China Dongxiang (Group) Co., Ltd.

中 國 動 向（集 團）有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3818)

2024/2025 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of China Dongxiang (Group) Co., Ltd. (the "Company") hereby presents the audited results of the Company and its subsidiaries (together referred to as the "Group") for the twelve months ended 31 March 2025. This announcement, containing the full text of the 2024/2025 Annual Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of annual results. This annual results announcement is available for viewing on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and of the Company at www.dxsport.com. The 2024/2025 Annual Report will be dispatched to the Shareholders who have already provided instructions indicating their preference to receive hard copies on or around 11 July 2025.

DONGXIANG

China Dongxiang (Group) Co., Ltd. 中國動向(集團)有限公司

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2024/2025 ANNUAL REPORT

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CONTENTS

MISSION

Helping consumers to boost their self-confidence and experience the delight of being themselves as well as a healthy lifestyle with quality.

VISION

To become the first name that comes to mind in any discussion of fashionable sportswear in China.


KAPPA
Authentic Sportswear Brand
Since 1967
RAV4
1967

CORPORATE INFORMATION

Executive Directors	Mr. Chen Yihong (Chairman) Ms. Chen Chen (Chief Executive Officer, President and Co-Chairman) Mr. Lyu Guanghong (Chief Financial Officer)
Independent Non-Executive Directors	Mr. Gao Yu Mr. Liu Xiaosong Ms. Tang Songlian (appointed on 20 December 2024)
Auditor	Deloitte Touche Tohmatsu (appointed on 30 September 2024) Certified Public Accountants and Registered Public Interest Entity Auditor
Legal Advisers	Norton Rose Fulbright Hong Kong Conyers Dill & Pearman (Cayman) Limited Zhong Lun (Shanghai) Law Firm, Beijing
Authorised Representatives	Mr. Gao Yu Ms. Wai Pui Man
Company Secretary	Ms. Wai Pui Man
Principal Share Registrar and Transfer Office	Suntera (Cayman) Limited Suite 3204, Unit 2A, Block 3, Building D, P.O. Box 1586, Gardenia Court, Camana Bay, Grand Cayman, KY1-1100, Cayman Islands
Hong Kong Branch Share Registrar and Transfer Office	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Registered Office	Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands
Head Office in People's Republic of China	Building 21, No. 2 Jingyuanbei Street, Beijing Economic-Technological Development Area, 100176, People's Republic of China
Principal Place of Business in Hong Kong	Office Unit 7, 13/F, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong
Principal Bankers	Morgan Stanley Asia International Limited Industrial and Commercial Bank of China
Website	www.dxsport.com


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FIVE-YEAR FINANCIAL HIGHLIGHTS

(All amounts in Renminbi million unless otherwise stated)

	Note	**For the twelve months ended 31 March 2025**	For the twelve months ended 31 March 2024	For the twelve months ended 31 March 2023	For the twelve months ended 31 March 2022	For the twelve months ended 31 March 2021
Revenue		**1,680**	1,744	1,679	1,916	1,970
Operating profit/(loss)		**244**	(778)	138	(1,786)	2,030
Profit/(loss) before income tax		**248**	(759)	174	(1,800)	1,974
Profit/(loss) attributable to owners of the Company		**207**	(639)	115	(1,783)	1,755
Gross profit margin (%)		**68.6**	68.3	63.4	63.9	65.6
Net profit/(loss) margin (%)		**12.3**	(36.6)	6.8	(93.1)	89.1
Earnings/(losses) per share for profit/(loss) attributable to owners of the Company for the year — basic/diluted (RMB cents)		**3.53**	(10.90)	1.96	(30.41)	29.94

	Note	**As at 31 March 2025**	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Non-current assets		**4,784**	5,253	5,808	5,211	6,153
Current assets		**5,256**	4,488	4,769	5,274	6,485
Current liabilities		**662**	498	568	790	721
Net current assets		**4,594**	3,990	4,201	4,484	5,764
Total assets		**10,040**	9,741	10,577	10,485	12,638
Total assets less current liabilities		**9,378**	9,243	10,009	9,695	11,917
Equity attributable to owners of the Company		**9,208**	9,075	9,665	9,351	11,533
Total assets per share (RMB cents)	1	**171.21**	166.10	180.36	178.80	215.55
Net assets per share (RMB cents)	1	**157.01**	154.74	164.80	159.46	196.70
Debt to equity ratio	2	**0.09**	0.07	0.09	0.12	0.10

Notes:

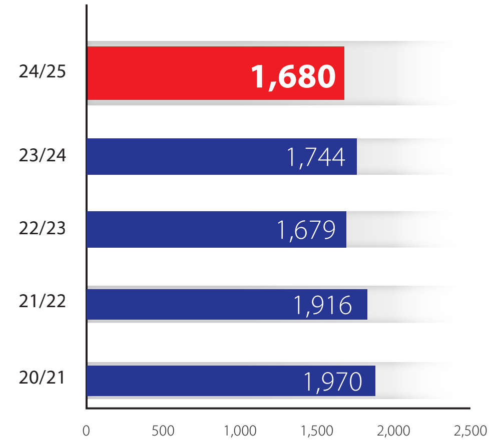
(1) The number of ordinary shares used in the calculation for the twelve months ended 31 March 2025, 2024, 2023, 2022 and 2021, are 5,864,511,000 shares, 5,864,511,000 shares, 5,864,511,000 shares, 5,864,168,000 shares and 5,863,072,000 shares, respectively which were the weighted average number of ordinary shares in issue less shares held for Restricted Shares Award Scheme for the respective periods.

(2) The debt to equity ratio is calculated based on total liabilities of the Group divided by equity attributable to owners of the Company as at the reporting date.

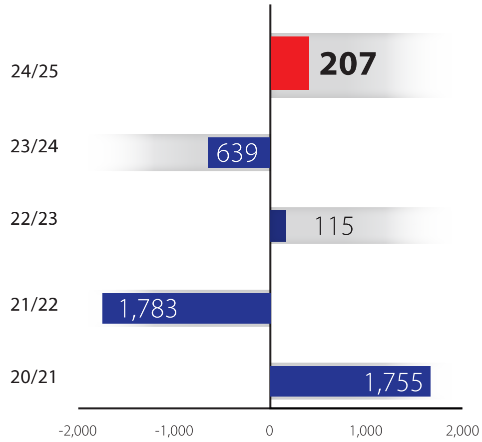
FIVE-YEAR FINANCIAL HIGHLIGHTS

(All amounts in Renminbi million unless otherwise stated)

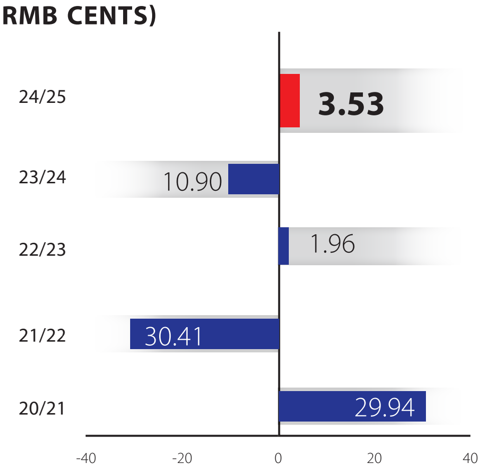
REVENUE



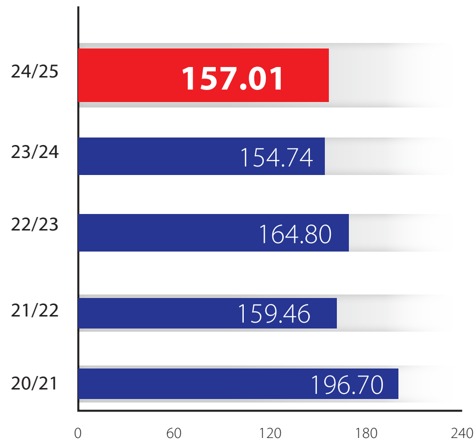
(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY



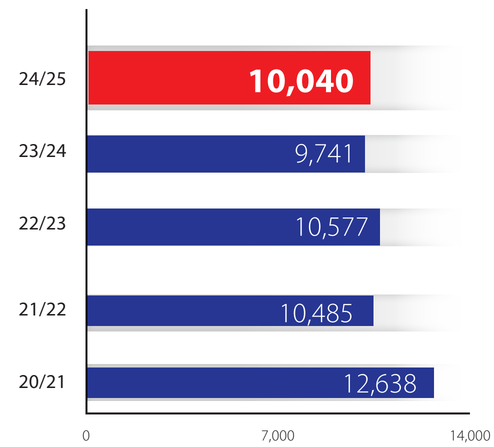
(LOSSES)/EARNINGS PER SHARE — BASIC (RMB CENTS)



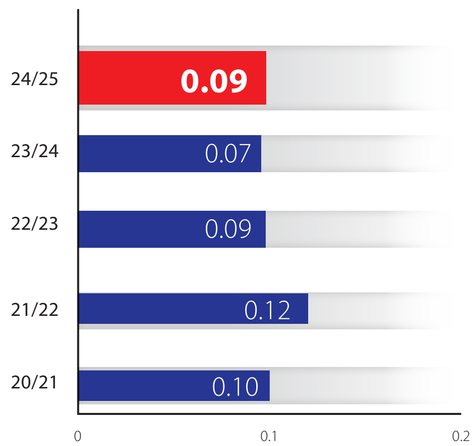
NET ASSETS PER SHARE (RMB CENTS)



TOTAL ASSETS



DEBT TO EQUITY RATIO (TIMES)



Note: 24/25, 23/24, 22/23, 21/22 and 20/21 are the financial data for the 12 months ended 31 March.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CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present on behalf of the Board our annual results for the twelve months ended 31 March 2025 (the "Reporting Period").

During the Reporting Period, despite a slowdown in the global economic recovery, China's macro-economy demonstrated strong resilience amidst a complex and volatile global environment and generally showed a trend of seeking progress while maintaining stability. According to the National Bureau of Statistics, the annual gross domestic product (GDP) grew by approximately 5.0% in 2024, with economic operations remaining within a reasonable range, laying a solid foundation for the continued recovery of the consumer market. In 2025, the Chinese government has set a growth target of around 5%. Through the active promotion of the Chinese government under its policies of vigorously boosting consumption and investment returns and stimulating domestic demand across the board, China's GDP grew by 5.4% year-on-year in the first quarter of 2025, surpassing estimates. The data reflects a good start for domestic economic operations in the first quarter and the continued effectiveness of consumption-boosting policies, which have enhanced market vitality and confidence.

China's sporting goods industry experienced a rapid recovery in 2024. In particular, the impact of major international sporting events such as the Paris Olympic Games has led to a significant increase in public enthusiasm and participation in sports, which has fuelled the industry's growth potential. It is worth noting that the rise in public health awareness and the trend of pursuing a quality lifestyle have also injected strong impetus into sports consumption. In 2024, outdoor sports, ice and snow economy and other emerging consumption hotspots continued to emerge and develop, driving a significant increase in demand for related sportswear and equipment. Consumers are no longer satisfied with the basic functionality of a product, but place greater emphasis on the combination of its technological content, professional performance, design aesthetics and emotional value.

As a leading fashion sports brand, China Dongxiang Group keeps abreast of the sports consumption trends of consumers and continuously optimises its products and services to meet the changing consumer needs. In capitalising on market opportunities, the Group's core brands, KAPPA and PHENIX, which emphasise brand philosophy and product quality, will strengthen emotional connections between brands and consumers, create more value for consumers, further enhance market influence, and lead the industry in high-quality development through continuous product innovation, technological empowerment, omni-channel optimisation and content marketing.

In 2024, China's capital market faced significant headwinds amid persistent weakness in the property sector and subdued consumer market recovery. Valuation gaps between primary and secondary markets remained pronounced, prompting increasingly cautious and conservative investment sentiment among market participants. Nonetheless, intensified policy support, including multiple central bank reserve requirement ratio and interest rate cuts, alongside strengthened fiscal measures, gradually restored market confidence. International capital markets navigated a challenging year in 2024, constrained by sluggish global growth momentum and decelerating U.S. economic expansion. Policy uncertainties in the U.S. triggered substantial market volatility worldwide, compounded by escalating geopolitical tensions, including the protracted Russia-Ukraine conflict and the outbreak of the Israel-Palestine war, which fueled sustained risk aversion. However, policy recalibrations across major economies and inherent market resilience spurred modest signs of recovery in the latter half of the year.

During the Reporting Period, the Group achieved revenue of RMB1,680 million, a year-on-year decrease of 3.7%. Profit attributable to owners of the Group amounted to RMB207 million, compared to a loss attributable to owners of RMB639 million for the same period last year. Basic and diluted earnings per share were RMB3.53 cents, a significant improvement from the basic and diluted losses per share of RMB10.90 cents in the comparative period. In appreciation of the shareholders' enduring support for the Group, the Board has proposed to distribute 70% of the Group's net profit attributable to equity holders for the twelve months ended 31 March 2025 as an annual dividend.

DEEPENING OF OMNI-CHANNEL LAYOUT AND SUPPLY CHAIN MECHANISM

The Group is committed to deepening its omni-channel layout and the synergy of its businesses. By focusing on products and combining social media, it enhanced the consumption experience and dynamic operation. The KAPPA brand focused on the direct-franchise operation model, optimised single-store efficiency, accelerated efficient turnover of goods through the omni-channels, and strictly monitored inventory.

As at 31 March 2025, the Group had a total of 1,005 KAPPA stores (excluding KAPPA Kid's stores), a net decrease of 7 stores compared to the same period of 2024.

OPTIMISATION OF DESIGN LANGUAGE AND FABRICS TO BALANCE PRODUCT AESTHETICS AND FUNCTIONALITY

Consumers' pursuit of "intrinsic value and design philosophy" of products drove the market transformation towards a "function + fashion" model. Brands must go beyond performance, incorporate aesthetic value and demand personalised expression.

The KAPPA 1916 series is a fusion of classic and modern trends that reinforces personalised expression. The KAPPA PLAYER series integrates a flamboyant design and colorful attributes with contemporary aesthetics. The KAPPA GARA series focuses on materials that are skin-friendly and breathable as well as ergonomic structure to ensure flexibility and comfort.

CONTINUOUS STRENGTHENING OF BRAND PHILOSOPHY TO EFFICIENTLY ACHIEVE IP CONTENT CONVERSION

During the Reporting Period, adhering to the philosophy of "Living through Sports", the Group's KAPPA brand released a short film titled "The Billing Statement of San Fen (三分的結算單)" which won multiple awards. In continuation of the theme of "Get Lucky (好事向我靠)", it collaborated with Hope Water to launch a limited edition co-branded item, the "Good Fortune Hat (好事帽)", in early 2025. By leveraging the consumption nodes of the New Year, the Group has strengthened its brand IP and achieved the conversion from high-traffic exposure to sales.

The PHENIX brand focused on skiing product lines, expanded functional lifestyle series and launched alk phenix and +phenix product lines. It strengthened its professional image through sponsoring the ski teams of Tsinghua University and Peking University. Moreover, PHENIX and Wanlong Ski Resort worked together to upgrade the "immersive brand symbiosis program" by integrating the IP image of "PHETI the Snow Monster". At the same time, PHENIX also partnered with the top domestic skiing event "Brothers Cup" to create a children's skiing themed flash mob experience.

ADHERENCE TO A PRUDENT INVESTMENT STRATEGY IN TIMES OF HEIGHTENED GLOBAL ECONOMIC VOLATILITY

Although domestic and international capital markets showed signs of recovery by the fiscal year-end, the root causes of market turbulence, including geopolitical frictions and declining global consumption demand, remain unresolved, suggesting continued market fluctuations in the near term. In response, we have implemented cautious measures, including accelerating fund exits to enhance liquidity, increasing allocations to low-risk assets for contingency preparedness, diversifying portfolio risks, and closely monitoring macroeconomic trends, policy shifts, and geopolitical developments to dynamically adjust our investments. This approach ensures stable asset appreciation despite market uncertainties. The Group remains steadfast in its disciplined strategy, grounded in a deep understanding of risk dynamics and long-term value creation principles, thereby strengthening portfolio resilience.

As of 31 March 2025, the investment division's net assets stood at RMB8,365 million, marking a 1.2% year-on-year increase. Notably, since the commencement of the investment business and up to the end of the period, the investment business has cumulatively contributed approximately RMB7.5 billion in value appreciation, forging stable resilience across economic cycles.

Market volatility presents both challenges and opportunities. While short-term noise may dominate, long-term fundamentals will ultimately prevail. The Group remains committed to leveraging rigorous analysis, disciplined execution, and strategic foresight to capture enduring value growth opportunities, ensuring a robust foundation for sustainable returns.

ACTIVE DEVELOPMENT OF A GREEN SPORTS INDUSTRY FOR SUSTAINABLE DEVELOPMENT

The Group actively responds to the national call for industrial green transformation and the development of new quality productive forces, and is committed to developing a high-tech, high-efficiency, and high-quality green sports industry. The Group continues to deepen its ESG practices, optimise production processes and actively adopt environmentally friendly materials to ensure product recyclability and reduce carbon emissions. As a caring enterprise, KAPPA participated in Sun Nan's "Hand in Hand with Children (攜手童行)" charity project in Tibet and the Paradise Cinema charity project, providing a range of materials needed for the projects to demonstrate corporate responsibility. During the financial year, the Group received a number of ESG awards, including the China Corporate Social Responsibility Ranking by Yicai, and comprehensively upgraded and improved its climate change risk identification and opportunity assessment to disclose Scope 3 greenhouse gas data for the first time. In future, the Group will continue to deepen its environmental, social and corporate governance practices as core strategic drivers that shape the Company's long-term competitiveness, resilience and value creation.

APPRECIATION

Finally, the Group wishes to take this opportunity to express its sincere gratitude to all Directors and staff for their hard work and dedication to the Group, and also to all partners for their close collaboration and the shareholders for their steadfast support. We are well aware that in a complex and ever-changing market environment, every step of progress embodies the wisdom and hard work of the team. Looking ahead, although the global sporting goods industry is expected to continue to grow, the growth will slow down, and the industry will focus more on balancing growth with operational efficiency. We will adhere to the core corporate philosophy, seize market opportunities in China, enhance the Group's operational efficiency, create greater value for shareholders, and strive to become a leader in China's sporting goods industry.

Chen Yihong
Chairman

25 June 2025

BRAND PORTFOLIO

The Group is committed to becoming one of the best multi-brand sportswear enterprises in the PRC.

The Kappa brand is our first brand and with the strong presence and network developed through the Kappa brand, it has established solid foundation for us to implement a multi-brand strategy. The Group completed the acquisition of PHENIX in 2008.

By utilising management's extensive experience in the sportswear industry and our strong financial resources, we will endeavor to identify and explore opportunities to operate more international brands in the PRC and/or regional markets.

Kappa

- An Italian brand originated in 1916
- Since 2002, the Group has been operating the Kappa Brand in the PRC market
- Enriched with Italian fashion elements, Kappa emerges as a leader in the China sports fashion market

phenix

- A top international ski brand with great emphasis on functional performance and fashionable style of equipment through excellence in every detail
- Its simple design yet eye-catching design represents a perfect blend of function and fashion
- It reflects detail-attentive peculiar styles, and the R&D philosophy of positively absorbing the design features of other products and industries
- An outdoor product line that featured the fusion of fashion and functionality was officially launched in 2011

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO-ECONOMIC REVIEW

In retrospect of the 2024/25 financial year, the global economy showed signs of a slow recovery, with inflation levels having retreated from their high levels. The monetary policies of major economies gradually shifted from contractionary to more flexible, which brought a certain degree of improvement to the macroeconomic environment. However, due to geopolitical tensions and trade uncertainties, the performance of economies diverged significantly, and development imbalances were further exacerbated. According to the International Monetary Fund's forecast in January 2025, global economic growth is projected to be 3.32% in 2024, below the pre-pandemic average.

