,808,280</b>	896,158

All of the trade and other receivables are expected to be recovered within one year.

The Group normally allows a credit period ranging from 30 days to 90 days to its customers. An ageing analysis of trade and bills receivable at each balance sheet date is as follows:

	<b>September 30, 2007 (Unaudited) RMB'000</b>	March 31, 2007 (Audited) RMB'000
Within 3 months	<b>1,196,387</b>	719,936
Over 3 months but less than 6 months	<b>121,024</b>	69,842
Over 6 months but less than 12 months	<b>42,592</b>	12,328
Over 12 months	<b>15,578</b>	27,486
	<b>1,375,581</b>	829,592
Less: impairment of bad and doubtful debts	<b>(14,979)</b>	(14,979)
	<b>1,360,602</b>	814,613

## 18. Pledged Bank Deposits

Bank deposits of RMB156,847,000 as of September 30, 2007 (March 31, 2007: RMB7,048,000) were pledged to banks as security for certain of the Group's banking facilities in relation to bills payable (see note 25) and bank borrowings (see note 24).

## 19. Cash and Cash Equivalents

	<b>September 30, 2007 (Unaudited) RMB'000</b>	March 31, 2007 (Audited) RMB'000
Cash at bank and on hand	<b>970,819</b>	514,854
Less: Pledged bank deposits ( <i>note 18</i> )	<b>(156,847)</b>	(7,048)
Cash and cash equivalents	<b>813,972</b>	507,806

Cash at bank and cash in hand are denominated in:

	<b>September 30, 2007 (Unaudited) RMB'000</b>	March 31, 2007 (Audited) RMB'000
RMB	<b>633,139</b>	460,163
United States Dollars	<b>332,655</b>	54,691
Hong Kong Dollars	<b>5,025</b>	–
	<b>970,819</b>	514,854

RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

## 20. Issued/Combined Capital

The issued capital of the Group as of September 30, 2007 of RMB416,000 represents 5,257,199,855 ordinary shares at par value of US\$0.00001 per share.

The issued/combined capital of the Group as of March 31, 2007 represents the issued capital of the Company of RMB397,000 and RMB5,400,000 representing the 90% equity interest in the issued capital of Shanghai Kangbo International Trading Co., Ltd. ("Kangbo"). On June 14, 2007, the 90% equity interest in Kangbo was transferred from Bosideng Corporation to the Group.

## 21. Convertible Preference Shares

### Number of shares authorized and issued

	<b>September 30, 2007 (Unaudited)</b>	March 31, 2007 (Audited)
Series B convertible preference shares ("the Series B Shares"), US\$0.0001 par value	<b>5,336</b>	5,336

Any holder of the Series B Shares shall have the right, but not obligation, at any time and from time to time, to convert any or all of the Series B Shares held by it, into such number of fully paid and ordinary shares of the Company at the then applicable conversion price. The Series B Shares shall convert into ordinary shares immediately prior to (and conditional upon the completion of) a Qualified IPO, as defined by the Company's articles of association. The conversion ratio in respect of any of the Series B Shares is subject to anti-dilutive adjustments from time to time as provided for in the Company's articles of association. As of September 30, 2007, the Series B shares are convertible into 530,571,532 ordinary shares.

## 22. Convertible Redeemable Preference Shares

### Number of shares authorized and issued

	<b>September 30, 2007 (Unaudited)</b>	March 31, 2007 (Audited)
Series A convertible redeemable preference shares ("the Series A Shares"), USD\$0.0001 par value	<b>2,135</b>	2,135

## 22. Convertible Redeemable Preference Shares (Continued)

The movement in convertible redeemable preference shares is as follows:

	<b>Liability component</b>	<b>Equity component</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000
At March 31, 2007	127,189	29,458	156,647
Exchange realignment	(3,794)	–	(3,794)
Interest charged during the period	8,501	–	8,501
At September 30, 2007	131,896	29,458	161,354

Any holder of Series A Shares shall have the right, but not obligation, at any time and from time to time, to convert any or all of the Series A Shares held by it, into such number of fully paid and non-assessable ordinary shares of the Company at the then applicable conversion price. The Series A Shares shall convert into ordinary shares immediately prior to (and conditional upon the completion of) a successful Qualified IPO, as defined by the Company's articles of association. The conversion ratio in respect of any Series A Share is subject to anti-dilutive adjustments from time to time as provided for in the Company's articles of association. As of September 30, 2007, the Series A shares are convertible into 212,228,613 ordinary shares.