As a major engine driving the global economy, China was facing fluctuations and challenges, with a slowdown in the recovery of domestic consumption demand. To this end, the Chinese government launched a raft of economic measures at the end of September 2024 to boost economic growth and restore market confidence. According to the National Bureau of Statistics of the PRC, in 2024, China's GDP registered a year-on-year growth of 5.0%, while the total retail sales of consumer goods grew by 3.5% year-on-year, with a noticeable acceleration in growth during the fourth quarter.

In the first quarter of 2025, the State Council of the PRC has announced a target for GDP growth of around 5% in 2025. At the same time, when deploying key tasks for 2025, the Central Work Conference prioritised the expansion of domestic demand, emphasising the need to "vigorously boost consumption and investment returns and stimulate domestic demand across the board". According to the National Bureau of Statistics of the PRC, China's GDP grew by 5.4% year-on-year in the first quarter of 2025, surpassing estimates. The data reflects a good start for domestic economic operations in the first quarter and the continued effectiveness of consumption-boosting policies, which have enhanced market vitality and confidence.

According to the World Bank's Global Economic Prospects report for 2025, global economic growth is gradually stabilising, and the global economy is projected to expand at a moderate rate of 2.7% in 2025–2026. However, the current growth momentum is still insufficient to fully compensate for the long-term structural impacts brought about by the COVID-19 pandemic.

In the near future, global trade and economic growth will still face uncertainties, but with the short-term effectiveness of domestic macroeconomic policies and the simultaneous efforts of long-term mechanisms, along with the steady advancement of structural reforms to cultivate and strengthen new productive forces, the domestic economy is expected to continue to develop in a new and positive direction.

INDUSTRY REVIEW

In 2024, China's sporting goods enterprises strived ahead against the backdrop of pressures on global economic development. The industry was faced with multiple challenges, including weak consumption recovery, rising raw material prices, global supply chain disruptions, and inventory turnover pressures. However, at the same time, 2024 was a "big year for sports", with major events such as the AFC Asian Cup, UEFA European Football Championship, Copa America, and the Paris Olympic Games sparking a new wave of sporting enthusiasm in the country. In the face of opportunities and challenges, the entire industry continued to show a trend of simultaneous increases in both volume and price.

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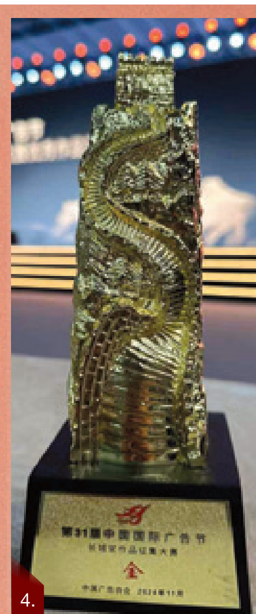
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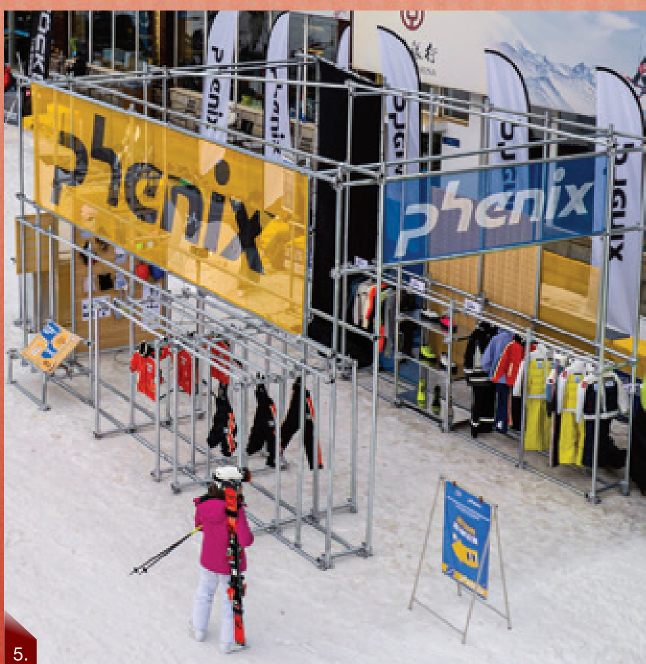

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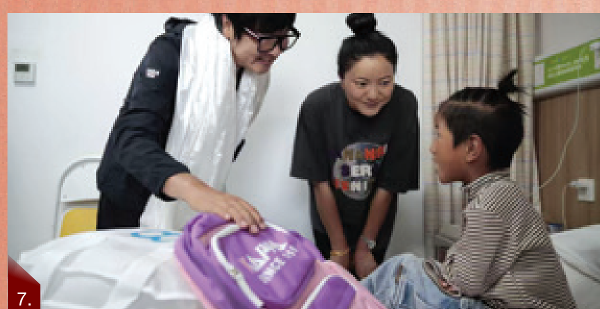
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1. **PHENIX and members of the ski teams of Tsinghua University and Peking University participated in the 2025 PHENIX snowboard-sealing party**
2. **PHENIX partnered with the top domestic skiing event "Brothers Cup" to create a children's skiing themed flash mob experience**
3. **KAPPA sponsored SHANGHAI UNITED FC, the champion of an amateur women's football league**
4. **"The Billing Statement of San Fen" won the Gold Award for Film Advertising at the 31st China International Advertising Festival Great Wall Awards**
5. **PHENIX is committed to promoting the popularisation and development of skiing in China**
6. **KAPPA's New Year offline event themed "Get Lucky"**
7. **KAPPA x Sun Nan "Hand in Hand with Children" charity project — Tibet Trip**
8. **PHENIX's "Warm Hug Mid Shoes" ski resort tour**


ATHL ETIC
Since 1967

In terms of market competition, numerous domestic and international brands have increased their investment in the Chinese market, which has also driven innovation and upgrades of brands and products. On the product side, as the trend of sports fashion becomes more segmented and refined, brands are also adapting to market demands by shifting towards specialisation, technological advancement, high quality, and sustainability. In terms of marketing, sporting goods brands are increasingly maturing in their online and offline integrated communication strategies around major events, with a series of innovative marketing cases emerging in the industry that continuously strive to shape the brand, reach users, and cultivate deep user engagement. Meanwhile, major brands are actively participating in corporate social responsibility activities to enhance their brand image and build consumer trust.

In terms of policy, a series of comprehensive measures and initiatives by the government have also driven the steady development of the industry. The General Administration of Sport continued to promote the implementation of the "Action Plan for Promoting the Construction of Outdoor Sports Facilities and Service Improvement (2023–2025)", which aims to strengthen the construction of outdoor sports venues and facilities, enhance service quality, and encourage more people to participate in outdoor sports. The popularity of outdoor sports has directly driven the demand for related equipment and clothing, creating vast market opportunities for domestic brands. It is expected that by 2025, the size of China's outdoor sports industry will exceed RMB3 trillion.

Data from the National Bureau of Statistics showed that the total retail sales of consumer goods reached RMB48.8 trillion in 2024, up by 3.5% year-on-year, of which the sports and recreational articles category grew by 11.1% year-on-year. Compared to the growth in total retail sales of consumer goods during the same period, the sports and recreational sector saw stronger growth. This sustained growth trend reflects the increasing importance of sports and health consumption in the lives of Chinese people. The government's policy support has further reinforced this trend, prompting consumers to allocate more spending towards health and leisure activities. The sporting goods industry is expected to continue to unleash consumption potential and expand the scale of consumption in the future.

BUSINESS REVIEW

In the 2024/25 financial year, the global consumption recovery slowed down. In the meantime, under multiple challenges such as rising raw material prices, global supply chain disruptions and inventory turnover pressures, the Chinese government has introduced a series of robust policies to provide significant support for the sporting goods industry in China. The diverse outdoor sports boom in China shows no signs of abating, providing continuous momentum for the overall development of the sports leisurewear industry. The 2024 Paris Olympic Games and other major sport events sparked a nationwide sports boom and drove the development of the sports leisurewear industry. The Group seized market opportunities by enhancing its omni-channel deployment, optimising the supply chain, and continuously improving its business system and digitalisation process to improve efficiency and business performance. The Group continued to devote strong efforts to product R&D with ongoing launch of brand new products for a number of its brand series on the back of revamped product designs, materials and functions to further strengthen its market competitiveness.

On brand promotion, the Group revitalised the KAPPA brand philosophy of "Living through Sports", and it collaborated with well-known singers and actors during the Reporting Period. Brand exposure was increased through popular film and television works, fashion media and social networks; and brand awareness and user engagement were enhanced by organising a series of online and offline marketing activities in conjunction with major sport events and holidays. At the same time, the brand demonstrated corporate social responsibility through the implementation of a series of charities to enhance its brand image and market popularity.

Brand-building and promotion

PRC — KAPPA brand

Adhering to the philosophy of "Living through Sports", the KAPPA brand collaborated with well-known singers and actors during the Reporting Period to establish emotional connections with young consumers through popular film and television works, fashion media and social networks, thereby continuously enhancing the brand's talking points. The brand produced a short film titled "The Billing Statement of San Fen (三分的結算單)", which won multiple annual brand marketing awards. It was also precisely promoted across multiple platforms, encouraging the public to try and enjoy various forms of sports in a light-hearted and humorous manner. Through high-quality brand content, the brand gradually embodied KAPPA's sports values, built a core fan base, and further enhanced brand awareness and user engagement.

During the 2024 Paris Olympic Games, KAPPA seized the opportunity of the event to launch a series of diverse and innovative marketing activities. Before the start of the Olympic Games, KAPPA exclusively visited the Chinese national fencing team in training, conveying the brand's sports values by cheering for the Olympic athletes. During the Olympic Games, KAPPA also co-organised the "Hello, Stranger" activity with the urban youth culture community brand Drunk N Jump Bar, co-created a 40-day sports experience space "Seaside Summer School" with a well-known pioneering cultural community, and attracted a large number of users to participate in the offline experience by means of the annual Aranya event called "Mountain Peak Splash Festival". Such activities helped enhance users' interest and willingness to purchase the products and also conveyed the brand philosophy of relaxed and joyful sports.

In February 2025, KAPPA leveraged the consumption nodes of the New Year and the Spring Festival to address consumers' needs for "new clothes" and their psychology of seeking good fortune. It collaborated with Hope Water to launch a limited edition co-branded item, the "Good Fortune Hat (好事帽)". Also, in continuation of the previous year's theme of "Get Lucky (好事向我靠)", multiple offline store events were held to deeply embed the brand's IP content in consumers' minds, achieve an efficient link from exposure to conversion, thereby enhancing the brand image and store sales.

In terms of ESG, as a caring enterprise, KAPPA participated in Sun Nan's "Hand in Hand with Children (攜手童行)" charity project in Tibet and the Paradise Cinema charity project, providing a range of materials needed for the projects to demonstrate corporate social responsibility. Meanwhile, KAPPA continued to support the urban strength of the Chinese women's football team through practical actions by sponsoring amateur women's football teams in Beijing and Shanghai, which aimed to encourage sportsmanship and successfully renew consumers' perception of KAPPA.

PRC — PHENIX brand

The product line of PHENIX is divided into professional skiing products and lifestyle products: the professional skiing product line is centered on the Swedish national team and competitive products, and the SP27 and X-NIX series serve as supporting series aimed at a young and fashionable demographic, thereby meeting the diverse needs of the skiing community in China. Lifestyle products primarily focus on outdoor types, with the current product lines being +phenix and alk phenix as the two main offerings in the market. +phenix emphasises outdoor functionality, featuring core functional technology characteristics for all scenarios and terrains, which provides consumers with options that meet various levels of outdoor activities; on the other hand, alk phenix centers on urban outdoor wear and fashion attributes with a unique product aesthetic and basic functionality, which has garnered widespread attention from young consumers.

In the 2024/25 ski season, the PHENIX brand officially became the designated sponsor of the ski teams of Tsinghua University and Peking University, and specially launched co-branded professional ski clothing customised for Tsinghua University and Tsinghua Ski Association, which supported the vigorous development of ski culture in universities with meticulous design. Related topics have been continuously trending on rednote with over one million views and interactions, setting off a wave of interest in PHENIX products among university ski enthusiasts. The brand specially invited elite members of the ski teams of Tsinghua University and Peking University to participate in the 2025 PHENIX snowboard-sealing party at the Koktokay Six Terrace, and they talked about the future of skiing in China at the top of a snowy mountain.

During the Reporting Period, the PHENIX brand and the long-established Wanlong Ski Resort in Chongli upgraded their long-term collaboration to an "immersive brand symbiosis program", which integrated PHENIX brand elements and a new visual service experience in the ski resort. Meanwhile, a 600-square-metre integrated member service center was established at the Wanlong Ski Resort to provide a more comfortable and enjoyable skiing experience for more skiing enthusiasts. Thaiwoo Ski Resort, a resort-style ski resort in Chongli, has also displayed the sculpture of a popular PHENIX brand IP "PHETI the Snow Monster", which has become an iconic landscape that ski enthusiasts must visit. From January to March 2025, with the "Warm Hug Mid Shoes (抱抱鞋)" as the core carrier, PHENIX launched a roadshow program at five major ski resorts: Songhua Lake, Beidahu, Thaiwoo, Wanlong, and Genting. This initiative breaks the traditional boundaries of winter footwear marketing and creates an immersive experience space for ice and snow equipment.

Moreover, PHENIX continued to deepen its efforts in the ecological development of the ice and snow industry during the ski season, and it partnered with the top domestic skiing event "Brothers Cup" to create a children's skiing themed flash mob experience. In the flash mob activities successfully held at the two major ski resorts, Wanlong and Genting, parent-child families experienced the professionalism of PHENIX children's products up close. The first PHENIX KIDS specialty store in China was opened at Songhua Lake Ski Resort, which is dedicated to continuously promoting the popularisation and development of youth skiing in China.

In the future, the PHENIX brand will continue to focus on skiing, develop and expand non-skiing product categories with skiing functionality as the core design, constantly explore potential market opportunities and complete the layout of urban and outdoor scenarios.

KAPPA Apparel Series

KAPPA always insists on taking product value and user experience as the core driving force and is committed to showcasing and strengthening its brand power. Through precise product positioning, it develops sports products with fashionable aesthetics and comfortable functionality, successfully building a diversified product matrix that effectively strengthens the brand's differentiated competitiveness. The brand integrates trendy design with sports technology to satisfy consumers' pursuit of fashion expression while providing an exceptional wearing experience, truly realising the product concept of balancing aesthetics and comfort.

In terms of products, the KAPPA 1916 series ingeniously merges the brand's classic elements with modern fashion language, which not only shows vitality but also gives wearers a distinctive expression of personality, thereby strengthening the brand's mind-blowing products in an effective manner. The KAPPA PLAYER series integrates a flamboyant design language with the brand's unique colorful attributes, creating products that align with the aesthetics of contemporary consumers through striking color combinations, innovative models and highly recognisable design styles. The KAPPA GARA series places particular emphasis on fabric selection and process upgrades. Combined with an ergonomic structural design, it prioritises the use of high-quality materials that are skin-friendly and breathable to ensure flexibility and comfort. From daily commuting to sports scenarios, the products can provide a burden-free wearing experience. Meanwhile, the brand emphasises tailoring craftsmanship and attention to detail, ensuring that each product is not only visually appealing but also meets the needs of different body types, achieving a perfect balance between fashion and practicality.

With the continuous optimisation of design language and fabric technology, KAPPA has successfully broken the traditional perception that "aesthetic appeal and comfort cannot coexist" and has proven that fashionable appearance and outstanding comfort can be perfectly unified. This balance has not only won the favor of fashion enthusiasts but also attracted utility-focused consumers, further consolidating the brand's leading position in the sports fashion sector and effectively countering the trend of homogenisation among sports brands. In the future, KAPPA will continue to be user-oriented, bringing consumers more products that combine visual appeal with wearing quality through innovative design and technological breakthroughs.

Shoes Series

During the Reporting Period, KAPPA footwear continued to focus on developing fashionable sports products, with a particular emphasis on the three core categories of fashion running shoes, sneakers and retro running shoes. Through closely following fashion trends and the brand's development direction, the brand not only continuously broadened the product presentation of its orientation TIFO products, but the "O-ka (歐包)" products, which were created by combining fashion trends to cater for consumer ideas, have also received positive feedback. By further refining the price segments and target groups, the products have received more positive feedback, integrating brand assets more effectively into the products and placing greater emphasis on the brand's sustainable development.

In the fourth quarter of 2024, increased investment in seasonal winter products has led to a steady year-on-year rise in the footwear business for the quarter, which coupled with the additional order of best-selling products, together contributed to the impressive performance of the quarter. In the first quarter of 2025, both fashion running shoes and sneakers made significant strides, and thanks to the success of the popular fashion running shoe "O-ka", the sales proportion of footwear products experienced continuous improvement.

Accessories Series

During the Reporting Period, KAPPA's accessories business was centered on "fashionable sports" and enhanced its brand competitiveness through differentiated design. By deeply integrating sports genes with trendy elements, it created a product matrix that is both functional and fashionable; and it also dynamically tracked market trends and rapidly iterated product design language. In the offline accessories business, star products such as woven product packages and "cap bags" have been successfully launched, achieving breakthroughs in terminal sales through their highly recognizable designs. A "Consumer Demand — Trend Analysis — Product Development" mechanism was established to ensure that products are highly aligned with the needs of the target customer group. In the meantime, the online accessories business has experienced rapid and steady growth, which significantly enhanced store conversion rates through refined operations, and the influence of stores has also notably increased. In terms of new product development, it extended the product series with the best-selling items as the core, forming a family matrix that supports business growth in all aspects. Regarding the supply chain, it adopted a flexible supply chain mechanism and enhanced reorder efficiency through data-driven inventory management, significantly shortening the replenishment cycle for best-sellers and effectively supporting inventory demands of various sales peaks.

Omni-channel Retail Network

During the Reporting Period, the Group continued to focus on the quasi-direct operation model and optimisation of single-store efficiency to speed up the efficient turnover of merchandise through omni-channels. As at 31 March 2025, the Group had a total of 1,005 KAPPA stores (excluding KAPPA Kid's stores), a net decrease of 7 stores (excluding KAPPA Kid's stores) compared to the same period of 2024 financial year.

With the dawn of the age of digitalisation, the Group continued to implement digitalisation and omni-direction among its main strategic objectives during the Reporting Period. By converting and improving the data systems of various business regimes, resource integration and omni-directional management of commodities were facilitated on a one-stop basis, the construction and operation of the membership system were also enhanced, enhancing effective cross-regional and cross-boundary connection of online and offline operations and significantly improving the Group's operational efficiency.

PRUDENT INVESTMENT STRATEGY

Although domestic and international capital markets showed signs of recovery by the fiscal year-end, the root causes of market turbulence, including geopolitical frictions and declining global consumption demand, remain unresolved, suggesting continued market fluctuations in the near term. In response, we have implemented cautious measures, including accelerating fund exits to enhance liquidity, increasing allocations to low-risk assets for contingency preparedness, diversifying portfolio risks, and closely monitoring macroeconomic trends, policy shifts, and geopolitical developments to dynamically adjust our investments. This approach ensures stable asset appreciation despite market uncertainties. The Group remains steadfast in its disciplined strategy, grounded in a deep understanding of risk dynamics and long-term value creation principles, thereby strengthening portfolio resilience.

As of 31 March 2025, the investment division's net assets stood at RMB8,365 million, marking a 1.2% year-on-year increase. Notably, since the commencement of the investment business and up to the end of the period, the investment business has cumulatively contributed approximately RMB7.5 billion in value appreciation, forging stable resilience across economic cycles.

Market volatility presents both challenges and opportunities. While short-term noise may dominate, long-term fundamentals will ultimately prevail. The Group remains committed to leveraging rigorous analysis, disciplined execution, and strategic foresight to capture enduring value growth opportunities, ensuring a robust foundation for sustainable returns.

OUTLOOK

Looking ahead, with the stabilisation of domestic economic growth and the implementation of a series of government policies aimed at addressing economic downturn and expanding domestic demand, the domestic consumer market is experiencing continuous optimisation of its industrial ecosystem. According to the "Guiding Opinions on Financial Support for the High-Quality Development of the Sports Industry" jointly issued by the People's Bank of China, the General Administration of Sport of China, the National Financial Regulatory Administration, and the China

Securities Regulatory Commission, 16 specific measures have been proposed, injecting strong impetus into China's sports industry and ushering in the full release of policy benefits. China Dongxiang Group will maintain synergistic development with the overall sports and leisure industry, immersing its own advantages in segmented scenarios of sports consumption, continuously expanding its exploration capabilities, accelerating technological innovation and product iteration, and deepening the virtuous cycle with the industry chain.

In terms of brand marketing, the Group will continue to enhance the interactive experience between the brand and consumers through diversified content marketing as well as online and offline activities, increasing brand exposure or generate buzz, hence further enhancing brand recognition, creating deeper brand composite value, and consolidating the core competitiveness of the brand.

In terms of investment operations, the Group will continue to adjust and improve its investment asset structure, strengthen close cooperation with investment project managers, prudently advance new project investments, assess the situation, and divest invested projects timely and reasonably, thereby bringing stable and long-term returns to shareholders.

ADDITIONAL DISCLOSURES

Principal risks and uncertainties facing by the Group

The following section lists out the principal risks and uncertainties faced by the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below. The Group will further improve its risk management, closely monitor the following risks and seek to adopt responsive measures. This annual report does not constitute a recommendation or an advice for anyone to invest in the securities of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the securities of the Company.

(i) Risks relating to macro-economic fluctuations

The Group principally operates its business in Mainland China, and macro-economic fluctuation may have material impacts, in the medium to long term, on economic policies, spending environment and spending power in China, adversely affecting the revenue and profitability of the Group in the future.

(ii) Risks relating changes in industry

Sportswear industry in China is competitive, consumers are increasingly concerned with their requirements for sportswear products in terms of brand reputation, fashionableness, technological functions and market segment advantages, posing more perplexing challenges to sportswear brands. Competitive differentiation will be the key for the Group to sustain growth in sportswear industry.

(iii) Risks relating to business operation

Management of internal and external business operation of the Group may be subject to a series of risks, such as increase in product cost and raw material cost, rise in labour cost, increase in cost of establishing sales channel, insufficiency of internal management procedure, non-compliance of key staff members and default by suppliers and distributors. In spite of measures formulated by the Group for managing such risks, unforeseen circumstances may adversely affect the operating results of the Group.

(iv) Risks relating to investments

The Group's another principal business is investment activities which involve risks and returns. During the investment period, the Group may be subject to a number of risks, such as price fluctuation in stock markets, unfavourable changes in regulatory policies on investee sectors, operational failure of investee projects, default by partners or exchange rate fluctuation. The Group will emphasise on risk aversion by strictly following established procedures and policies on investment decision and post-investment management, however there is no assurance that such risks will not materialise.

Environmental policies and performance

As a well-known sportswear brand in China, the Group is acutely aware of the importance of the environmental, social and governance (ESG) matters for the future development of the Group. We recognize that sustainable development of our business requires our continued progress in terms of the economy, environment, and social responsibility. To further enhance our commitment in adherence to the environmental and social responsibilities, we have set up an environmental, social and governance committee to oversee the implementation of our policies in this regard.

For a long time, the Group is committed to becoming the champion multi-brand sportswear company in the PRC. While we develop our operation and business, management standard and work performance on environmental and social issues will be tirelessly raised so as to achieve sustainable development for the Group. For details of the Group's environmental policies and performance, please refer to the Environmental, Social and Governance Report to be published on the Stock Exchange's website and the Company's website.

Legal Compliance

Based on the best knowledge of Directors and management, we are not aware of any material non-compliance of laws and regulations which will have an adverse effect on the business of the Group.

The Group's key relationships with its employees, customers and suppliers

(i) Employees

Human resources represent important strategic resources for modern enterprises that play a vital part in the improvement of management efficiency and the enhancement of productivity. As China Dongxiang Group drives forward in the fast lane of business development, great importance has been attached to the development of the human resource management system and the cultivation of high-calibre personnel. As at 31 March 2025, the Group had 338 employees (31 March 2024: 350 employees).

(ii) Customers

The Group always attaches importance to product quality and strictly controls every part of the production and distribution process to ensure meeting consumers' purchase intention and their satisfaction. The Group will provide after-sale services to the distributors and the consumers in accordance with the "Product Quality Law of the People's Republic of China", the "Law of the People's Republic of China on the Protection of Consumer Rights and Interests" and relevant rules of the Group. The Group has attached importance to protection of personal information of consumers by implementing strict requirement for confidentiality concerning personal information of consumers obtained in sales and complaints.

(iii) Suppliers

The Group insists on building an accountable supply chain and is seriously concerned with the environmental protection and management standards of its suppliers. The Group implements a strict supplier recruitment and evaluation system. A supplier which meets the recruitment conditions must have experience in manufacturing first-tier branded products both domestically and abroad and be subject to the Group's site visits and comprehensive scoring system before it can be qualified and included in our supplier list. During the year under review, the Group considered the relationship with its suppliers was well and close.

FINANCIAL REVIEW

The Group reported sales of RMB1,680 million for the twelve months ended 31 March 2025 (the "Reporting Period"), which decreased by 3.7% to RMB1,744 million for the twelve months ended 31 March 2024 (the "Comparative Period"). For the Reporting Period, an operating profit of RMB51 million was reported for the China sporting goods segment, while an operating profit of RMB193 million was incurred for the investment segment. Profit attributable to owners of the Company for the Reporting Period amounted to RMB207 million (Comparative Period: loss attributable to owners of the Company of RMB639 million).

Sales Analysis

During the financial period, the Group's overall sales decreased by 3.7% as compared to the Comparative Period with Kappa sales registering a 4.4% decrease as compared to the Comparative Period.

Sales analysed by business and product categories

	For the twelve months ended 31 March						
	2025			2024			
	RMB million	**% of product/ brand mix**	**% of the Group's sales**	RMB million	% of product/ brand mix	% of the Group's sales	**Change**
Kappa brand							
Apparel	**1,202**	**76.8%**	**71.5%**	1,305	79.7%	74.8%	−7.9%
Footwear	**206**	**13.2%**	**12.3%**	239	14.6%	13.7%	−13.8%
Accessories	**158**	**10.0%**	**9.4%**	94	5.7%	5.4%	68.1%
Kappa brand in total	**1,566**	**100.0%**	**93.2%**	1,638	100.0%	93.9%	−4.4%
Other businesses	**114**		**6.8%**	106		6.1%	7.5%
Total	**1,680**		**100.0%**	1,744		100.0%	−3.7%

Total sales of the Kappa brand business, the core business of the Group, for the Reporting Period decreased by RMB72 million to RMB1,566 million as compared to RMB1,638 million for the Comparative Period.

During the Reporting Period, the Group continued to consolidate the business models of "brand + product" and "brand + direct operation" in a bid to further enhance our brand value and create our solid brand influence by blending our brand culture in our continuously refined and upgraded products on the one hand and continue to optimise and improve the new operation model in control and management, optimise the networking of direct operation, enhance store efficiency and optimise the e-commerce operations on the other, so that demands from end customers are better accommodated and satisfied. Meanwhile, the Group has also continued to conduct adjustments and optimisation of its directly operated stores, resulting in 1,005 Kappa stores in total.

Sales of Kappa brand analysed by sales channels

	For the twelve months ended 31 March				
	2025		2024		
	Sales RMB million	**% of sales of Kappa brand**	Sales RMB million	% of sales of Kappa brand	**Change**
Non directly-operated	**572**	**36.5%**	685	41.8%	−16.5%
Directly-operated	**994**	**63.5%**	953	58.2%	4.3%
Kappa brand in total	**1,566**	**100.0%**	1,638	100.0%	−4.4%

Sales of Kappa brand via non directly-operated channel decreased by RMB113 million to RMB572 million for the Reporting Period from RMB685 million for the Comparative Period, representing 36.5% of the total sales of the Group's Kappa brand business (Comparative Period: 41.8%).

As at 31 March 2025, the number of directly-operated retail stores under Kappa brand operated by our subsidiaries reached 564. Sales via directly-operated channel increased by RMB41 million to RMB994 million for the Reporting Period from RMB953 million for the Comparative Period, representing 63.5% of the total sales of the Group's Kappa brand business (Comparative Period: 58.2%).

Cost of Sales and Gross Profit

Cost of sales of the Group decreased by RMB24 million to RMB528 million for the Reporting Period (Comparative Period: RMB552 million).

The gross profit of the Group decreased by RMB40 million to RMB1,152 million (Comparative Period: RMB1,192 million). The Group's gross profit margin for the Reporting Period increased slightly by 0.3 percentage point to 68.6% from 68.3% for the Comparative Period.

The gross profit margin analysed by business and product categories are detailed as follows:

	For the twelve months ended 31 March		
	2025 Gross profit margin	2024 Gross profit margin	**Change in % pts**
Kappa brand			
Apparel	**69.6%**	71.0%	−1.4
Footwear	**60.5%**	59.3%	1.2
Accessories	**73.9%**	73.2%	0.7
Kappa brand in total	**68.9%**	69.4%	−0.5
Other businesses	**64.5%**	52.6%	11.9
Overall	**68.6%**	68.3%	0.3

Gross profit margin of Kappa brand business for the Reporting Period and the Comparative Period was 68.9% and 69.4% respectively, slightly decreasing by 0.5 percentage point for comparing both periods.

Other income and gains/(losses) — net

The net income amount of other income and gains/(losses) for the Reporting Period was RMB323 million (Comparative Period: net loss amount of other income and gains/(losses) of RMB659 million), which included the net amount of investment gain of RMB271 million contributed by the investment segment and franchise fee income of RMB41 million.

Investment segment

Net investment gain from investment segment of the Group for the Reporting Period was RMB271 million (Comparative Period: investment losses of RMB724 million), comprising mainly dividend income from investment of RMB17 million, gain from fair value change of financial assets of RMB121 million, interest income from term deposits with initial term over three months of RMB78 million and interest income from loan receivables of RMB42 million.

As per the Group's investment categories, investment gains and losses from the investment segment are detailed as follows:

Investments	For the twelve months ended 31 March **2025 Gains/(losses) from investment segment RMB million**	2024 (Losses)/gains from investment segment RMB million
Equity	**135**	(356)
Private-equity funds	**(27)**	(182)
Equity funds	**21**	(63)
Single equity investments	**(4)**	(216)
Debts, bonds, debt funds	**57**	37
Others	**89**	56
Total	**271**	(724)

Distribution Expenses and Administrative Expenses

Distribution expenses and administrative expenses mainly comprised employee salary and benefit expenses, advertising and marketing expenses, logistic and warehouse operation fees and product design and development expenses. Total distribution expenses and administrative expenses for the Reporting Period was RMB1,184 million (Comparative Period: RMB1,196 million), constituting 70.5% of the Group's total revenue and 1.9 percentage point higher than that for the Comparative Period. The Group continued to further optimise various resource allocations and improve its cost structure, in a bid to enhance production efficiency subject to reasonable cost control. The Group has strictly controlled various expenditures through effective management measures.

During the Reporting Period, the Group optimised and adjusted the internal organisational structure to further enhance the motivation of all staff members. Employee salary and benefit expenses decreased by RMB35 million, year-on-year, to RMB92 million for the Reporting Period (Comparative Period: RM127 million).

Advertising and marketing expenses of the Group increased by RMB20 million to RMB406 million for the Reporting Period from RMB386 million for the Comparative Period, which was principally due to the increase in sales and service fees in line with the increase in revenue from accessories e-commerce and the adjustment in the efforts to commence marketing activities during the period.

Commission expenses for the Reporting Period amounted to RMB235 million (Comparative Period: RMB245 million), a decrease of RMB10 million versus the Comparative Period, which was mainly due to the decrease in consignment sales income during the period.

Outsourcing labour costs for the Reporting Period amounted to RMB161 million (Comparative Period: RMB155 million), an increase of RMB6 million versus the Comparative Period.

Logistic and warehouse operation fees for the Reporting Period amounted to RMB32 million (Comparative Period: RMB34 million), a decrease of RMB2 million versus the Comparative Period, which was due to the optimisation of the storage structure and the improvement of storage operation efficiency during the period.

For the Reporting Period, the Group continued to adopt a more cautious but effective approach in investment in product R&D, as our product design and development expenses were RMB41 million (Comparative Period: RMB41 million), which remained stable versus the Comparative Period.

Operating Profit

For the Reporting Period, operating profit of the Group was RMB244 million (Comparative Period: operating loss of RMB778 million). The operating profit margin was 14.5% for the Reporting Period (Comparative Period: operating loss margin of 44.6%). In particular, operating profit of China sporting goods segment was RMB51 million (Comparative Period: operating profit of RMB106 million).

Finance Income — Net

For the Reporting Period, net finance income of the Group amounted to RMB10 million (Comparative Period: net finance income of RMB19 million), which mainly consisted of interest income from bank deposit of RMB19 million (Comparative Period: RMB25 million); interest expense of lease liabilities of RMB2 million (Comparative Period: RMB2 million) during the Reporting Period. Exchange loss for the Reporting Period amounted to RMB7 million (Comparative Period: exchange loss of RMB3 million).

Taxation

For the Reporting Period, the Group incurred operating profit before income tax amounting to RMB248 million, resulting in income tax expenses amounting to RMB41 million (Comparative Period: income tax credit of RMB120 million). The effective tax rate was 16.5% (Comparative Period: 15.8%).

Profit and Net Profit Margin Attributable to Owners of the Company

Profit attributable to owners of the Company for the Reporting Period was RMB207 million (Comparative Period: loss attributable to owners of the Company of RMB639 million). Profit margin attributable to owners of the Company was 12.3% (Comparative Period: loss margin attributable to owners of 36.6%).

Earnings Per Share

The basic and diluted earnings per share for profit attributable to owners of the Company were both RMB3.53 cents for the Reporting Period (Basic and diluted losses per share for the Comparative Period of RMB10.90 cents).

The basic earnings per share are calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares of the Company in issue less shares held under restricted share award scheme of the Company during the period. As at 31 March 2025, the total number of ordinary shares of the Company was 5,887,561,025 shares.

Final Dividend and Final Special Dividend

The Company has paid an interim dividend of RMB0.70 cents and an interim special dividend of RMB0.70 cents per ordinary share, totalling RMB82,426,000, for the six months ended 30 September 2024.

The Board of the Company has recommended the distribution of a final dividend of RMB0.35 cents and a final special dividend of RMB0.71 cents per ordinary share, totalling RMB1.06 cents per ordinary share in total, for the twelve months ended 31 March 2025.

The final dividend and final special dividend subject to approval by the shareholders of the Company at the annual general meeting to be held on 20 August 2025, will be paid in Hong Kong Dollars based on the rate of HKD1.00 = RMB0.91283 being the official exchange rate of Hong Kong dollars against Renminbi as quoted by the People's Bank of China on 24 June 2025. The dividend will be paid on or about 11 September 2025 to shareholders whose names appear on the register of members of the Company on 1 September 2025.

Closure of Register of Members for the Entitlement of Final Dividend and Final Special Dividend

The register of members of the Company will be closed from 28 August 2025 to 1 September 2025 (both days inclusive), for the purpose of determining shareholders' entitlements to the 2024/2025 final dividend and final special dividend. In order to qualify for the 2024/2025 final dividend and final special dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 27 August 2025.

Annual General Meeting ("AGM")

The AGM of the Company will be held on 20 August 2025. Notice of the AGM will be issued and disseminated to shareholders in due course.

To ascertain shareholders' eligibility to attend and vote at the AGM, the register of members will be closed from 15 August 2025 to 20 August 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify to attend and vote at the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 14 August 2025.

Issue of New Shares to Management Personnel

It is the intention and objective of the Company to incentivise and ensure the long term service of management personnel who are considered by the Company to be vital to the success and long term growth of the Group.

Accordingly, the Company implemented an incentive scheme whereby the Company issued and allotted shares of the Company to its management personnel and provided financial assistance to them for acquisition of such shares of the Company. The Company (i) entered into subscription agreements with 11 management personnel, namely Mr. Zhang Zhiyong, Ms. Chen Chen, Mr. Ren Yi, Mr. Yang Yang, Mr. Lyu Guanghong, Ms. Tang Lijun, Ms. Sun Wei, Mr. Chen Shaowen, Mr. Song Li, Mr. Nan Peng and Mr. Wang Yalei, on 19 January 2018 (the "January Subscription"); and (ii) entered into a subscription agreement with another management personnel, namely Mr. Yang Gang, on 11 April 2018 (the "April Subscription"). Please refer to the announcements of the Company dated 9 October 2017, 19 January 2018, 11 April 2018, 27 April 2018 and 9 May 2018 and the circular of the Company dated 9 March 2018 for details.

Under the January Subscription, the Company issued 202,310,000 ordinary shares in total to the management personnel on 27 April 2018 under specific mandate at the subscription price of HK$1.35 per subscription share. The aggregate nominal value of the 202,310,000 ordinary shares issued was HK$2,023,100, and the net subscription price (after deduction of relevant expenses) was approximately HK$1.344 per subscription share. The subscription price of HK$1.35 per subscription share represented a discount of approximately 9.40% to the closing price of HK$1.49 per share as quoted on the Stock Exchange on the date of the subscription agreements. Apart from Ms. Chen Chen who settled the relevant subscription consideration using her own funds, the remaining 10 management personnel settled the relevant subscription consideration using the proceeds of five-year term loans provided by the Group.

Under the April Subscription, the Company issued 9,000,000 ordinary shares to Mr. Yang Gang on 27 April 2018 under general mandate at the subscription price of HK$1.29 per subscription share. The aggregate nominal value of the 9,000,000 ordinary shares issued was HK$90,000, and the net subscription price (after deduction of relevant expenses) was approximately HK$1.279 per subscription share. The subscription price of HK$1.29 per subscription share represented a discount of approximately 9.8% to the closing price of HK$1.43 per share as quoted on the Stock Exchange on the date of the subscription agreement. Mr. Yang Gang settled the subscription consideration using the proceeds of five-year term loan provided by the Group.

Under the January Subscription and April Subscription, connected subscription loan agreements and management subscription loan agreements were entered into between Bright Pacific Enterprises Limited, a wholly-owned subsidiaries of the Company, and each of the subscribers and management. On 29 June 2020, these loan agreements were assigned to Gaea Sports Limited ("GSL"), a wholly-owned subsidiary of the Company. Please refer to the section headed "Other financial assets at amortised cost" in note 23 to the consolidated financial statements for details of the subscription loans.