## 23. Share-Based Payments

On June 14, 2007, the Company adopted a share scheme in order to attract and retain skilled and experienced employees and consultants (the "Share Scheme") (which is not subject to the provisions of Chapter 17 of the Listing Rules). Details of the Shares Scheme were set out in Appendix VIII of the Prospectus. Under the Share Scheme, on June 14, 2007, Kong Bo Investment Limited, one of the ordinary share holders, and Shanghai Olympics Investment Holdings Company Limited ("Olympics Investment"), the holder of the Series A shares, transferred 574 ordinary shares of US\$1.00 each of the Company (prior to the 1 to 100,000 share split) and 87 Series A Shares respectively to an appointed trustee, which will hold and deal with the shares under the Share Scheme when the shares granted to employees and consultants vest.

The shares granted to each beneficiary shall vest on the dates set out below in the respective proportions set out below:

	<b>Percentage of award shares vesting</b>
First anniversary of listing date	25.0%
Second anniversary of listing date	35.0%
Third anniversary of listing date	40.0%

## 23. Share-Based Payments (Continued)

The Share Scheme will have a life of 3 years from the listing date and will automatically terminate upon the earlier of:

- (a) On December 31, 2009, the following conditions are not fulfilled:
  - (i) the listing committee granting approval for the listing of, and permission to deal in, the shares which may be issued pursuant to the grant of shares under the Share Scheme and
  - (ii) the commencement of dealings in the shares on the stock exchange; or
- (b) Olympics Investment elects to redeem the Series A Shares held by it.

If a beneficiary ceases, for whatever reason, to be an employee or consultant of the Company or any of its subsidiaries prior to the time all its shares have become vested, then all unvested shares of the beneficiary shall be forfeited automatically on the date of cessation of employment and the beneficiary shall have no right, claim, interest or remedy with respect of the unvested shares.

The grant date fair value of employees shares are measured at the estimated market price, which was determined based on a valuation analysis performed by an independent valuer based on various generally accepted valuation methodologies.

## 24. Interest-Bearing Borrowings

	<b>September 30, 2007 (Unaudited) RMB'000</b>	March 31, 2007 (Audited) RMB'000
Unsecured bank loans	<b>1,471,134</b>	240,000

The loans from banks as of September 30, 2007, on which interest was payable at fixed rates of average 6% per annum (March 31, 2007: average 5.52%) per annum respectively, were repayable within one year.

## 25. Trade and Other Payables

	<b>September 30, 2007 (Unaudited) RMB'000</b>	March 31, 2007 (Audited) RMB'000
Trade payables	<b>933,560</b>	542,280
Bills payable	<b>305,500</b>	50,000
Other payables and accrued expenses		
• Customer deposits	<b>348,467</b>	358,442
• Accrued rebates and commissions	<b>100,494</b>	128,128
• Accrued advertising expenses	<b>59,966</b>	43,850
• Accrued payroll and welfare	<b>17,029</b>	32,687
• Others	<b>47,180</b>	45,718
Dividend payable	–	289,421
	<b>1,812,196</b>	1,490,526

All of the trade and other payables are expected to be settled within one year.

Bills payable at September 30, 2007 were secured by the Group's time deposits of RMB156,847,000 (March 31, 2007: RMB7,048,000).

An ageing analysis of trade and bills payable is set out below:

	<b>September 30, 2007 (Unaudited) RMB'000</b>	March 31, 2007 (Audited) RMB'000
Within 3 months	<b>962,378</b>	454,860
Over 3 months but less than 6 months	<b>157,550</b>	126,320
Over 6 months but less than 12 months	<b>119,095</b>	1,432
Over 12 months	<b>37</b>	9,668
	<b>1,239,060</b>	592,280

## 26. Lease Commitments

Non-cancellable operating lease rentals are payable as follows:

	<b>September 30, 2007 (Unaudited) RMB'000</b>	March 31, 2007 (Audited) RMB'000
Within 1 year	<b>12,063</b>	9,674
After 1 year but within 5 years	<b>5,639</b>	5,220
	<b>17,702</b>	14,894

The Group leases a number of warehouses, factory facilities and office premises under operating leases. The leases typically run for an initial period of between one and six years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals.

In addition to the above, the Group operates retail outlets under concessionaire arrangements. The concessionaire fees, calculated based on a percentage of revenue for the six months ended September 30, 2007 were RMB40,700,000 (2006: RMB25,928,000).

## 27. Related Party Transactions

During the six months ended September 30, 2007, transactions with the following parties are considered as related party transactions.

<b>Name of party</b>	<b>Relationship</b>
Changshu Bosideng Garment Co., Ltd 常熟波司登服飾有限公司	Effectively controlled by Mr Gao Dekang and his family (the "Gao Family"), the controlling equity holder of the Group
Shanghai Bosideng Holdings Group 上海波司登控股集團有限公司	Effectively controlled by the Gao Family, the controlling equity holder of the Group
Bosideng Corporation Limited by Shares ("Bosideng Corporation") 波司登股份有限公司(「波司登股份」)	Effectively controlled by the Gao Family, the controlling equity holder of the Group
Shandong Kangbo Industry Co., Ltd. ("Shandong Kangbo") 山東康博實業有限公司(「山東康博」)	Effectively controlled by the Gao Family, the controlling equity holder of the Group

## 27. Related Party Transactions (Continued)

Name of party	Relationship
Kongbo Investment Limited ("KBI") 康博投資有限公司	Equity holder of the Company
Kongbo Development Co., Ltd. 康博發展有限公司	Equity holder of the Company
Shandong Ru Shang Co., Ltd. 山東儒商有限公司	Effectively controlled by the Gao Family, the controlling equity holder of the Group
Smartland Children's Wear Co., Ltd. ("Smartland") 江蘇波司登智慧島童裝服飾有限公司	Effectively controlled by the Gao Family, the controlling equity holder of the Group
Changshu Bingxu Fashion Co., Ltd. 常熟冰旭服飾有限公司	Effectively controlled by the Gao Family, the controlling equity holder of the Group

## (a) Transactions with the equity holder of the Group

The Group borrowed a loan from KBI amounting to US\$50,000,000 on July 30, 2006, on which interest was accrued at a fixed rate of 2% per annum. The interest charged for six months ended September 30, 2007 amounted to RMB3,176,000. The loan was repaid on September 14, 2007.

## (b) Transactions with fellow subsidiaries

	Six months ended September 30,	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
<b>Sales of raw materials</b>		
Bosideng Corporation	1,228	31,157
Smartland	6	148
Shandong Kangbo	-	34
<b>Total</b>	<b>1,234</b>	<b>31,339</b>
<b>Purchase of raw materials</b>		
Bosideng Corporation	75,788	160,986
Smartland	3,097	-
<b>Total</b>	<b>78,885</b>	<b>160,986</b>

## 27. Related Party Transactions (Continued)

## (b) Transactions with fellow subsidiaries (Continued)

	Six months ended September 30,	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
<b>Sales of down apparels</b>		
Bosideng Corporation	4,164	4
Smartland	39	–
Total	4,203	4
<b>Purchase of down apparels</b>		
Bosideng Corporation	17,960	8,602
Smartland	31,558	–
Jiangsu Bosideng Garment Co., Ltd. (ii)	–	705
Total	49,518	9,307
<b>Loans guarantee by:</b>		
Bosideng Corporation (i)	80,000	–
<b>Deemed distribution on acquisition of entities under common control</b>		
Bosideng Corporation	23,346	–
Changshu Bingxu Fashion Co., Ltd.	8,700	–
Total	32,046	–
<b>Rental expenses for lease of property, plant and equipment and land use rights</b>		
Bosideng Corporation	3,769	2,828
Shanghai Bosideng Holdings Group	286	215
Shandong Kangbo	1,068	1,068
Total	5,123	4,111

## 27. Related Party Transactions (Continued)

## (b) Transactions with fellow subsidiaries (Continued)

	Six months ended September 30,	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
<b>Royalty income</b>		
Bosideng Corporation	250	500
Changshu Bosideng Garment Co., Ltd.	2,000	5,000
Total	2,250	5,500
<b>Processing fee</b>		
Bosideng Corporation	67,675	111,847
Smartland	858	1,207
Shandong Kangbo	2,780	–
Jiangsu Bosideng Garment Co., Ltd. (ii)	–	7,522
Total	71,313	120,576
<b>Net cash advance</b>		
Bosideng Corporation	–	94,081
Smartland	–	5,000
Shanghai Bosideng Holdings Group	–	(53,148)
Total	–	45,933
<b>Concessionaire fees</b>		
Shandong Ru Shang Co., Ltd	733	616

## 27. Related Party Transactions (Continued)

## (c) Transaction with a director

	Six months ended September 30,	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Advisory fee paid to Dr. Kong Shengyuan (iii)	7,886	–