On 29 July 2022, GSL and each of (1) Mr. Zhang Zhiyong, Mr. Lyu Guanghong, Mr. Ren Yi and Ms. Sun Wei (as connected borrowers) and (2) Mr. Chen Shaowen, Mr. Song Li, Mr. Nan Peng, Mr. Wang Yalei and Mr. Yang Gang (as management borrowers) entered into amendment letters in relation to the connected subscription loan agreements and the management subscription loan agreements, pursuant to which GSL has agreed that (i) the respective subscription loan shall be extended for a further term of 5 years from the original repayment date; (ii) the principal amount of the respective subscription loan shall be an amount equal to the reduced outstanding amount as at the date of the respective amendment letter; (iii) the rate of interest of the respective subscription loan shall be adjusted to a fixed rate of 1% per annum; (iv) to the extent that the borrower was appointed as an executive director and chief executive of the Company, it will constitute an event of default if such borrower ceases to be an executive director, the chief executive officer and/or hold any key positions (as determined by the Company) of the Company; and; (v) all dividends to be received in respect of the shares owned by the relevant borrowers that are charged as security to the relevant subscription loan will be used to settle the interest payments and/or to partially repay the principal amount of the relevant subscription loan.

On 29 July 2022, all of the amendment letters took effect except for the amendment letter in respect of Mr. Zhang Zhiyong. On 28 September 2022, the amendment letter in respect of Mr. Zhang Zhiyong took effect after the independent shareholders' approval was obtained at the extraordinary general meeting as required under Chapter 14A of the Listing Rules. Please refer to the announcement of the Company dated 29 July 2022, the circular of the Company dated 9 September 2022 and the announcement of the Company dated 28 September 2022 for further details.

Restricted Share Award Scheme

The restricted share award scheme adopted by the Company had a term of 10 years from the date of its adoption (10 December 2010). On 8 December 2020, the Board resolved to extend the term of the restricted share award scheme for another 10 years and the restricted share award scheme will end on 10 December 2030, the scheme shall remain valid and in effect. Save as the aforesaid, all other material terms of the restricted share award scheme remain unchanged and valid.

Details of the Company's restricted share award scheme can be found in the "Report of the Directors — Restricted share award scheme" section set out on pages 66 to 68 of this annual report.

Share Option Scheme

The Company adopted a share option scheme ("Share Option Scheme") on 8 August 2019 ("Adoption Date") in order to provide an incentive for the qualified participants to work with commitment towards enhancing the value of the Company and its shares for the benefit of its shareholders and to recruit and retain high-calibre employees and attract human resources whose contributions are or may be beneficial to the growth and development of the Group

Details of the Company's Share Option Scheme can be found in the "Report of the Directors — Share Option Scheme" section set out on pages 68 to 72 of this annual report.

FINANCIAL POSITION

Working capital efficiency ratios

Average trade receivable turnover days for the Reporting Period and the Comparative Period were 28 days and 31 days, respectively. Average trade payable turnover days for the Reporting Period and the Comparative Period were 93 days and 94 days, respectively. Average inventory turnover days for the Reporting Period and the Comparative Period were 212 days and 206 days, respectively.

Liquidity and financial resources

As at 31 March 2025, cash and bank balances of the Group amounted to RMB3,409 million, an increase of RMB374 million as compared to a balance of RMB3,035 million as at 31 March 2024, which was mainly due to the net effect of the followings:

1) Net cash inflow from operating activities of approximately RMB142 million;

2) Payment of dividends during the Reporting Period for an amount of equivalent to approximately RMB112 million;

3) Cash outflows for investment in financial assets of approximately RMB2,964 million, cash inflow from partial disposal of financial assets and investment income of approximately RMB3,247 million, and cash inflow from interest income from loans to external parties of RMB32 million;

4) Other aggregate cash inflow amount of RMB29 million.

As at 31 March 2025, net asset value attributable to owners of the Company was RMB9,208 million (31 March 2024: RMB9,075 million). The Group's current assets exceeded current liabilities by RMB4,594 million (31 March 2024: RMB3,990 million). The Group also had a very strong liquidity position. The current ratio as of 31 March 2025 was 7.9 times (31 March 2024: 9.0 times).

Investments in financial assets

As at 31 March 2025, the Group's current and non-current portions of financial assets at fair value through profit or loss amounted to RMB4,581 million in aggregate, which included the followings:

Listed securities:

Name	**Fair value as at 31 March 2025 RMB million**	Fair value as at 31 March 2024 RMB million
Alibaba	**342**	396
Other listed securities	**159**	274
Total	**501**	670

Other unlisted investments:

Investments	**Fair value as at 31 March 2025 RMB million**	Fair value as at 31 March 2024 RMB million
CPE Yuanfeng Fund RMB III	**345**	400
Jiashi Investment Preferred Cornerstone	**295**	326
Panfeng Value Private Securities Investment Fund Phase C	**189**	—
CPE Yuanfeng New Fund RMB	**184**	158
Yunfeng Fund RMB IV	**148**	167
GOF I	**133**	149
Jiashi Investment Preferred II	**127**	159
GOF II	**126**	93
CPE Greater China Enterprises Growth Fund	**115**	—
Yunfeng Fund USD III	**105**	110
Yunfeng Fund USD IV	**84**	57
Boyu USD Fund	**73**	101
TH Capital Fund I	**73**	37
Yunfeng Fund RMB III	**71**	78
Others	**2,012**	2,222
Total	**4,080**	4,057

As of 31 March 2025, the Group's investments amounted to approximately RMB8.0 billion, which comprised of investments in private equity funds, cash and cash equivalents and securities of listed companies. The Company's investment segment recorded a net investment gain of RMB271 million for the year ended 31 March 2025, representing a turnaround from loss in the previous year. As the financial markets recovered during the financial year, the management adjusted the portfolio allocation in a timely manner, stabilised the investments, and actively accelerated fund exits, thereby achieving a healthy growth in value amidst the volatile market environment. Since the commencement of the investment business and up to the end of the period, the investment business has contributed approximately RMB7.5 billion in value appreciation.

I. Investment Policy and Objectives

The Group's investment policy is to adhere to a prudent investment strategy and, through diversified investment activities, maximize shareholders' value while ensuring capital security and risk control.

The Group makes investment decisions on a case-by-case basis after considering a number of factors, including but not limited to cash flow levels, operational needs and capital expenditures, the macroeconomic environment, the international political landscape, and the expected profit or potential loss of the investment.

The Group has built a diversified investment portfolio, covering asset classes such as private equity funds, equity funds, bonds, debt and term deposits. In particular, short-term investments focus on bonds, securities, money market funds, and low-risk fixed-income products, with a typical holding period of six months to three years and a maximum lock-up period of one year, aiming to achieve stable liquidity and returns. Long-term investments are primarily private equity funds, with a typical duration of seven to ten years, focusing on strategic layout and value growth.

Investments are primarily financed by internal resources accumulated from the Group's past capital gains and distributions. The Group internally manages investment business and the China sporting goods business separately to ensure that investment activities do not affect core business operations and there are sufficient cash reserves to cope with risks.

In terms of portfolio management, the Group strictly adheres to the "Investment Business Management System of China Dongxiang" and has established a full-process risk control system. During the due diligence phase, screening is conducted to prohibit investment in industries that violate national policy guidance, regulatory requirements, and explicit prohibitions, as well as high-leverage and high-risk projects. In the project review phase, sustainable development is incorporated into the core assessment criteria, prioritizing environmentally friendly projects under equivalent return and risk conditions. During the project assessment and analysis process, it is explicitly required that investment expenditures shall not hinder the operation and capital expenditure of the China sporting goods business, and the promotion of development of the China sporting goods business shall be an important basis for project screening, so as to achieve coordinated development of investment business and the China sporting goods business.

Each investment of the Group is overseen by the Group's Investment Decision Committee. The Investment Decision Committee is composed of three executive Directors of the Company. Therefore, during the investment project screening process, the Investment Decision Committee will also explicitly require that investment activities do not hinder the operation of the principal business and capital expenditures.

The Group also regularly consults its fund managers, which are licensed corporations under the Securities and Futures Ordinance, and are selected based on the Group's comprehensive assessment of (i) the fund managers' assets under management; (ii) the experience and track record of the management team; (iii) the historical performance of the funds managed; and (iv) the investment direction of the funds and fund managers, to ensure that the selected fund managers meet the Group's standards for professionalism, compliance, and performance.

Since the 2023/24 financial year, the Group's management has fully assessed the current economic environment and international landscape, gradually reducing equity investments and urging the accelerated liquidation of relevant funds, while increasing the Group's investment allocation to highly liquid and safe assets (such as cash and cash equivalents and low-risk fixed-income products). This strategy aims to strengthen the Group's investment portfolio and its ability to withstand risks, while achieving capital preservation and capital appreciation for the Group and its shareholders.

II. Approval and Supervision Mechanism

The Group's approval of potential investment activities involves three main steps:

1. Preliminary Preparation — Investment project information is screened to preliminarily assess the compliance with the Group's investment criteria. After initial review, the Investment and Capital Management Department prepares a proposal for consideration by the Investment Decision Committee.

2. Formal Investigation — Business due diligence is conducted to understand the investment project's business processes, asset allocation, return prospects, historical returns and policy support; financial due diligence is conducted to review the financial statements and analyze the financial position; legal due diligence is conducted to assess the investment project's legal status, compliance, contractual agreement and litigation matters; and field inspection is conducted, involving interviews with the personnel of the investment project.

3. Assessment and Analysis — Potential investment risks are identified and their impact on investment value and returns are analyzed. The due diligence report is prepared summarizing the findings from formal investigation and the Investment Decision Committee reviews the due diligence report to assess and make the final investment decision. If necessary, it shall be submitted to the Board or the general meeting for further approval to ensure compliance with the requirements of the Listing Rules.

The internal investment business management bodies of the Group include: the Board, the Investment Decision Committee, the Investment and Capital Management Department, and the Legal Department.

The Investment Decision Committee is the decision-making body for the Group's investment business. It consists of three members who are all appointed by the Board. The chairman of the Group is a natural member of the Investment Decision Committee and serves as its chairman. Currently, the members of the Investment Decision Committee include the three executive Directors of the Company, namely Mr. Chen Yihong, Ms. Chen Chen and Mr. Lyu Guanghong. The Investment Decision Committee will regularly hear reports from the Investment and Capital Management Department regarding investment projects, and based on thorough inquiry and discussion, approve whether to implement investment projects, and provide reasonable improvement suggestions for the proposed investment projects.

III. Risk Management and Internal Control

The Group attaches great importance to risk control of investment projects and has established a full-process, multi-dimensional risk assessment and management system. Specific measures are as follows:

1. *Risk assessment system for investment projects*
   - Admission Review: Due diligence is conducted prior to investment to analyze the background, financial and operational capabilities of investment projects, and assess their debt repayment, profitability, and cash flow status, thereby controlling risks at the source.
   - Credit Rating: A comprehensive score is given to counterparties' credit records and bank creditworthiness by combining external ratings and internal models to determine credit grades.
   - Dynamic Tracking: Financial data is collected regularly in the course of cooperation to monitor media sentiment and adjust risk levels based on changes in the counterparties' operations.

2. *Risk management measures regarding investment counterparties*
   - Tiered Management and Control: Based on the risk level, the scale is restricted and guarantee is increased for high-risk counterparties; and process is simplified for low-risk counterparties.
   - Contractual Obligations: The contract clearly defines breach of contract, risk sharing, and termination clauses to protect the rights and interests of both parties.
   - Diversified Investment: It avoids over-reliance on a single investment counterparty, and reduces the impact of individual counterparty risk on the Group's investment portfolio by diversifying investments and cooperating with multiple counterparties.

3. *Regular risk assessment and stress testing*
   - Periodic Risk Assessment: A multi-level periodic risk assessment mechanism (quarterly, semi-annual, and annual) is established. A brief risk review of investment counterparties is conducted quarterly, focusing on changes in key indicators; a comprehensive risk assessment is carried out semi-annually to re-examine the financial, operational, and credit status of counterparties; and an in-depth risk analysis is performed annually, combining factors such as industry trends and the macroeconomic environment to optimize and adjust the risk assessment model, ensuring the accuracy and timeliness of assessment results.
   - For stress testing of investment counterparties, extreme market environments and significant adverse events are simulated from time to time to assess the counterparties' risk resistance capabilities and the Group's potential investment losses, providing data support for formulating risk response plans and continuously optimizing the risk control system.

The Group has established a systematic and comprehensive internal control and risk management system for post-investment management and investment exit, with specific measures as follows:

1. Dynamic Financial Monitoring: The Investment and Capital Management Department regularly reviews the financial statements, audit reports, and investment reports of the investees at least semi-annually, conducting a comprehensive assessment from dimensions such as financial condition, risk tolerance and sustainability to timely identify potential financial risks.

2. Real-time Public Opinion Tracking: Dynamic tracking of news and information related to investees is conducted through multi-channel media monitoring networks, combined with necessary direct communication.

3. Efficient Information Exchange: A regular and open communication mechanism with investees is established to ensure real-time synchronization of key information such as project business progress and major decisions. Through regular meetings and ad-hoc exchanges, information transmission is kept timely and accurate.

4. Collateral Verification: For secured investment projects, the implementation of collateral agreements is verified regularly to ensure that the status and value of the secured assets meet the agreed standards. Once an anomaly is detected, the adjustment procedure is immediately initiated.

5. Post-investment In-depth Analysis: After a project matures, a comprehensive assessment is conducted to form a case summary, providing an important reference for the screening, decision-making, and management optimization of subsequent investment projects.

6. Exit Strategy: When an investment project triggers a risk warning or reaches the exit conditions, alternative solution assessments should be promptly initiated. Considering factors such as the industry environment and market conditions, exit paths such as mergers and acquisitions, transfer of shares, liquidation and disposal, and legal proceedings are flexibly chosen to maximize investment returns and asset safety.

At the same time, the Group has established a professional internal audit team to build a normalized and dynamic supervision system for investment activities. The internal audit team conducts comprehensive inspections on an annual basis and carries out irregular follow-up visits based on project progress to ensure full coverage of the investment process supervision.

During the annual regular inspection, the internal audit department strictly reviews the complete set of documents for newly added investment projects in that year, covering core materials such as investment proposals and investment agreements. It meticulously reviews whether the investment decision-making processes are compliant, with a focus on identifying issues such as omissions of key matters or insufficient explanations during the decision-making process. Meanwhile, it continues to follow up on key aspects such as the post-investment execution progress and the implementation of exit plans for invested projects, and identifies potential risks and proposes optimization suggestions through dynamic tracking.

The internal audit team strictly adheres to the reporting mechanism, regularly providing special reports to the Audit Committee of the Board on inspection results, risk assessments and improvement plans. This provides strong support for optimizing the company's investment decisions and risk prevention and control, effectively ensuring the compliance and orderly conduct of investment activities, and safeguarding the Group's asset safety and investment returns.

Loan Receivables

In respect of the loan receivables due from the borrowers, in order to balance investment risks, the Group granted loans to independent third parties (being parties which are not connected with the Group or its connected persons) and related parties (associates and joint ventures of the Group) as a means to utilise idle cash which is not required for the Group's business operations and expansion, based on reasons such as the loan receivables being secured by collateral and the investment period being controllable. The borrowers which are independent third parties are typically companies which became acquainted with the Group through the Group's investment segment. Additionally, it is the intention and objective of the Group to incentivise and ensure the long-term service of management personnel who are considered by the Group to be vital to the success and long-term growth of the Group. Therefore, loans (the "Lending Arrangement") were granted to certain management personnel, each of them being a borrower (together, the "Borrowers"). The Group does not require any licences or approvals under applicable laws and regulations to carry out the Lending Arrangement.

As at 31 March 2025, the Group had loan receivables of an aggregated carrying amount of RMB907 million (31 March 2024: RMB901 million), including loans of an aggregated carrying amount of RMB582 million (31 March 2024: RMB575 million) to the independent third parties, loans of an aggregated carrying amount of RMB9 million (31 March 2024: RMB12 million) to the related parties and loan receivables of an aggregated carrying amount of RMB316 million (31 March 2024: RMB313 million) to the management personnel.

As at 31 March 2025, the amount of each loan receivable from the Borrower from the independent third parties varied from RMB4 million to RMB326 million, which bear interests at fixed interest rates in the range of 0% to 12% per annum. The maturity period of each loan receivable from the Borrower varied with the range from 10 to 36 months. All these loan receivables were secured by the pledges of certain assets of the Borrowers.

The total number of Borrowers under the Lending Arrangement was sixteen as at 31 March 2025. The aggregated carrying amount of loan receivables due from the largest Borrower was RMB326 million, whereas the aggregated carrying amount of loan receivables due from the five largest Borrowers was RMB594 million, representing approximately 36.0% and 65.5% of the aggregated carrying amount of loan receivables of the Company as at 31 March 2025, respectively.

The amount of provision for impairment in respect of the loan receivables of the Group as at 31 March 2025 was approximately RMB176 million, as compared to approximately RMB138 million as at 31 March 2024. Provision for impairment increased by RMB38 million during the Reporting Period. Such increase was mainly due to the decrease in fair value of certain loan collaterals during the current period. As affected by the market and economic environment, the collaterals of certain Borrowers have depreciated. The Group has engaged an external valuer to assist in determining the expected credit loss ("ECL") of these receivables based on the three-stage impairment model set out in IFRS 9 "Financial Instruments". As appraised by an independent valuer, the value of the existing collaterals was insufficient to fully cover the total outstanding amount of relevant loans. Therefore, the impairment provision for the relevant loans as at 31 March 2025 was increased.

The Group determined the provision for impairment of loan receivables based on the "three-stage" impairment model as set out in IFRS 9 "Financial Instruments" by referring to the changes in credit quality since initial recognition and the Group measured credit risk using probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD"). The key judgments and assumptions mainly included determination of significant increase in credit risk, definition of default and credit impaired assets, projecting the PD, LGD and EAD and forward-looking information incorporated in the ECL models.

The Group will actively communicate with the Borrowers, including but not limited to demanding the Borrowers to increase collaterals and realising collaterals to recover the loans. The Company has gradually scaled down its loan receivables business and is actively settling the existing loan receivables from the Borrowers. The Group will also continuously monitor the fluctuations in collateral value and credit status of the Borrowers.

In order to ensure the recoverability of the loans granted and the adequacy of collaterals under the Lending Arrangement, the Group has adopted and followed a series of strict credit assessment policies and procedures to regulate the operation of the Lending Arrangement. Internal manuals which set out, among others, (i) documents and information required for each loan application; (ii) the general framework of the Group's credit assessment process including but not limited to the factors to be considered such as a potential borrower's background, financial and repayment abilities, credit worthiness and intended use of the loan; and (iii) the approval process for each type of loan application, have been distributed to and reviewed by relevant personnel. On the basis that the operation of the Group's principal business would not be affected and that sufficient idle cash has been set aside, loans applications would be reviewed and approved, on a case-by-case basis, by the majority of the investment decision committee of the Group (the "Committee"), the members of which comprise three Directors. The applicable percentage ratios in respect of each loan application would be computed to ensure compliance with the Listing Rules. The Committee would conduct a thorough assessment of a potential borrower's eligibility by conducting background searches to obtain information regarding a potential borrower's background, financial and repayment abilities (including but not limited to reviewing financial statements of companies and income proof of individuals), credit worthiness, asset proof (if securities or collaterals are involved) and the intended use of the loan. Upon the entering into of a loan agreement under the Lending Arrangement, the Group would regularly collect and review information regarding the Borrowers' financial positions through conducting background searches and engaging an independent valuer to review the value of any collateral to evaluate whether there are any risks of default. In the event risks of default are identified, the Company would consider exercising its rights in accordance with the terms of the relevant loan agreements, including but not limited to demanding for the repayment of the principal amount and interest accrued, realising of security interests, and demanding for additional collaterals (where applicable).

The Group will continue to monitor the Borrowers' ability for repayment and the value of the collaterals in accordance with its internal control policy and procedures to ensure recovery of the relevant loans.

Further details of the loan receivables are set out in Note 20 of the consolidated financial statements.

Pledge of assets

As at 31 March 2025, the Group had no pledged assets (31 March 2024: Nil).

Capital commitments

In September 2020, the Group entered into a limited partnership agreement with Xiamen Yuanfeng Investment LLP., with a total committed investment amount of RMB200 million. As at 31 March 2025, the Group had paid a capital contribution of RMB150 million with a remaining balance of RMB50 million as capital commitments.

In January 2021, the Group entered into a limited partnership agreement with CPE Global Opportunities Fund II, with a total committed investment amount of US$30 million. As at 31 March 2025, the Group had paid a capital contribution of US$16 million with a remaining balance of US$14 million (equivalent to approximately RMB100 million) as capital commitments.

In February 2021, the Group entered into a limited partnership agreement with Yunfeng Fund IV (雲鋒基金IV), with a total committed investment amount of US$20 million. As at 31 March 2025, the Group paid a capital contribution of US$13 million with a remaining balance of US$7 million (equivalent to approximately RMB51 million) as capital commitments.

In July 2023, the Group entered into a limited partnership agreement with EnvisionX Partners Fund, L.P., with a total committed investment amount of US$6 million. As at 31 March 2025, the Group had paid a capital contribution of US$4 million with a remaining balance of US$2 million (equivalent to approximately RMB14 million) as capital commitments.

In November 2023, the Group entered into a limited partnership agreement with CPE Global Select Fund, L.P., with a total committed investment amount of US$10 million. As at 31 March 2025, the Group had paid a capital contribution of US$2 million with a remaining balance of US$8 million (equivalent to approximately RMB54 million) as capital commitments.

Foreign Exchange Risk

The Group mainly operates in the PRC with most of the transactions denominated and settled in RMB. However, the Group has cash and bank deposits as well as other financial assets denominated in Hong Kong dollars ("HKD") and United States dollars ("USD") in the Company and its subsidiaries of which the functional currency are different from HKD and USD. The Group will closely monitor the exposure and will take specific measures when necessary to make sure the foreign exchange risk is manageable and within control.

Significant Investments and Acquisitions

No significant investments were held by the Group as at 31 March 2025 and no material acquisitions or disposals of the Group's subsidiaries, associates and joint ventures took place during the twelve months ended 31 March 2025.

INVESTOR RELATIONS REPORT

Investor relations management is an important task of the Company that requires long-term attention and systematic development. The Company's management and investor relations team have been committed to building strong two-way communication channels with investors. On one hand, we disclose the Company's financial performance and operations in a truthful, accurate, fair and timely manner to facilitate investors' understanding of the Company; on the other hand, we promote the Company's integrity, self-discipline, and standardized operations, and continually improve the Company's operation, management and governance structure in order to maximise the corporate value and shareholders' interests.

We summarise our investor relations achievements for the past financial year 2024/2025 as below:

1. Results Release and Investor Summit:

The Company released the annual results for the financial year 2023/2024 and the interim results for the financial year 2024/2025 in June and November 2024 respectively, and announced the Company's latest performance, as well as the Company's future development direction and strategy in a prompt and timely manner after such release. Meanwhile, information relating to the results is also uploaded onto the Company's website for investors to view in a timely manner after the release of results. In addition, the management and investor relations team of the Company also participated in non-deal roadshows and investment summits organised and hosted by investment banks to increase contact and communication with global investors.

2. Ongoing Daily Communication:

In daily operation, the Company conducts ongoing communication with investors and analysts through multiple channels and levels of communication, which mainly include:

- ***Face-to-Face Meetings and Telephone Conferences:***

  In the financial year 2024/2025, face-to-face meetings and telephone conferences with investors and analysts were held proactively to announce the Company's operating performance in a timely manner.

- ***Investor Store Visits***

  In the financial year 2024/2025, store visits were arranged for investors and analysts in Beijing and other locations based on their needs.

- ***Company Website:***

  The Investor Relations section in our corporate website (http://www.dxsport.com) is updated in a continuous and timely manner to disseminate the Company's relevant information, so that investors can understand our latest development in time. Meanwhile, we have an investor relations e-mail box to receive inquiries and suggestions from investors, and we will respond them promptly.

- ***Investor and Media Enquiry Hotline:***

  The investor and media enquiry hotline is manned by the investor relations department, which ensures that the hotline is open during working hours to answer all questions and queries from shareholders, potential investors, analysts and the media in a timely manner.

3. AGM:

In accordance with the Listing Rules of the Hong Kong Stock Exchange, we regularly organise and convene annual general meetings, at which the Company's business strategies and investment plans are discussed equitably and transparently with shareholders to maintain and respect the legitimate rights and interests of all shareholders, especially the small and medium-sized shareholders.

4. Prospects:

Looking ahead, spearheaded by the Company's management, we will continue to implement proactive investor relations efforts, communicate well with shareholders, analysts, potential investors and the public, and disclose the Company's financial performance and operations in a truthful, accurate, fair and timely manner, as well as to further tap into capital market and establish a stable and reasonable shareholder structure in the long term.

Meanwhile, we welcome all shareholders, analysts, and potential investors to share with us their views and valuable suggestions about the Company via mail, e-mail, and telephone, in order for us to constantly improve our corporate operation and administration.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board is responsible and has general powers for the management and conduct of our business. The table below shows certain information in respect of members of our Board:

Name	Age	Position
Mr. Chen Yihong (陳義紅)	67	Chairman and Executive Director
Ms. Chen Chen (陳晨)	38	Chief Executive Officer, President, Co-Chairman and Executive Director
Mr. Lyu Guanghong (呂光宏)	46	Chief Financial Officer and Executive Director
Mr. Gao Yu (高煜)	51	Independent Non-Executive Director
Mr. Liu Xiaosong (劉曉松)	59	Independent Non-Executive Director
Ms. Tang Songlian (唐松蓮)	43	Independent Non-Executive Director

EXECUTIVE DIRECTORS

Mr. Chen Yihong (陳義紅), aged 67, is the founder, chairman and executive director of the Company. Mr. Chen is primarily responsible for the management of the board, company investment operations and corporate planning. Mr. Chen joined the Company in March 2007. Mr. Chen has extensive experience in the sporting goods industry in China. From 1991 to 2005, Mr. Chen was the vice-general manager, general manager and chief executive officer of Beijing Li Ning Sports Goods Co., Ltd. (北京李寧體育用品有限公司) and the executive director of Li Ning Company Limited, a company listed on Hong Kong Stock Exchange. Mr. Chen had completed an executive Master's in business administration degree from Guanghua School of Management of Peking University (北京大學光華管理學院) in 2002. Mr. Chen had completed "China CEO Program" of Cheung Kong Graduate School of Business (長江商學院) in 2009.

Ms. Chen Chen (陳晨), aged 38, is the chief executive officer, president, co-chairman and executive director of the Company. Ms. Chen joined the Company in 2012. Ms. Chen is primarily responsible for overseeing the marketing and design of Kappa products of the Company. Ms. Chen served as product planning representative in the apparel planning team of the Company from 2012 to 2013. Ms. Chen was promoted as the manager of the marketing department and the apparel design department and the vice president of the brand department in 2013. Prior to her appointment as the co-president of the Company since 9 February 2018, Ms. Chen has been appointed as the executive director and a member of the executive committee of the Company since 4 December 2014. Ms. Chen obtained her bachelor degree in Fashion Design Technology — Surface Textiles from University of the Arts — London College of Fashion, London, the United Kingdom in 2010.

Ms. Chen is the daughter of Mr. Chen Yihong (陳義紅), chairman of the Board and executive director of the Company.

Mr. Lyu Guanghong (呂光宏), aged 46, is the chief financial officer and executive director of the Company with effect from 17 April 2020. Mr. Lyu is principally responsible for preparing annual financial budget of the Group, organising and directing accounting audit, taxation planning and financial analysis, capital resources allocation of the Group, operation of investment projects and wealth management projects of the Group, organising statutory audit and information disclosure of the Group, maintaining long-term cooperation with shareholders and investors of the Company, formulating and optimising internal control and internal audit system of the Company, establishing and supervising the execution of audit plan as well as preventing and controlling management risks of the Company. Mr. Lyu joined the Group in October 2008. He acted as the manager of the finance department from November 2013 to February 2015. Prior to his appointment as the executive director and chief financial officer of the Company, Mr. Lyu has been the director of the investment and fund management department of the Company since February 2015, during which he was responsible for investment management, listing compliance, investor relations and other internal management of the Group.

Prior to joining the Group, from September 2004 to September 2008, Mr. Lyu was the deputy manager of the financial audit department at China Jushi Co., Ltd. (中國巨石股份有限公司) (stock code: 600176.SH) ("China Jushi"). His major duties included financial analysis and taxation of China Jushi.

Mr. Lyu obtained his bachelor's degree in economics and master's degree in management from Nankai University (南開大學). He is a member of the Chinese Institute of Certified Public Accountants and an intermediate accountant.

Mr. Lyu is currently a director of Shanghai Kappa Kids Sporting Goods Co., Ltd. (上海卡帕動力兒童用品有限公司), an indirect wholly-owned subsidiary of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Gao Yu (高煜), aged 51, is the independent non-executive director of the Company and joined the Company in July 2007.

Mr. Gao has been working in the Morgan Stanley group of companies from August 2005 to July 2022 and was a managing director of the Private Credit and Equity Division, the co-chief investment officer of Private Equity Asia and head of China Investment business, the chairman of RMB Fund's investment committee of Morgan Stanley Asia Limited as well as the member of Morgan Stanley's China Management Committee.

He is a non-executive director of China Feihe Limited (中國飛鶴有限公司) which is listed on the main board of Hong Kong Stock Exchange.

Mr. Gao had resigned as a director of Shandong Buchang Pharmaceuticals Co., Ltd. (山東步長製藥股份有限公司) which is listed on Shanghai Stock Exchange with effect from 28 June 2024.

Prior to joining Morgan Stanley Asia Limited, he worked in Citigroup's Investment Banking Division in Asia for about five years. Mr. Gao had also worked in Donaldson, Lufkin & Jenrette Inc's Capital Markets Group in New York.

Mr. Gao graduated from Stanford University with a Master's degree in engineering economic systems and operations research as well as from Tsinghua University (清華大學) in Beijing with dual Bachelors' degrees in engineering and economics.

Mr. Liu Xiaoxong (劉曉松), aged 59, is the independent non-executive director of the Company and joined the Company in March 2019. Mr. Liu has diversified experience in the technology, media and telecommunications industry. He is one of the co-founders of Tencent Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (Stock Code: 00700.HK). In 2004, Mr. Liu was admitted to the Shenzhen Experts Working Union. Mr. Liu was appointed as the vice president of the Copyright Union of the Internet Society of China and the Copyright Society of China in August 2007 and September 2007 respectively. He is also the vice president of the Shenzhen Hi-tech Association.

He was an executive director, the chairman and the chief executive officer of A8 New Media Group Limited, which was previously a company listed on the Main Board of the Stock Exchange (Stock Code: 00800.HK). A8 New Media Group Limited and had undergo privatisation and had withdrawn of listing with effect from 24 September 2024.

Mr. Liu is also an non-executive director of Inke Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 3700.HK). Mr. Liu graduated from Hunan University in the PRC in 1984 with a Bachelor's degree in Electrical Engineering. In 1987, Mr. Liu graduated from China Electric Power Research Institute in the PRC with a Master's degree in Engineering. In 1991, he studied at Tsinghua University as a PhD research student.

Ms. Tang Songlian (唐松蓮) aged 43, is the independent non-executive director of the Company and joined the Company on 20 December 2024.

Ms. Tang is a professor at the School of Business and Management of Donghua University (東華大學工商管理學院) and a certified public accountant in China. She was the deputy professor, deputy department head and secretary of the party branch of the School of Business of East China University of Science and Technology (華東理工大學商學院) from 2011 to 2021 and a lecturer of the School of Business of East China University of Science and Technology (華東理工大學商學院) from 2009 to 2011. Ms. Tang was a visiting scholar at the City University of New York from 2014 to 2015. Ms. Tang graduated from Hunan University in the PRC in 2003 with a Bachelor degree in Accounting. Ms. Tang graduated from Hunan University in the PRC in 2006 with a Master's degree in Accounting. In 2009, Ms. Tang graduated from Shanghai Jiao Tong University with a PHD in Finance. From 2017 to 2023, Ms. Tang served as an independent director of Shanghai Cimic Tile Co., Ltd.* (上海悦心健康集團股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 002162). From 2020 to 2023, Ms. Tang also served as an independent director at Shanghai Yaoji Technology Co., Ltd.* (上海姚記科技股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 002605). Since 2022, Ms. Tang has served as an independent director of Shanghai No.1 Pharmacy Co Ltd* (上海第一醫藥股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 600833) and an independent non-executive director and chairman of the audit committee of Linmon Media Limited (檸萌影視傳媒有限公司), a company listed on The Stock Exchange of Hong Kong (the"Stock Exchange") (Stock Code: 9857).

SENIOR MANAGEMENT

The senior management of the Company is composed of all the executive Directors of the Company, namely, Mr. Chen Yihong, Ms. Chen Chen and Mr. Lyu Guanghong. Please refer to the above section headed "Executive Directors" for their biographical details.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (THE "CG CODE")

The Company is committed to ensuring high standards of corporate governance in the interests of shareholders and devotes considerable effort to identifying and formalising best practices. The Company has complied with all the Code Provisions set out in the CG Code as contained in Appendix C1 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") for the twelve months ended 31 March 2025 ("twelve months Period").

The Company has applied the principles of the Corporate Governance Code to its corporate governance structure and practices as described in this report. Details of the Company's corporate governance practices can be found in the Corporate Governance Report set out in the Company's annual report for the twelve months ended 31 March 2025.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted the Model Code set out in Appendix C3 of the Listing Rules as the standard for securities transactions by directors. The Company has made specific enquiries of all the directors and all the directors confirmed that they have complied with the required standards set out in the Model Code for the twelve months ended 31 March 2025.

COMPLIANCE WITH THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORTING GUIDE

During the twelve months Period, the Company has complied with the rule 13.91 of the Listing Rules and the provisions set out in Appendix C2 of the Listing Rules as "Environmental, Social and Governance Reporting Guide", and made disclosures concerning relevant information in the"Environmental, Social and Governance Report" of the Company. The ESG report will be presented in a separate report which will be published on the Exchange's website at www.hkexnews.hk and the Company's website at www.dxsport.com in due course.

THE BOARD OF DIRECTORS

The overall management of the Company's business is vested in the Board. Pursuant to the Articles of Association and the Terms of Reference of the Executive Committee adopted by the Board, the Board has delegated the day-to-day management of the Company's business to the Executive Committee (see details on pages 54 to 55 below), and focuses its attention on matters affecting the Company's overall strategic policies, finances and shareholders related matters. These include financial statements, dividend policy, significant changes in accounting policies, annual operating budget, strategies for future growth, major financing arrangements, major investments and risk management strategies.

It is the Board's role to foster a corporate culture to guide the behaviours of its employees, and ensure that the Company's vision, mission, values and business strategies are aligned to it.

As at the date of this Report, the Board comprises six members, of whom three are executive Directors, and three are independent non-executive Directors.

Executive Directors:

Mr. Chen Yihong *(Chairman)*
Ms. Chen Chen *(Chief Executive Officer, President and Co-Chairman)*
Mr. Lyu Guanghong *(Chief Financial Officer)*

Independent Non-Executive Directors:

Mr. Gao Yu
Mr. Liu Xiaosong
Ms. Tang Songlian (appointed on 20 December 2024)

Biographical details of the current Directors and the relationships between the Directors are set out in the section headed "Directors and Senior Management" of this annual report. Among the members of the Board, Ms. Chen Chen is the daughter of Mr. Chen Yihong, chairman of the Board and executive director of the Company. Save as aforesaid, none of the members of the Board is related to one another.

The composition of the Board is well balanced with each director having sound knowledge, experience and/or expertise relevant to the business operations and the future development of the Group. All directors are aware of their collective and individual responsibilities to the shareholders and each ensures that he can give sufficient time and attention to the affairs of the Group. The Company has either entered into service contracts or formal letter of appointment with each Directors setting out the key terms and conditions of his/her employment or appointment. Each of the executive Directors has entered into a service contract with the Company for a term of three years, and each of the independent non-executive Directors is appointed for a specific term of 1 year. The appointment of the independent non-executive Directors shall automatically renew at the expiry and shall continue for further successive periods of one year, subject to a maximum of three years.

In order to ensure that independent views and input of the independent non-executive directors are made available to the Board, the Nomination Committee and the Board are committed to assessing the Directors' independence annually with regards to all relevant factors related to the Independent Non-executive Directors professional advice. The Company has received annual confirmation from each independent non-executive Director about his independence under Rule 3.13 of the Listing Rules, and continues to consider each of them to be independent.

As disclosed in the announcement of the Company dated 8 October 2024, Dr. Chen Guogang ("Dr. Chen") tendered his resignation as an independent non-executive Director, the chairman of the audit committee of the Board, a member of the remuneration committee of the Board and a member of the environmental, social and governance committee with effect from 8 October 2024, in order to devote more time to his personal commitments. Following the resignation of Dr. Chen, the Company failed to meet the requirements set out in (a) Rule 3.10(1) of the Listing Rules that the Company must have at least three independent non-executive directors; (b) Rule 3.21 of the Listing Rules that the audit committee of the Board must comprise a minimum of three members; (c) Rule 3.10(2) of the Listing Rules that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise; and (d) Rule 3.25 of the Listing Rules that the remuneration committee of the Board must comprise a majority of independent non-executive directors.

Upon the appointment of Ms. Tang Songlian as an independent non-executive Director, chairman of the audit committee of the Board, a member of each of the remuneration committee of the Board and the environmental, social and governance committee, all with effect from 20 December 2024, the Company has complied with Rules 3.10(1), 3.10(2), 3.21 and 3.25 of the Listing Rules.

Save as disclosed above, during the year ended 31 March 2025, the Board had complied with Rules 3.10 and 3.10A of the Listing Rules.

All Directors have disclosed to the Company the number and nature of offices they held in other public companies or organisations and other significant commitments, with the identity of the public companies or organisations, and an indication of the time involved. They are also reminded to notify the Company and confirm to the Company any change of such information in a timely manner pursuant to the disclosure requirements of the Listing Rules. The Board is of the view that each Director has given sufficient time and attention to the affairs of the Company for the year under review.

At each AGM of the Company, at least one third of the directors (or, if the number of directors is not divisible by three, such number as is nearest to and less than one third) must retire as directors by rotation, provided that every director shall be subject to retirement at an AGM at least once every three years. A retiring director shall be eligible for re-election and shall continue to act as a director throughout the meeting at which he retires.

In accordance with Article 87 of the Company's articles of association, Mr. Chen Yihong, Mr. Lyu Guanghong and Ms. Tang Songlian shall retire from the office by rotation and, being eligible, shall offer themselves for re-election at the forthcoming Annual General Meeting ("AGM").