## (d) Balances with fellow subsidiaries

	September 30, 2007 (Unaudited) RMB'000	March 31, 2007 (Audited) RMB'000
	<b>Trade receivables due from:</b>	
Bosideng Corporation	334	–
Changshu Bosideng Garment Co., Ltd.	10,341	10,000
Shandong Ru Shang Co., Ltd.	–	47
	<b>10,675</b>	10,047
<b>Other receivables due from</b>		
Bosideng Corporation	21,666	433,420
Jiangsu Bosideng Garment Co., Ltd. (ii)	–	19,299
Others	8,262	6,119
	<b>29,928</b>	458,838
	<b>40,603</b>	468,885

## 27. Related Party Transactions (Continued)

### (d) Balances with fellow subsidiaries (Continued)

	September 30, 2007 (Unaudited) RMB'000	March 31, 2007 (Audited) RMB'000
<b>Trade payables due to:</b>		
Bosideng Corporation	–	16,257
Shandong Kangbo	7,007	11,394
	7,007	27,651
<b>Other payables due to:</b>		
Bosideng Corporation	355	475
Shanghai Bosideng Holdings Group	–	53,326
	355	53,801
	7,362	81,452

- (i) The loan guarantee provided by Bosideng Corporation was terminated in August 2007.
- (ii) As a result of transfer of interest by the Gao Family to an independent third party, Jiangsu Bosideng Garment Co., Ltd. has ceased to be a related party since November 2006.
- (iii) The fee was paid to a company controlled by Dr. Kong Shengyuan in recognition of his contribution to the listing of the Company.

## 28. Subsequent Events

The following significant events took place subsequent to September 30, 2007:

### 1) Conversion of the Series A Shares and the Series B Shares

According to the board resolution dated October 10, 2007, the Series A Shares and the Series B Shares were converted into 212,228,613 and 530,571,532 ordinary shares respectively.

### 2) Global offering of shares

On October 10 and 11, 2007, 795,200,000 and 1,074,800,000 additional ordinary shares of a par value of US\$0.00001 each were issued respectively. The shares of the Company were listed on the Main Board of the Stock Exchange on October 11, 2007.

### 3) Over-allotment

On November 6, 2007, an aggregate of 124,322,000 additional ordinary shares of a par value of US\$0.00001 each of the Company were issued pursuant to the partial exercise of the over-allotment option.

## General Information

### Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares or Debentures

As at September 30, 2007, no interests and short positions of the directors and chief executive of the Company in the share capital, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) was recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Hong Kong Stock Exchange Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as the Company was not listed on the Stock Exchange as at that date.

The Company was listed on the Main Board of the Stock Exchange on October 11, 2007. As at the date of this report, the following directors and chief executives of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange:

Name of Director	Nature of interest	Number of shares in long position	Approximate percentage of interest in the Company
Mr. Gao Dekang	Interest of a controlled corporation (Note 1)	5,144,275,202	64.35%
	Deemed interest (Note 2)	69,000,846	0.86%
Ms. Mei Dong	Interest of controlled corporation (Note 3)	52,571,999	0.66%
	Beneficial owner (Note 4)	2,763,697	0.035%
Dr. Kong Shengyuan	Beneficial owner (Note 4)	2,763,697	0.035%
Ms. Gao Miaoqin	Beneficial owner (Note 4)	2,763,697	0.035%
Ms. Huang Qiaolian	Beneficial owner (Note 4)	2,763,697	0.035%
Ms. Wang Yunlei	Beneficial owner (Note 4)	1,878,242	0.023%

Notes:

- (1) Mr. Gao Dekang is the beneficial owner of 95% of the issued share capital of Kong Bo Investment Limited (with the remaining beneficial owner of 5% of the issued share capital of Kong Bo Investment Limited being Mr. Gao Xiaodong, the son of Mr. Gao Dekang). Mr. Gao Dekang is deemed to be interested in the number of shares of the Company held by Kong Bo Investment Limited.