Ms. Chen Chen (re-elected as an executive Director on 16 August 2023), Mr. Gao Yu (re-elected as an independent non-executive director on 21 August 2024), Mr. Liu Xiaosong (re-elected as an independent non-executive director on 21 August 2024) shall hold office until they are required to retired in accordance with the Company's articles of association.

DIRECTORS' AND OFFICERS' LIABILITIES INSURANCE

The Company has arranged appropriate directors' and officers' liabilities insurance coverage for the Directors and officers of the Company.

DIRECTORS' CONTINUOUS TRAINING AND DEVELOPMENT PROGRAMME

Pursuant to Code Provision C.1.4 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant.

The Company has put in place an on-going training and professional development program for directors.

Each newly appointed director would receive an induction package covering the statutory and regulatory obligations of a director of a listed company. The Company also provides training to develop and refresh the directors' knowledge and skill. Ms. Tang Songlian was appointed as an independent non-executive director on 20 December 2024. She confirms that she has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 12 December 2024, and understands her obligations as a director of the Company under the Listing Rules.

All directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has sent reading materials to directors on regulatory updates or information relevant to the Company or its business.

During the twelve months Period, the Directors participated in the following training:

	Attending seminars/ briefings relating to rules and regulations	**Reading newspapers, journals and updates relating to the economy and business management and duties of directors**
Executive Directors		
Chen Yihong	√	√
Chen Chen	√	√
Lyu Guanghong	√	√
Independent Non-executive Directors		
Chen Guogang (resigned on 8 October 2024)	√	√
Gao Yu	√	√
Liu Xiaosong	√	√
Tang Songlian (appointed on 20 December 2024)	√	√

BOARD AND COMMITTEES MEETINGS

During the twelve months Period, the Board held 16 meetings. The attendance of the directors at Board meetings, principal Board Committee meetings, Annual General Meeting ("AGM") on 21 August 2024 is set out in the table below.

	Attendance of					
	Board meetings	**Audit committee meetings**	**Remuneration committee meeting**	**Nomination committee meeting**	**The Environmental, Social and Governance committee meetings**	**AGM***
Executive Directors						
Chen Yihong	16/16	N/A	2/2	2/2	N/A	1/1
Chen Chen	16/16	N/A	N/A	N/A	2/2	1/1
Lyu Guanghong	16/16	N/A	N/A	N/A	2/2	1/1
Independent Non- Executive Directors						
Chen Guogang (resigned on 8 October 2024)	8/8	2/2	N/A	N/A	1/1	1/1
Gao Yu	16/16	4/4	N/A	2/2	N/A	1/1
Liu Xiaosong	16/16	4/4	2/2	2/2	N/A	1/1
Tang Songlian (appointed on 20 December 2024)	4/4	1/1	1/1	N/A	1/1	N/A

* The Company's external auditor had also attended the AGM.

BOARD COMMITTEES

As an integral part of good corporate governance, the Board has established the following Board Committees to oversee particular aspects of the Company's affairs. Each of the Audit Committee, Remuneration Committee, Nomination Committee, Executive Committee and Environmental, Social and Governance Committee is governed by its respective Terms of Reference, which are available on the Company's website at www.dxsport.com. All committees are provided with sufficient resources to discharge their duties, and they are also authorised to obtain external legal or other independent professional advice if they consider it necessary to do so.

AUDIT COMMITTEE

Members: Ms. Tang Songlian (Chairman), Mr. Gao Yu and Mr. Liu Xiaosong. The Audit Committee consists solely of independent non-executive Directors, all of whom have extensive financial experience.

Under its Terms of Reference, the duties of the Audit Committee include financial and efficiency aspects as described below. Amongst other things, the Audit Committee is required to oversee the relationship with the Company's external auditor, to review the financial information of the Company, and to review and monitor the Company's financial reporting system, risk management and internal control systems. The Audit Committee is primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of such engagement. The Audit Committee discusses with the external auditor the nature and scope of audit and reporting obligations before the audit commences, and is responsible for reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard. Apart from giving pre-approval of all audit services, the Audit Committee also develops and implement policy on the engagement of external auditor to supply non-audit services.

With respect to financial information of the Company, the Audit Committee monitors the integrity of financial statements, annual and interim reports and accounts, together with the preliminary announcement of results and other announcements regarding the Company's financial information to be made public. Apart from considering issues arising from the audit, the Audit Committee discusses any matters that auditor may wish to raise either privately or together with executive Directors and any other persons. The Audit Committee is also required to review the effectiveness of the Company's financial controls, risk management and internal control systems. In addition, the Audit Committee has to ensure co-ordination between the internal and external auditor, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function and its other duties under the Corporate Governance Code.

The Audit Committee met four times during the twelve months Period. The major work performed by the Audit Committee included:

(i) Review and recommend the Board's approval of the external audit plan and internal audit plan for the twelve months Period;

(ii) Review and recommend the Board's approval of the annual financial statements as at 31 March 2024, interim financial statements for the six months ended 30 September 2024;

(iii) Review of the external audit report and internal audit report during the twelve months Period;

(iv) Approval of the remuneration and terms of engagement of Deloitte Touche Tohmatsu ("Deloitte") which was appointed as auditors of the Company with effect from 30 September 2024; and

(v) Review the risk management and internal control system for its effectiveness during the twelve months Period.

REMUNERATION COMMITTEE

Members: Mr. Liu Xiaosong (chairman), Mr. Chen Yihong and Ms. Tang Songlian. Among the three members, Mr. Chen Yihong is an executive Director and the remaining two members are independent non-executive Directors.

Under its Terms of Reference, the principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration, determining the remuneration packages of all executive Directors and making recommendations to the Board of the remuneration of non-executive Directors, assessing performance of executive directors, approving the terms of executive directors' service contract, and reviewing and/or approving matters relating to share scheme under Chapter 17 of the Listing Rules, performed by the remuneration committee.

The Remuneration Committee met two times during the twelve months Period. The major work performed by Remuneration Committee during the twelve months Period included reviewing and determining the Directors' remuneration for the year ended 31 March 2025, approving matters relating to share schemes under Chapter 17 of the Listing Rules and approving the amendment of Terms of Reference of Remuneration Committee.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration of the members of the senior management by band for the year ended 31 March 2025 is set out below:

Remuneration bands	Number of persons
Below HK$100,000	1
HK$100,000 to HK$1,000,000	3
HK$1,000,001 to HK$2,000,000	4
HK$2,000,001 to HK$3,000,000	0
HK$3,000,001 to HK$4,000,000	1

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in note 12 and note 14 to the consolidated financial statements, respectively.

NOMINATION COMMITTEE

Members: Ms. Chen Chen (appointed as chairman and member of nomination committee on 21 May 2025), Mr. Gao Yu and Mr. Liu Xiaosong. Among the three members, Ms. Chen Chen is an executive Director and the remaining two members are independent non-executive Directors.

Under its Terms of Reference, the principal responsibilities of the Nomination Committee include:

(a) to review the structure, size and composition and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(c) to assess the independence of independent non-executive directors of the Company and review the independent non-executive directors' annual confirmations on their independence and where the Board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe he should be elected and the reasons why they consider him to be independent;

(d) to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive;

(e) to seek independent professional advice to perform its responsibilities where necessary; and

(f) to report back to the Board on its decisions or recommendations (unless there are legal or regulatory restrictions on its ability to do so) and to prepare a summary of its work during the year for inclusion in the Company's corporate governance (including a report the policies, procedures, process and criteria it has adopted to select and recommend candidates for directorship during the year).

The Nomination Committee met twice during the twelve months Period. The major work performed by Nomination Committee during the twelve months Period included reviewing the structure, size, composition and diversity of the board, assess the independence of independent non-executive directors of the Company, nominating suitable candidates to the Board for it to consider and make recommendations to shareholders for election as directors at general meetings, selecting and recommending candidates for directorship during the year. Having reviewed the Board composition, the Nomination Committee recognises the importance and benefits of the gender diversity among the Board members for the Group's strategic and sustainable development.

The Nomination Committee was also satisfied with the Board diversity in terms of independence, skills, industry and professional experiences, gender and age, cultural and educational background as well as length of services of the Board members. The Nomination Committee will review the Board diversity from time to time.

Nomination Policy

The Board had adopted the Nomination Policy implemented by the Company's Nomination Committee (the "NC"). The Nomination Policy is applicable for all Directors of the Company. The factors listed below would be used as reference by the NC in assessing the suitability of a proposed candidate.

- Reputation for integrity
- Accomplishment and experience
- Commitment in respect of available time
- Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service

These factors are for reference only, and not meant to be exhaustive and decisive. The NC has the discretion to nominate any person, as it considers appropriate.

The nomination procedures for selecting suitable candidates by the NC are mainly set out as follows:

- the Secretary of the NC shall call a meeting of the NC, and invite nominations of candidates from Board members if any, for consideration by the NC prior to its meeting. The NC may also put forward candidates who are not nominated by Board members.

- For filling a casual vacancy, the NC shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the NC shall make nominations to the Board for its consideration and recommendation.

- The Company's website set out the procedures for shareholders to propose a person for election as a Director. For any person that is nominated by a Shareholder, the Nomination Committee shall evaluate such candidate based on the selection criteria set out in the Nomination Policy and make recommendation to the Board if appropriate. Recommendation shall then be made to Shareholders in a supplementary circular for the proposed election of such candidate at a general meeting.

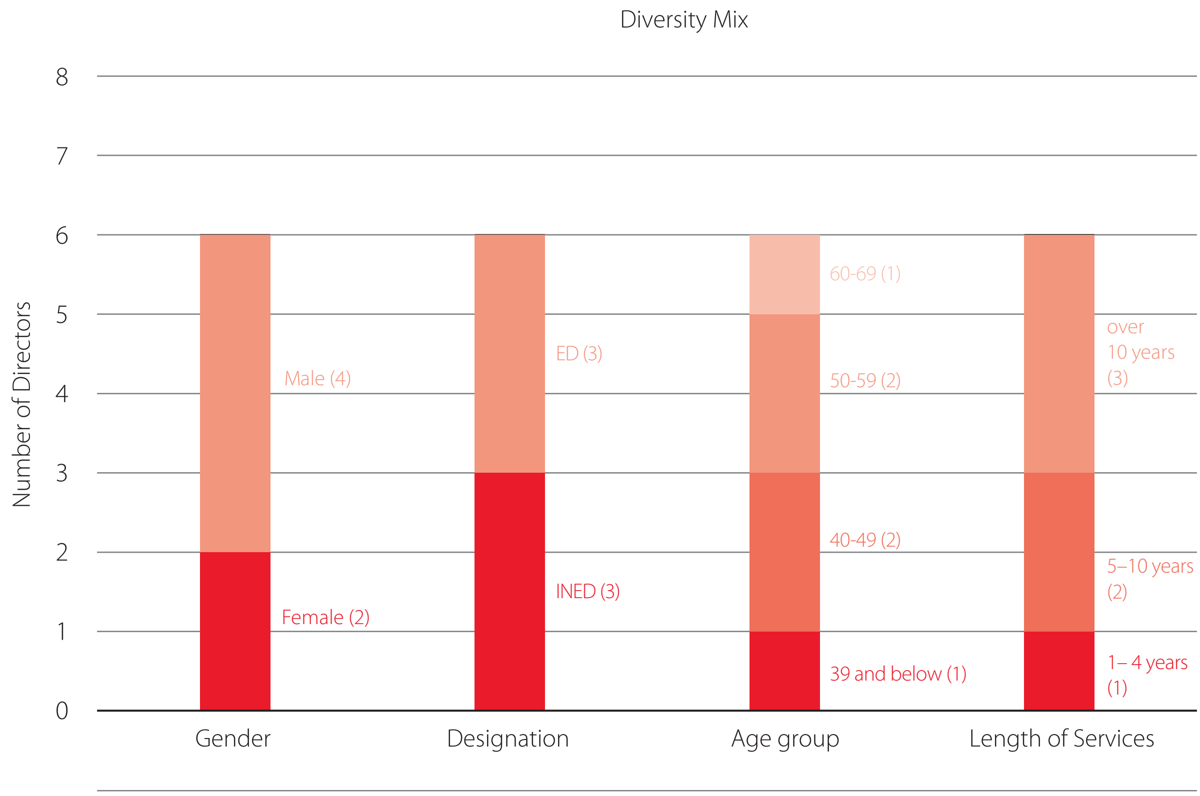
Directors' Remuneration Policy

The Board will conduct a regular review with reference to companies with comparable business or scale and recommend Directors' remuneration adjustments to the Board, if appropriate. Directors' remuneration was determined by reference to his/her duties and responsibilities, experience, performance and market conditions.

Board Diversity Policy

The Board adopted the board diversity policy ("Board Diversity Policy") in accordance with the requirement set out in the CG Code. Such policy aims to set out the approach to achieve diversity on the Board. All Board appointments shall be based on meritocracy, and candidates shall be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates shall be based on a range of diversity perspectives, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision shall be based on merit and contribution that the selected candidates shall bring to the Board. The Nomination Committee monitors, from time to time, the implementation of the policy, and reviews, as appropriate, the policy to ensure the effectiveness of the policy.

As at the date of this report, the Board's diversified composition was summarized in the following chart:



Remarks:
INED – Independent non-executive Director
ED – Executive Director

The Company has also taken, and continues to take steps to promote diversity at all levels of its workforce. As of 31 March 2025, our total workforce comprised approximately 67% female and 33% male. Further details of the Group's inclusive policy, please refer to "Board Diversity" and "Equality in Employment" section of 2024/2025 ESG Report.

EXECUTIVE COMMITTEE

Members: Mr. Chen Yihong (Chairman), Ms. Chen Chen (Chief Executive Officer, President and Co-Chairman) and Mr. Lyu Guanghong (Chief Financial Officer). All of them are executive directors.

The Board is responsible for the overall management and performance of the Group and the approval of the long-term objectives and commercial strategy. The Executive Committee reports to the Board and is accountable for the day-to-day management of the operations and the implementation of strategy. This Committee is responsible to the Board for driving high level performance of the growth, efficiency and capability programs as well as for resources allocation. Detailed functions of the Executive Committee as delegated by the Board mainly include:

(i) to prepare and approve the specific operation plan, financial forecast and budget of each subsidiary of the Company in accordance to those of the Company as approved by the Board;

(ii) to monitor and oversee the implementation of the budget as approved by the Board;

(iii) to monitor and oversee the financial and operational performance of the Company and its subsidiaries;

(iv) to ascertain the business plan and company strategies as approved by the Board and develop specific implementation plan; and

(v) to appoint or remove senior management of the Company or any of its subsidiaries other than chief executive officer, chief financial officer and internal audit manager of the Company, and to recommend the appointment of chief executive officer, chief financial officer and internal audit manager of the Company.

THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE (THE "ESG COMMITTEE")

Members: Ms. Chen Chen (chairman), Mr. Lyu Guanghong and Ms. Tang Songlian. Among the three members, Ms. Chen Chen and Mr. Lyu Guanghong are executive Directors and Ms. Tang Songlian is an independent non-executive Director.

The ESG Committee, established on 10 March 2021, assisting the Board to meet its oversight responsibilities in relation to the Company's environmental, social and governance policies and practices. The ESG Committee met twice during the twelve months Period. The major work performed by the ESG Committee during the twelve months Period included reviewing the Group's annual environmental, social and governance ("ESG") related results, making recommendation to the Board for approval of the 2023/24 ESG Report.

The Committee is responsible for assisting the Board in overseeing the development direction of the Group's environmental, social and governance related affairs and the implementation of specific works, and regularly reports to the Board and makes related suggestions:

1) Formulates short, medium and long-term environment, social and governance development visions, strategies and management approaches for the Group;

2) Oversees the formulation and implementation of the Group's ESG targets, and regularly reviews the progress of accomplishing those targets and the actions and support required thereof and reports on the performance to the Board;

3) assesses the materiality of the Group's ESG issues regularly, evaluates, prioritises and manages material environmental, social and governance issues; and

4) Reviews and determines the Group's ESG related risks and opportunities (including those related to climate change), and evaluates the adequacy and effectiveness of risk control related to environment, social and governance.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the following corporate governance duties as required under the Code:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

During the twelve months Period, the major work performed by the Board included reviewing and considering the policy and practices of corporate governance of the Company.

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The directors are responsible for the preparation of the financial statements of the Company for each financial year and ensuring that these financial statements give a true and fair view of the financial position of the Company and its subsidiaries, the financial performance and cash flows for that period. The directors are also responsible for ensuring that proper accounting records of the Company and its subsidiaries are kept at all times.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

RISK MANAGEMENT AND INTERNAL CONTROL

Aims and Objectives

The Board confirms that it assumes responsibility towards the risk management and internal control system and is responsible for reviewing its effectiveness on an ongoing basis. The risk management and internal control system aims to manage, rather than eliminate, the risks of failing to achieve business objectives, and make reasonable, but not absolute, guarantee for preventing material misstatements or losses. The Board has delegated its responsibility for risk management and internal control, together the relevant authorities, to the Audit Committee. The Audit Committee oversees the management in the design, implementation and oversight of the risk management and internal control system on behalf of the Board. The management had confirmed to the Audit Committee (and the Board) that the relevant system is effective for the twelve months ended 31 March 2025.

Major features of the risk management and internal control system

The risk management structure of the Group and the major responsibilities of each level of the structure are described below:

The Board:

It has the ultimate responsibility and authority for internal control management, assuming the responsibility for corporate governance externally towards the Shareholders and possessing the highest power internally for initiating internal control management works. The Board has delegated its responsibility for risk management and internal control, together with the relevant authorities, to the Audit Committee.

The Audit Committee:

It is responsible for overseeing and guiding the management in the establishment and operation of the internal control system, monitoring the risk management and internal control system of the Group, and advising the Board on its effectiveness. The risk management and internal control system is reviewed for its effectiveness at least once per year, and the relevant review covers all major aspects of control, including financial, operational and compliance control. During the review, sufficient resources, adequate qualifications and experience of the staff and employees' training sessions, and enough budget should be ensured for accounting, internal audit and financial reporting functions. Internal audit department conducts initial assessment on the effectiveness of the risk management and internal control system and report directly to the Audit Committee.

The management:

It reviews and maintains an appropriate and effective risk management and internal control system, monitors each section of daily operation to reduce operational risks, reviews investigation reports on risk management and internal control issues prepared by the internal audit and control department or external consultants and reports to the Audit Committee, and addresses the issues and provides feedbacks on a timely basis.

Internal audit and control department:

It is responsible for drafting and making amendments to the risk management and internal control system, and is in charge of determining and testing the risk criteria. The department inspects and addresses abnormal indicators for risk criteria and reports to the management or, in material cases, to the Audit Committee.

Programme for identification, assessment and management of material risks

The programme used by the Group for identification, assessment and management of material risks is conducted in accordance with the internal control framework formulated by The Committee of Sponsoring Organisations of the Treadway Commission ("COSO Commission"), summarised as follows:

(i) Control Environment

- Insistence of employees and the management on integrity and ethical values and competence for relevant works;
- The Board is independent from the management and oversees the formulation and effectiveness of the internal control system through the Audit Committee;
- The management establishes the organisational structure, reports on relationships and the appropriate rights and responsibility under the oversight of the Board to achieve the Group's goals;
- Commitment to attracting, developing and retaining talents in complement with the Group's goals;
- To implement a system of accountability for every employee in the responsibilities for internal control during the fulfilment of the Group's corporate goals;

(ii) Risk evaluation

- To ascertain clear objectives to identify and assess the risks in connection with the objectives;
- To identify and analyse from the perspective of the Group in general the risks to be assumed in order to achieve the objectives and determine the basis on which to manage such risks;
- To take into account the potential fraudulent acts in assessing the risks related to achieving goals;
- To identify and assess changes which may materially impact the internal control system;

(iii) Control activities

- To select and formulate control measures in order to reduce the risks in connection with achieving goals to an acceptable level;

- To select and formulate certain general control measures for information technology by using IT services in the pursuit for the Group's goals;

- To ascertain projected objectives with policies and ensure that the policies are implemented in practice with programmes in order to devise control measures;

(iv) Information and communications

- To gather and organise quality information relevant to the Group and the external environment in support for the internal control function;

- To communicate within the Group the information necessary to the operation of internal control, including the goals and responsibilities of internal control;

- To communicate with the external public with regards to the issues which impact the operation of internal control;

(v) Monitoring

- To select, formulate and implement continuous and/or independent assessment to ascertain the existence and normal functioning of each key element in internal control;

- To assess inadequacies in internal control when and as appropriate and notify the person-in-charge, including senior management personnel and the Audit Committee of the Board (if appropriate), about such inadequacies for adopting the remedial actions.

Internal Audit

The responsibilities of the Internal Audit and Control Department (the "IAC") include conducting internal control review based on the approved annual budget plan, and assess regularly the implementation of each financial and operational activity, programme and internal control of the Group. The IAC has unrestricted access to any information related to risk management, control and governance programme of the Group. Audit findings and the remedial plan are submitted by the IAC to the Audit Committee and the management, and internal communications are conducted regularly. The IAC will follow up regularly on all the audit findings to ensure remedies are put in place for every issue. For the twelve months ended 31 March 2025, the IAC implemented and complete 9 internal audit projects and met with the management to report the relevant findings to Audit Committee.

Whistle-blowing

To prevent illicit acts as far as possible and ensure compliance and operation by the highest moral standards, the Group has designated specific whistle-blowing policies and system in place to allow employees, business partners and other related stakeholders to report illegal or non-compliant activities involving the Group to the IAC and the Audit Committee in confidentiality and in anonymity. The identity of the whistle-blower and the relevant records of the whistle-blowing are strictly confidential.

Anti-corruption

The Company has formulated the *China Dongxiang (Group) Co., Ltd. System for the Management of Non-productive Procurement and China Dongxiang (Group) Co., Ltd. Anti-corruption and Anti-bribery Reporting and Reward System* in strict accordance with pertinent laws and regulations such as the Company Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China and Anti-Money Laundering Law of the People's Republic of China to safeguard the systematic development of our Group's business and establish a business image of integrity and probity.

All employees are required to follow the principles of probity and integrity and act in line with business ethics in our daily operations. We encourage and support all employees to report any incidents of improper competition or business bribery. An employee may choose to report such incident to his/her immediate supervisor in the unit where he/she works, or directly to the Group's internal audit department. The interests of any employee who voluntarily exposes and reports any improper conduct will be rigorously protected by the Group. The Group's internal audit department will carry out rigorous screening of the reported incidents. The Group reserves the right to press for criminal or civil liabilities in accordance with the law against any acts in violation of national laws and regulations. During the reporting period, there was no litigation cases on corruption against the Group or its employees for which trial had been concluded.

During the year, the Group required all staff at the managerial grade or above to sign a confirmation to ensure that members of the Group management have sufficient knowledge of and comply the *System Against Improper Competition and Business Bribery, Reward and Penalty System, Employee Turnover Management System, Measures for the Administration and Use of Seals, Cash Expenditure Regulation, Confidentiality Agreement, Undertaking of Confidentiality of Salary* and other internal management system of the Group. Through training and propagation in this manner, the probity awareness of Group Directors and management members has been enhanced and the Group's management system for integrity and probity has been further implemented.

Audits on subsidiaries and departments are conducted on a regular basis. During the reporting period, the Group conducted anti-corruption training for all the principals and staff of subsidiaries, fostering a sound corporate culture of probity.

Equally concerned with probity in procurement, we have established an open, fair and impartial procurement procedures, standards and regulations for the admission of suppliers, and relevant assessment procedures and supervisory mechanism. We have formulated the Cash Expenditure Regulation and the Gift Management Regulation which sets out our Group's standards and approval process for gifts. Employees are required to avoid the development of any relationships involving personal interests with third parties which are engaged in business with the Group. In the event that such relationships are formed, the employee concerned is required to inform his/her immediate supervisor and avoid any direct or indirect involvement in any business activities with the said entities. During the year, we collected personal information from the middle and senior management members of the Group to examine whether they were involved in related transactions with suppliers, so as to avoid abuse of office for personal gains.

Insider information and information disclosure

The Group is aware of and abides by the requirements of insider information and disclosure of information as set out in such laws and regulations as the Listing Rules and the Securities and Futures Ordinance, pursuant to which an information disclosure system is in place. The Group collects and understands potential insider information in accordance with the information disclosure system, and conducts discussions with the management and external legal advisors to ensure that potential insider information is accessed and confidential until disclosure as reasonable and practicable. The system regulates the handling of, and the means to publicise insider information, including:

- Designating specific reporting channels to enable each internal business unit to report on potential insider information to the relevant departments;

- Designated personnel and departments will make decision on the further actions to be taken and the means of disclosure (if any), and report to the Audit Committee (the Board); and

- Appointing specific persons as the main spokesperson to respond to external inquiries.

For the twelve months Period under review, the Board has conducted annual review of the effectiveness of the Group's risk management and internal control systems for the twelve months ended 31 March 2025 as required under the Code Provision D.2 of the CG Code, covering the material financial, operational and compliance controls, and considered the Group's risk management and internal control systems effective and adequate. The Board confirmed that the Group has complied with the relevant Code Provisions in the CG Code on internal control. The Board has also confirmed the adequacy of resources, budget, staff qualifications, experience and training programs of the Group's internal audit staff and accounting and financial reporting staff as well as those relating to the Company's ESG performance and reporting and considered that the staffing is adequate and the staff members are competent to carry out their roles and responsibilities.

EXTERNAL AUDITOR

The Company has engaged Deloitte Touche Tohmatsu ("Deloitte") as its external auditor with effect from 30 September 2024. PricewaterhouseCoopers had resigned as auditor of the Company with effect from 30 September 2024. In order to maintain Deloitte's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, the Audit Committee, under its Terms of Reference, pre-approves all services to be provided by Deloitte and discusses with Deloitte the nature and scope of their audit and reporting obligations before the audit commences.

During the twelve months Period, the remuneration paid or payable to the Company's independent auditor, Deloitte Touche Tohmatsu ("Deloitte"), and its affiliated firms, for services rendered is analysed below:

	RMB'000
Audit services	3,400
Non-audit services	—
Total	3,400

The non-audit services mainly comprised tax compliance and certain agreed-upon procedures work. The responsibilities of the independent auditor with respect to the consolidated financial statements for the twelve months Period are set out in the section "Independent Auditor's Report" on pages 78 to 172.

COMPANY SECRETARY

Ms. Wai Pui Man, the Company Secretary of the Company, confirmed that she has taken no less than 15 hours relevant professional training during the financial year.

DIVIDEND POLICY

The Company does not have any pre-determined dividend payout ratio. The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the Articles of Association of the Company and all applicable laws and regulations and the factors set out below.

The Board will also take into account the financial results; cash flow situation; balance of distributable reserves; business conditions and strategies; statutory fund reserve requirements; capital requirements and expenditure plans; future operations and earnings; interests of shareholders; any restrictions on payment of dividends; and any other factors that the Board may consider relevant of the Group when considering the declaration and payment of dividends.

COMMUNICATION WITH SHAREHOLDERS

Our Shareholders are very important to us. It is our responsibility to ensure that all Shareholders receive clear, timely and effective information from us.

Our website, www.dxsport.com, is a primary source of information on the Company. The site includes an archive of our business development, financial reports, public announcements, and press releases, as well as detailed information on our corporate governance practices.

The Board views the AGM as one of the principal channels to communicate with the Shareholders of the Company and an opportunity for the Shareholders to raise questions to the Board. The chairman of the Board, chief executive officer, directors and some other senior managements of the Company will be present at the AGM to explain to the Shareholders the Company's business performance, financial situation and future strategies and answer questions from the Shareholders.

To further enhance our relationship with the Shareholders and investors and to ensure that our investors have a better understanding of the Company, we have established an Investor Relations ("IR") Department to handle regular contact with our investors. An Investor Relations Report is produced hereto on page 42 to provide a more comprehensive overview of the work performed by the IR Department during the twelve months Period. During the period under reviewed, the Board considered the shareholders' communication policy conducted is effective.

SHAREHOLDERS' RIGHT

Pursuant to Articles 57 of the Articles of Association of the Company, each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

Pursuant to the Company's articles of association, 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 secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. The contact details of the Board or the Company Secretary are as below:

The Company Secretary
China Dongxiang (Group) Co., Ltd.
Postal address: Building 21, No. 2 Jingyuanbei Street,
Beijing Economic-Technology Development Area, Beijing 100176, China
Telephone: (8610) 6783 6585
Facsimile: (8610) 6785 6606
Email: ir@dxsport.com.cn

There are no provisions under the Company's articles of association or the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

Shareholders can make any query in respect of the Company or to make a request for the Company's information to the extent such information is publicly available. The designated contact details are as above. Shareholders' questions about their shareholdings should be directed to Computershare Hong Kong Investor Services Limited, the Company's branch share registrar, at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Hong Kong.

CONSTITUTIONAL DOCUMENTS

The Company has passed a special resolution and adopted the Third Amended and Restated Memorandum and Articles of Association at the 2024 annual general meeting of the Company held on 21 August 2024. Details of the amendments were set out in the circular of the Company dated 12 July 2024. An up-to-date version of the Company's Third Amended and Restated Memorandum and Articles of Association has been posted on both the websites of the Company and the Stock Exchange.

Save as disclosed above, there was no change in the memorandum and articles of association of the Company during the year ended 31 March 2025.

REPORT OF THE DIRECTORS

The directors hereby presents to the shareholders their report together with the audited consolidated financial statements for the twelve months ended 31 March 2025.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group are principally engaged in brand development, design and sales of sport-related apparel, footwear and accessories and investment activities in Mainland of the People's Republic of China and overseas. The principal activities and other particulars of the subsidiaries are set out on pages 167 to 170 of the annual report.

Further discussion and analysis of these activities, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 16 to 41 of the annual report. That discussion forms part of this directors' report.

The Company was incorporated in the Cayman Islands on 23 March 2007 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company's shares were listed on the Main Board of the Hong Kong Stock Exchange on 10 October 2007.

GROUP'S PROFIT OR LOSS

The Group's profit or loss for the twelve months ended 31 March 2025 is set out in the consolidated statement of profit or loss and other comprehensive income on pages 86 to 87 of this annual report.

DIVIDENDS

An interim dividend of RMB0.70 cents and an interim special dividend of RMB0.70 cents, per ordinary share in respect of the six months ended 30 September 2024 was declared to Shareholders on 27 November 2024 and paid in December 2024.

The Board of the Company has recommended the distribution of a final dividend of RMB0.35 cents and a final special dividend of RMB0.71 cents per ordinary share of the Company, amounting to approximately RMB20,606,000 and RMB41,802,000, respectively, subject to approval by the Shareholders of the Company at the AGM to be held on 20 August 2025 and are payable in Hong Kong Dollars based on the rate of HKD1.00 = RMB0.91283 being the official exchange rate of Hong Kong dollars against Renminbi as quoted by the People's Bank of China on 24 June 2025.

The Company is not aware of any arrangement under which a shareholder of the Company has waived or agreed to waive any dividends.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group during the year are set out in Note 17 to the consolidated financial statements.

BANK LOANS AND OTHER BORROWINGS

There was no bank loans and other borrowings of the Company and the Group as at 31 March 2025.

FIVE YEAR SUMMARY

A summary of the results and assets and liabilities of the Company for the last five years is set out on pages 8 to 9 of this annual report.

SHARE CAPITAL

Movements in the share capital of the Company during the year are set out in Note 29 to the consolidated financial statements.

RESERVES

Movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on pages 90 to 91 of this annual report and Note 31 to the consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2025 amounted to approximately RMB2,065,274,000.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of Cayman Islands where the Company is incorporated.

MATERIAL CONTRACT

No contracts of significance have been entered into between the Company or any of its subsidiaries and the controlling Shareholders.

DIRECTORS

The directors of the Company during the year and up to the date of this report are:

Executive Directors:

Mr. Chen Yihong *(Chairman)*
Ms. Chen Chen *(Chief Executive Officer, President and Co-Chairman)*
Mr. Lyu Guanghong *(Chief Financial Officer)*

Independent Non-Executive Directors:

Dr. Chen Guogang *(resigned on 8 October 2024)*
Mr. Gao Yu
Mr. Liu Xiaosong
Ms. Tang Songlian *(appointed on 20 December 2024)*

In accordance with Article 87 of the Company's articles of association, Mr. Chen Yihong, Mr. Lyu Guanghong and Ms. Tang Songlian shall retire from the office by rotation and, being eligible, shall offer themselves for re-election at the forthcoming Annual General Meeting ("AGM").

Ms. Chen Chen (re-elected as an executive Director on 16 August 2023), Mr. Gao Yu (re-elected as an independent non-executive Director on 21 August 2024), and Mr. Liu Xiaosong (re-elected as an independent non-executive director on 21 August 2024) shall hold office until they are required to retire in accordance with the Company's articles of association.

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to the independence guidelines under the Listing Rules and the Company considers such directors to be independent. Particulars of the directors' remuneration disclosed pursuant to Appendix D2 of the Listing Rules are set out in Note 12 to the consolidated financial statements. Directors' remuneration was determined by reference to his/her duties and responsibilities, experience, performance and market conditions.

DIRECTORS' SERVICE CONTRACTS

None of the directors has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed under the section headed "Connected Transactions", no contracts of significance to which the Company, any of its subsidiaries, its holding companies or fellow subsidiaries was a party and in which a director of the Company or an entity connected with a director had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the directors of the Company is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the twelve months ended 31 March 2025 and up to and including the date of this report.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As of 31 March 2025, none of the Company, controlling Shareholders of the Company or the companies under the same controlling Shareholders with the Company was a party to any arrangement to entitle the Company's Directors or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the financial year. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the directors are set out on pages 43 to 45 of this annual report.

RESTRICTED SHARE AWARD SCHEME

On 10 December 2010 (the "Adoption Date"), the Board adopted the restricted share award scheme (the "Share Award Scheme") as an incentive to retain and encourage the participants for the continual operation and development of the Group. Participant(s) refers to any individual being a director (including executive and non-executive director), employee, officer, agent or consultant of the Company or any of its subsidiaries.

Pursuant to the Share Award Scheme, up to 30,000,000 existing Shares ("Restricted Shares") may be purchased by BOCI-Prudential Trustee Limited ("Trustee") from the market out of cash contributed by the Group and be held in trust for the relevant selected participants until such Shares are vested with the relevant selected participants in accordance with the provisions of the Share Award Scheme (the "Scheme Rules").

An administration committee (comprising the remuneration committee and certain senior management of the Company which shall include the chief executive officer of the Board) (the "Administration Committee") may, subject always to the Scheme Rules, from time to time, determine the number of Restricted Shares to be granted and at its absolute discretion select any selected participant (excluding any excluded employee of the Group as provided under the Scheme Rules) to be a selected participant under the Share Award Scheme. Pursuant to the Share Award Scheme, there is no amount payable on application, grant or acceptance of an award and no purchase price of Restricted Shares awarded. Accordingly, the basis of determining the purchase price of Restrictive Shares awarded is not applicable.

In addition, the maximum number of Restricted Shares which may be granted to a selected participant at any one time or in aggregate may not exceed 1% of the issued share capital of the Company as at 10 December 2010, being 56,664,010 Shares.

The Share Award Scheme was effective for a term of 10 years from the Adoption Date (i.e. 10 December 2010). On 8 December 2020, the Board resolved to extend the term of the Share Award Scheme for another 10 years and the Share Award Scheme shall be valid and effective until 10 December 2030. Save as the aforesaid, all other material terms of the Share Award Scheme remain unchanged and valid.

A selected participant will be qualified to receive the Restricted Shares which are referable to him after all the qualifying conditions having been fulfilled in accordance with the vesting schedule pursuant to the Scheme Rules.

Any Share held by the Trustee on behalf of a selected participant pursuant to the provisions hereof shall vest in such selected participant in accordance with the vesting schedule below or on such other date as shall be jointly determined by the Chairman of the Board, the Chief Executive Officer and the Co-President of the Company (or any person designated by them), at their sole discretion and stated in the relevant notification of the grant sent to the selected participant.

Vesting Date	**Amount of Restricted Shares to vest**
First anniversary of grant date or in case such date is not a business day, the business day immediately after.	20% (round down to the nearest integral number of Shares).
Second anniversary of grant date or in case such date is not a business day, the business day immediately after.	23% (round down to the nearest integral number of Shares).
Third anniversary of grant date or in case such date is not a business day, the business day immediately after.	27% (round down to the nearest integral number of Shares).
Fourth anniversary of grant date or in case such date is not a business day, the business day immediately after.	Balance (round down to the nearest integral number of Shares).

Pursuant to the Scheme Rules, Restricted Shares held by the Trustee which are referable to a selected participant shall not vest in the selected participant if the employment contract of the selected participant has been terminated by the Company or any of its subsidiary because of, amongst others, (i) dishonesty or serious misconduct; (ii) incompetence or negligence in the performance of his duties; (iii) becoming bankrupt; and (iv) being convicted for any criminal offence involving his integrity or honesty etc. In the event that the Restricted Shares do not vest, the grant shall automatically lapse and all the Restricted Shares shall not vest on the relevant vesting date in accordance with the vesting schedule pursuant to the Scheme Rules but shall become unvested Shares.

With a view to allow the Board to have more flexibility in the administration of the scheme, the Share Award Scheme has been amended on 6 July 2012 pursuant to which, the grant share under the Share Award Scheme are subject to the vesting schedule or any other date as determined by the Chairman of the Board and the Chief Executive Officer (or any person designated by them).

For the financial year ended 31 March 2025, none of the Restricted Shares were granted to any eligible participant pursuant to the Restricted Share Award Scheme. None of the Restricted Shares were vested, cancelled or lapsed during the period. As at 1 April 2024 and 31 March 2025, there was no unvested Restricted Shares. As at 31 March 2025, the number of Restricted Shares granted under the Scheme amounted to 7,081,000 Shares since the adoption of the Share Award Scheme, representing approximately 0.12% of the issued shares as at the Adoption Date. In 2016, 131,071 granted Restricted Shares was lapsed. As at 1 April 2024 and 31 March 2025, 23,050,071 Restricted Shares were available for grant under the Share Award Scheme. As at the date of this report, 23,050,071 Restricted Shares were available for grant under the Share Award Scheme, representing 0.39% of the issued shares of the Company as at the date of this report. The remaining life of the Share Award Scheme is approximately over five years.

Further details of the Share Award Scheme are set out in Note 39 to the consolidated financial statements.

At no time during the period was the Company or its subsidiaries a party to any arrangement to enable the Directors or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTION SCHEME

The Company adopted a share option scheme ("Share Option Scheme") on 8 August 2019 ("Adoption Date") in order to provide an incentive for the qualified participants to work with commitment towards enhancing the value of the Company and its shares for the benefit of its shareholders and to recruit and retain high calibre employees and attract human resources whose contributions are or may be beneficial to the growth and development of the Group.