## General Information (Continued)

- (2) *The Share Scheme comprises 69,000,846 shares of the Company held by Gather Wealth Holdings Limited (as trustee of the Share Scheme). Mr. Gao Dekang is deemed to be interested in the 69,000,846 shares of the Company held by Gather Wealth Holdings Limited in his capacity as one of the founders of the Share Scheme.*
- (3) *Ms. Mei Dong beneficially owns the entire issued share capital of Kong Bo Development Limited and is deemed to be interested in the number of shares of the Company held by Kong Bo Development Limited.*
- (4) *Each of Ms. Mei Dong, Ms. Gao Miaoqin, Dr. Kong Shengyuan and Ms. Huang Qiaolian was granted 2,763,697 shares of the Company, and Ms. Wang Yunlei was granted 1,878,242 shares of the Company, under the Share Scheme over a vesting period and pursuant to the completion of the listing of the Company's shares on the Main Board of the Stock Exchange.*

Save as disclosed above, as at the date of this report, none of the directors or chief executives of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

## Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at September 30, 2007, the Company had not received any notice of interests to be recorded under section 336 of the SFO as the Company had not been listed on the Stock Exchange as at that date.

The Company was listed on the Stock Exchange on October 11, 2007. As at the date of this report, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the directors or chief executives of the Company, the following persons, other than directors or chief executives of the Company, had an interest or short position in the shares or underlying shares which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company:

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Number of shares in long position</b>	<b>Approximate percentage of interest in the Company</b>
Kong Bo Investment Limited	Corporate interest	5,144,275,202	64.35%
Shanghai Olympics Investment Holdings Company Limited ("Olympics Investment")	Corporate interest (Note 2) Deemed interest (Note 1)	616,151,953 69,000,846	7.71% 0.86%
The HSBC Private Equity Fund 3 Limited ("HSBC Private Equity")	Corporate interest (Note 2)	685,152,799	8.57%
Solandra Investments Limited	Corporate interest (Note 2)	685,152,799	8.57%
HSBC Entities	Corporate interest (Note 3)	685,152,799	8.57%

## General Information (Continued)

### Notes:

- (1) *The Share Scheme comprises 69,000,846 shares of the Company held by Gather Wealth Holdings Limited (as trustee of the Share Scheme). Olympics Investment is deemed to be interested in the 69,000,846 shares of the Company held by Gather Wealth Holdings Limited in its capacity as one of the founders of the Share Scheme.*
- (2) *Olympics Investment is the wholly-owned subsidiary of HSBC Private Equity. Solandra Investments Limited owns 33.8% of the shareholding interest of HSBC Private Equity. Solandra Investments Limited is an indirect wholly-owned subsidiary of its ultimate holding company, HSBC Holdings plc. Each of HSBC Private Equity and Solandra Investments Limited is deemed to be interested in the shares of the Company held by Olympics Investment.*
- (3) *This refers to the shareholding of each of the HSBC Entities, which comprise The Hongkong and Shanghai Banking Corporation Limited, HSBC Asia Holdings B.V., HSBC Asia Holdings (UK), HSBC Holdings B.V., HSBC Finance (Netherlands) and HSBC Holdings plc, each of which is deemed to be interested in the shares of the Company held by Olympics Investment. Olympics Investment is the wholly-owned subsidiary of HSBC Private Equity. Solandra Investments Limited owns 33.8% of the shareholding interests of HSBC Private Equity. Solandra Investments Limited is directly wholly-owned by The Hongkong and Shanghai Banking Corporation Limited, which is directly wholly-owned by HSBC Asia Holdings B.V., a direct wholly-owned subsidiary of HSBC Asia Holdings (UK). HSBC Asia Holdings (UK) is in turn directly wholly-owned by HSBC Holdings B.V., which is directly wholly-owned by HSBC Finance (Netherlands), a direct wholly-owned subsidiary of HSBC Holdings plc.*

Save as disclosed above, as at the date of this report, the directors and the chief executives of the Company are not aware of any other person who had an interest or short position in the shares or underlying shares which would require to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

## Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") as its code of conduct regarding directors' securities transactions. The Company will comply with the requirements under the Model Code as provided in Appendix 10 of the Listing Rules to make specific enquiry of all the directors on whether they have complied with the required standards as set out in the Model Code regarding the directors' dealings in the securities of the Company.

## Purchase, Sale or Redemption of the Company Shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended September 30, 2007.

## Dividends

The Board does not recommend the payment of interim dividend for the six months ended September 30, 2007.

## Compliance with the Code of Corporate Governance Practices

The Directors confirm that as of September 30, 2007, the Company has adopted the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules (the “Code”), except for Code provision A.2.1, which provides that the roles of chairman and chief executive officer (“CEO”) should be separate and should not be performed by the same individual. The Board will also 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 of the Company.

Mr. Gao Dekang is the Chairman and CEO of the Company and the founder of the Group. The Board believes that it is necessary to vest the roles of Chairman and CEO in the same person due to its unique role, Mr. Gao Dekang’s experience and established market 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 decisions of the Company. As all major decisions are made in consultation with members of the Board and the relevant Board committees, and there are four independent non-executive directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

## Audit Committee

An audit committee was established on September 15, 2007 with written terms of reference pursuant to Rule 3.21 of the Listing Rules and paragraph C3 of the Code. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system, nominate and monitor external auditors and to perform other duties and responsibilities as assigned by the Board. The audit committee consists of three independent non-executive directors, namely, Mr. Ngai Wai Fung (Chairman), Mr. Dong Binggen and Mr. Jiang Hengjie. The unaudited consolidated interim financial statements for the six months ended September 30, 2007 (including the accounting principles and practices adopted by the Company and financial reporting matters) have been reviewed by the audit committee, in conjunction with KPMG, the Company’s external auditors. Such review does not constitute an audit on the basis of review conducted by KPMG.

## Remuneration Committee

The Company established the remuneration committee on September 15, 2007 with written terms of reference pursuant to paragraph B1 of the Code. The primary functions of the remuneration committee are to evaluate the performance and make recommendations on the remuneration packages of the directors and senior management, and evaluate and make recommendations on the retirement scheme and performance assessment system and bonus and commission policies. The remuneration committee consists of five members, comprising three independent non-executive directors, one non-executive director and one executive director (namely Mr. Gao Dekang (Chairman), Mr. Shen Jingwu, Mr. Dong Binggen, Mr. Jiang Hengjie and Mr. Wang Yao).

## Nomination Committee

The Company established a nomination committee on September 15, 2007 with written terms of reference pursuant to paragraph A.4.5 of the Code. The nomination committee consists of three members, comprising two independent non-executive Directors and one executive director (namely Mr. Gao Dekang (Chairman), Mr. Dong Binggen and Mr. Jiang Hengjie). The primary functions of the nomination committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board.

# Corporate Information

## Board of Directors

### *Executive Directors*

Mr. Gao Dekang (*Chairman*)<sup>(2)(3)</sup>  
Ms. Mei Dong  
Ms. Gao Miaoqin  
Dr. Kong Shengyuan  
Ms. Huang Qiaolian  
Ms. Wang Yunlei

### *Non-executive Director*

Mr. Shen Jingwu<sup>(2)</sup>

### *Independent non-executive Directors*

Mr. Dong Binggen<sup>(1)(2)(3)</sup>  
Mr. Jiang Hengjie<sup>(1)(2)(3)</sup>  
Mr. Wang Yao<sup>(2)</sup>  
Mr. Ngai Wai Fung<sup>(1)</sup>

## Company Secretary and Qualified Accountant

Ms. Lo Ka Wai, Claudia

## Authorized Representatives

Dr. Kong Shengyuan  
Ms. Lo Ka Wai, Claudia

## Listing Exchange Information

### *Place of Listing*

The Stock Exchange of Hong Kong Limited

### *Stock Code*

3998

## Investor Relations

Email: [bosideng\\_ir@bosideng.com](mailto:bosideng_ir@bosideng.com)  
Tel: (852) 2866 6918  
Fax: (852) 2866 6930

## Websites

[www.bosideng.com](http://www.bosideng.com)  
<http://company.bosideng.com>

## Investor Relations Consultant

Porda International (Finance) P.R. Group

## Registered Office

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

## Principal Place of Business in Hong Kong

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

## Principal Share Registrar and Transfer Office

Butterfield Fund Services (Cayman) Limited  
Butterfield House  
68 Fort Street  
P.O. Box 705  
Grand Cayman KY1-1107  
Cayman Islands

## Hong Kong Branch Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited  
Rooms 1712-16  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## Principal Legal Advisors

### *As to Hong Kong Law*

Freshfields Bruckhaus Deringer

### *As to Cayman Islands Law*

Conyers Dill & Pearman

## Auditors

KPMG  
*Certified Public Accountants*

## Compliance Advisor

Guotai Junan Capital Limited

## Principal Bankers

Agricultural Bank of China Changshu Sub-branch  
Bank of Communications Shanghai Branch  
Bank of Ningbo Shanghai Branch  
Bank of China Limited Changshu Sub-branch

(1) Members of Audit Committee, Mr. Ngai is the Chairman of the Committee

(2) Members of Remuneration Committee, Mr. Gao is the Chairman of the Committee

(3) Members of Nomination Committee, Mr. Gao is the Chairman of the Committee