The Board may from time to time grant options to any individual who is an employee of the Group or any entity in which the Group holds any equity interest and any director of the Group or any entity in which the Group holds any equity who has contributed or will contribute to the Group as approved by the Board from time to time on the basis of their contribution to the development and growth of the Group ("Grantee").

The Share Option Scheme was adopted on 8 August 2019. Unless otherwise terminated or amended, the Share Option Scheme will remain in force for a period of 10 years starting from the Adoption Date. The remaining life of the Share Option Scheme is approximately over four years.

Participants of the Share Option Scheme are required to pay HKD1.00 for each option granted upon acceptance of the grant. The exercise price of the options is determined by the Board in its sole and absolute discretion and being at least the highest of:

(i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the offer date;

(ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date; and

(iii) the nominal value of the shares.

Unless approved by the shareholders in general meeting in the manner prescribed in the Listing Rules, the Board shall not grant options to any Grantee if the acceptance of those options would result in the total number of shares issued and to be issued to that Grantee on exercise of his options during any 12 month period exceeding 1% of the total shares then in issue.

The maximum limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the shares in issue from time to time. In addition, the maximum number of shares in respect of which options may be granted under the Share Option Scheme and any other option schemes of the Company shall not in aggregate exceed 10% of total number of issued shares as of the Adoption Date ("Scheme Mandate") which is 588,612,102 shares, representing 10% of the issued share capital of the Company as at the date of this report. During the financial year ended 31 March 2025, no share options were granted and no share options were exercised or cancelled under the Share Option Scheme. During the financial year ended 31 March 2025, 123,800,000 share options were lapsed. As at 1 April 2024 and 31 March 2025, the share options available for grant under the scheme mandate is 387,102,102 and 510,972,102 respectively.

The Company may renew this limit at any time, subject to Shareholders' approval provided that the total number of Shares in respect of which may be granted under the Share Option Scheme and any other schemes of the Company under the Scheme Mandate as renewed must not exceed 10% of the total number of Shares in issue as of the date of such Shareholders' approval.

As regarded the performance targets, the vesting of the Share Options granted shall be subject to certain performance targets (being a Grantee's performance on an individual level (in respect of which, among others, each Grantee's contribution to the Group's targeted revenue, profit, sales and overall financial performance in the preceding financial year shall be taken into account) and the Group's performance in the preceding financial year on a Group level (including in particular, its revenue, profit and sales volume)) as set out in the offer letters to the Grantees, the satisfaction of which shall be determined by a committee duly authorised by the Board in such committee's absolute discretion.

To the extent an option is vested and/or exercisable pursuant to the terms and conditions of the offer of the grant of the option and subject to the terms of the Share Option Scheme of the Company, the period within which shares must be taken up by a grantee under a share option (being the exercise period as specified in an offer letter) is a period to be determined by the board of directors of the Company (the "Directors"), which shall not exceed 10 years from the date of the offer of the grant of options (the "Offer Date"). Further, HK$1.00 is to be paid as consideration on the acceptance of the grant of options within five business days from the Offer Date.

As at the date of this report, 511,296,102 share options are available for issue under the Share Option Scheme which represents approximately 8.7% of the issued shares as at the date of the annual report. Further details of the share option scheme are set out in Note 39 to the consolidated financial statements of this report.

REPORT OF THE DIRECTORS

The table below sets out the details of the movements in the share options granted to the Grantees under the Share Option Scheme as at 31 March 2025:

Category	Date of grant	Number of share options: Outstanding as at 1 April 2024	Granted during the financial year ended 31 March 2025[10]	Exercised during the financial year ended 31 March 2025[10]	Lapsed during the financial year ended 31 March 2025[10]	Cancelled during the financial year ended 31 March 2025[10]	Outstanding as at financial year ended 31 March 2025	Exercise period	Exercise price per share (HK$)	Closing price immediately before the date of grant (HK$)	Fair value of the options at the date of grant during the financial year ended 31 March 2025 and the accounting standard and policy adopted (HK$)[12]	Weighted average closing price of the options exercised immediately before the date of such options were exercised during the financial year ended 31 March 2025 (HK$)[10]	Exercise price of the options cancelled during the financial year ended 31 March 2025 (HK$)[10]	Vesting period
Directors														
Ms. Chen Chen	15/04/2021[5]	23,000,000	—	—	23,000,000	—	—	15/04/2021–14/04/2031	0.94	0.92	—	—	—	On or after 14/04/2024[I]
Mr. Lyu Guanghong	15/04/2021[5]	6,000,000	—	—	6,000,000	—	—	15/04/2021–14/04/2031	0.94	0.92	—	—	—	On or after 14/04/2024[I]
	18/04/2023[9]	3,900,000	—	—	—	—	3,900,000	18/04/2023–17/04/2033	0.33	0.33	—	—	—	18/04/2023–17/04/2026[II]
Associates of Directors														
Mr. Men Xiaochen (spouse of Ms. Chen Chen, and thus an associate of Ms. Chen Chen)	18/04/2023[9]	3,900,000	—	—	—	—	3,900,000	18/04/2023–17/04/2033	0.33	0.33	—	—	—	18/04/2023–17/04/2026[II]
	16/09/2019[1]	320,000	—	—	—	—	320,000	16/09/2019–15/09/2029	0.854	0.82	—	—	—	16/09/2019–15/09/2022[II]
Employees														
—	16/09/2019[1]	5,080,000	—	—	160,000	—	4,920,000	16/09/2019–15/09/2029	0.854	0.82	—	—	—	16/09/2019–15/09/2022[II]
—	07/01/2020[2]	720,000	—	—	—	—	720,000	07/01/2020–06/01/2030	0.86	0.82	—	—	—	07/01/2020–06/01/2023[II]
—	01/04/2020[3]	—	—	—	—	—	—	01/04/2020–31/03/2030	0.67	0.64	—	—	—	01/04/2020–31/03/2023[II]
—	01/09/2020[4]	—	—	—	—	—	—	01/09/2020–31/08/2030	1.09	0.99	—	—	—	01/09/2020–31/08/2023[II]
—	15/04/2021[5]	90,000,000	—	—	90,000,000	—	—	15/04/2021–14/04/2031	0.94	0.92	—	—	—	On or after 14/04/2024[I]
—	02/07/2021[6]	—	—	—	—	—	—	02/07/2021–01/07/2031	1.36	1.34	—	—	—	On or after 01/07/2024[I]
—	28/01/2022[7]	—	—	—	—	—	—	28/01/2022–27/01/2032	0.676	0.67	—	—	—	On or after 27/01/2025[I]
—	17/03/2022[8]	600,000	—	—	—	—	600,000	17/03/2022–16/03/2032	0.459	0.435	—	—	—	On or after 16/03/2025[I]
—	18/04/2023[9]	66,480,000	—	—	4,640,000	—	61,840,000	18/04/2023–17/04/2033	0.33	0.33	—	—	—	18/04/2023–17/04/2026[II]
	Total	**200,000,000**	**0**	**0**	**123,800,000**	**0**	**76,200,000**							

* Further details of the share options are set out in note 39 of the consolidated financial statement on page 147 to 149 of this annual report.

(I) All share options may be vested only on or after the third (3rd) anniversary of the grant date.

(II) Vesting period of share options as below:

Vesting schedule	Vesting portion
First (1st) anniversary of the grant date	1/3 of the share options
Second (2nd) anniversary of the grant date	an additional 1/3 of the share options (i.e. up to 2/3 of the share options in total)
Third (3rd) anniversary of the grant date	an additional 1/3 of the share options (i.e. up to 100% of the share options in total)

Notes:

1. On 16 September 2019, the Company granted an aggregate of 18,300,000 options to certain management staff and employees of the Company to subscribe for a total of 18,300,000 ordinary shares of HK$0.01 each in the share capital of the Company, representing approximately 0.31% of the issued share capital of the Company as at the date of grant, pursuant to the Share Option Scheme. Please refer to the announcement of the Company dated 16 September 2019 for details.

2. On 7 January 2020, the Company granted an aggregate of 1,560,000 options to certain management staff and employees of the Company to subscribe for a total of 1,560,000 ordinary shares of HK$0.01 each in the share capital of the Company, representing approximately 0.03% of the issued share capital of the Company as at the date of grant, pursuant to the Share Option Scheme. Please refer to the announcement of the Company dated 7 January 2020 for details.

3. On 1 April 2020, the Company granted an aggregate of 2,400,000 options to certain management staff of the Company to subscribe for a total of 2,400,000 ordinary shares of HK$0.01 each in the share capital of the Company, representing approximately 0.04% of the issued share capital of the Company as at the date of grant, pursuant to the Share Option Scheme. Please refer to the announcement of the Company dated 1 April 2020 for details.

4. On 1 September 2020, the Company granted an aggregate of 1,200,000 options to certain management staff of the Company to subscribe for a total of 1,200,000 ordinary shares of HK$0.01 each in the share capital of the Company, representing approximately 0.02% of the issued share capital of the Company as at the date of grant, pursuant to the Share Option Scheme. Please refer to the announcement of the Company dated 1 September 2020 for details.

5. On 15 April 2021, the Company granted an aggregate of 189,400,000 options to certain management staff and employees of the Company, including three executive directors of the Company (namely Mr. Zhang Zhiyong who had resigned on 29 September 2023, Ms. Chen Chen and Mr. Lyu Guanghong), to subscribe for a total of 189,400,000 ordinary shares of HK$0.01 each in the share capital of the Company, representing approximately 3.22% of the issued share capital of the Company as at the date of grant, pursuant to the Share Option Scheme. Please refer to the announcement of the Company dated 15 April 2021 for details.

6. On 2 July 2021, the Company granted an aggregate of 3,500,000 options to certain management staff and employees of the Company to subscribe for a total of 3,500,000 ordinary shares of HK$0.01 each in the share capital of the Company, representing approximately 0.06% of the issued share capital of the Company as at the date of grant, pursuant to the Share Option Scheme. Please refer to the announcement of the Company dated 2 July 2021 for details.

7. On 28 January 2022, the Company granted an aggregate of 1,500,000 options to certain management staff and employees of the Company to subscribe for a total of 1,500,000 ordinary shares of HK$0.01 each in the share capital of the Company, representing approximately 0.025% of the issued share capital of the Company as at the date of grant, pursuant to the Share Option Scheme. Please refer to the announcement of the Company dated 28 January 2022 for details.

8. On 17 March 2022, the Company granted an aggregate of 600,000 options to certain management staff and employees of the Company to subscribe for a total of 600,000 ordinary shares of HK$0.01 each in the share capital of the Company, representing approximately 0.01% of the issued share capital of the Company as at the date of grant, pursuant to the Share Option Scheme. Please refer to the announcement of the Company dated 17 March 2022 for details.

9. On 18 April 2023, the Company granted an aggregate of 76,860,000 share options to certain management staff and employees of the Company, including Mr. Lyu Guanghong, being an executive director of the Company (3,900,000 share options granted) and Mr. Men Xiaochen, being an associate (3,900,000 share options granted) of Ms. Chen Chen, an executive director of the Company, to subscribe for a total of 76,860,000 ordinary shares of HK$0.01 each in the share capital of the Company, representing approximately 1.31% of the issued share capital of the Company as at the date of grant, pursuant to the Share Option Scheme. Please refer to the announcement of the Company dated 18 April 2023 for details.

10. For the financial year ended 31 March 2025, no share options were exercised or cancelled. The weighted average closing price for exercised share options and the exercise price of the cancelled share options are not applicable. 123,800,000 share options were lapsed during the financial year ended 31 March 2025.

11. There are no participants with options granted in excess of the individual limit and no grants to suppliers of goods and services. There were no share options granted to any related entity participants, service providers of the Company. Save as disclosed, there was no share options granted to any other Directors, chief executive, substantial shareholders of the Company or their respective associates.

12. Save as disclosed above, no other share options were granted, exercised, lapsed or canceled during the financial year ended 31 March 2025.

13. Save as disclosed above, there is no any other information required to be disclosed pursuant to Rule 17.07 of the Listing Rules.

RETIREMENT SCHEMES

Particulars of the retirement schemes operated by the Group are set out in Note 38 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the twelve months ended 31 March 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

REMUNERATION OF DIRECTORS, SENIOR MANAGEMENT AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five individuals with highest emoluments are set out in note 12 and note 14 to the consolidated financial statements.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2025, the interests and short positions of the directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), which have been notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 & 8 Part XV of the SFO, including interests and short positions which the directors and chief executive of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Model Code contained in the Listing Rules are as follows:

Interests in Shares, underlying Shares and debentures of the Company:

Name of Directors	Nature of interest	Number and class of securities		Approximate percentage of total issued Shares
		Long position	Short position	
Mr. Chen Yihong	Interest of a controlled corporation[(1)]	1,888,931,000 shares	—	32.08%
	Interest of a controlled corporation[(3)]	312,090,025 shares	—	5.3%
Ms. Chen Chen	Interest of a controlled corporation[(2)]	649,003,730 shares	—	11.02%
	Beneficial owner	21,500,000 shares[(4)]	—	0.37%
	Interest of spouse[(4)]	4,220,000 shares	—	0.07%
Mr. Lyu Guanghong	Beneficial owner[(3)]	13,900,000 shares[(5)]	—	0.236%

Notes:

(1) The entire issued share capital of Poseidon Sports Limited ("Poseidon") is held by Harvest Luck Development Limited ("Harvest Luck"), which is in turn wholly-owned and controlled by Mr. Chen Yihong. Mr. Chen Yihong and Harvest Luck are therefore deemed to be interested in the shares held by Poseidon.

(2) Bountiful Talent Ltd is wholly-owned and controlled by Ms. Chen Chen and Ms. Chen Chen is therefore deemed to be interested in the shares held by Bountiful Talent Ltd.

(3) 312,090,025 shares (out of which 10,000,000 shares are held by Mr. Lyu Guanghong) have been charged to Gaea Sports Limited ("GAEA"). Each of Mr. Chen Yihong, Harvest Luck, Poseidon and the Company is deemed to be interested in such shares by virtue of GAEA, being a wholly owned subsidiary of the Company and Poseidon being entitled to exercise or control the exercise of one- third or more of the voting power at general meetings of the Company.

(4) It included Ms. Chen Chen's interests in 21,500,000 shares. It also included Mr. Men Xiaochen's interest in share options to subscribe for 320,000 shares pursuant to the share options granted by the Company on 16 September 2019 under the share option scheme adopted by the Company on 8 August 2019 at an exercise price of HK$0.854 each. It also included Mr. Men Xiaochen's interest in share options to subscribe for 3,900,000 shares pursuant to the share options granted by the Company on 18 April 2023 under the share option scheme adopted by the Company on 8 August 2019 at an exercise price of HK$0.33 each. Mr. Men Xiaochen is the spouse of Ms. Chen Chen (an executive director of the Company), and thus an associate of Ms. Chen Chen.

(5) It included Mr. Lyu Guanghong's interests in 10,000,000 shares. It also included Mr. Lyu Guanghong's interest in share options to subscribe for 3,900,000 shares pursuant to the share options granted by the Company on 18 April 2023 under the share option scheme adopted by the Company on 8 August 2019 at an exercise price of HK$0.33 each.

(6) The calculations are based on the total number of Shares in issue as at 31 March 2025 of 5,887,561,025 Shares.

Save as disclosed above, as at 31 March 2025, none of the directors and chief executives of the Company had or was deemed to have any interests or short position in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 March 2025, other than the interests and short positions as disclosed above, the following persons have interests or short positions in the Shares, underlying Shares and debentures of the Company which fall to be disclosed to the Company under Divisions 2 & 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Part XV (s.336) of the SFO, or otherwise known to the directors:

Name of Shareholders	Nature of interest	Number of Shares: Long position	Number of Shares: Short position	Approximate percentage of shareholding
Poseidon Sports Limited	Corporate interest	1,888,931,000	—	32.08%
	Interest in a controlled corporation(2)	312,090,025	—	5.3%
Harvest Luck Development Limited(1)	Interest in a controlled corporation	1,888,931,000	—	32.08%
	Interest in a controlled corporation(2)	312,090,025	—	5.3%
Ms. Chen Chen	Interest of a controlled corporation(3)	649,003,730 shares	—	11.02%
	Beneficial owner	21,500,000 shares(4)	—	0.37%
	Interest of spouse(4)	4,220,000 shares	—	0.07%

Notes:

(1) The entire issued share capital of Poseidon Sports Limited ("Poseidon") is held by Harvest Luck Development Limited ("Harvest Luck"), which is in turn wholly-owned and controlled by Mr. Chen Yihong. Mr. Chen Yihong and Harvest Luck are therefore deemed to be interested in the shares held by Poseidon.

(2) 312,090,025 shares (out of which 10,000,000 shares are held by Mr. Lyu Guanghong) have been charged to Gaea Sports Limited ("GAEA"). Each of Mr. Chen Yihong, Harvest Luck, Poseidon and the Company is deemed to be interested in such shares by virtue of GAEA, being a wholly owned subsidiary of the Company and Poseidon being entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of the Company.

(3) Bountiful Talent Ltd is wholly-owned and controlled by Ms. Chen Chen and Ms. Chen Chen is therefore deemed to be interested in the shares held by Bountiful Talent Ltd.

(4) It included Ms. Chen Chen's interests in 21,500,000 shares. It also included Mr. Men Xiaochen's interest in share options to subscribe for 320,000 shares pursuant to the share options granted by the Company on 16 September 2019 under the share option scheme adopted by the Company on 8 August 2019 at an exercise price of HK$0.854 each. It also included Mr. Men Xiaochen's interest in share options to subscribe for 3,900,000 shares pursuant to the share options granted by the Company on 18 April 2023 under the share option scheme adopted by the Company on 8 August 2019 at an exercise price of HK$0.33 each. Mr. Men Xiaochen is the spouse of Ms. Chen Chen (an executive director of the Company), and thus an associate of Ms. Chen Chen.

Save as disclosed above, as at 31 March 2025, the Directors are not aware of any other person or corporation (who were not Directors or chief executive of the Company) having an interest or short position in Shares and underlying Shares of the Company representing 5% or more of the issued share capital of the Company.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

CONNECTED TRANSACTIONS

During the year ended 31 March 2025, the Company did not enter into any transactions with its connected persons (as defined in the Listing Rules) which was subject to the reporting, announcement and/or shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

On 30 June 2020, Shanghai Kappa Sporting Goods Co., Ltd. ("Shanghai Kappa"), an indirect wholly-owned subsidiary of the Company, entered into the 2020 renewed framework agreement (the "2020 Renewed Framework Agreement") with Mai Sheng Yue He Sportswear Company Limited ("Mai Sheng Yue He"), in relation to the supply and sale of sport-related products by Shanghai Kappa to Mai Sheng Yue He. Mai Sheng Yue He is an associate of Mr. Chen Yihong, the chairman and an executive Director of the Company, as it is a majority-controlled company (as defined under the Listing Rules) held by Chen Co., which is a company owned by Mr. Chen Yiliang, Mr. Chen Yiyong and Mr. Chen Yizhong, each being a brother of Mr. Chen Yihong. Mai Sheng Yue He is hence a connected person of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the 2020 Renewed Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The 2020 Renewed Framework Agreement shall be valid from 1 April 2021 to 31 March 2024 and transaction amount between Mai Sheng Yue He and Shanghai Kappa for the supply and sale of goods under the 2020 Renewed Framework Agreement shall be subject to the annual caps of RMB94,000,000, RMB113,000,000 and RMB130,000,000 (each the "2020 renewed Mai Sheng Yue He Annual Cap") for the financial year ended 31 March 2022, financial year ended 31 March 2023 and the financial year ended 31 March 2024, respectively. Please refer to the announcement of the Company dated 30 June 2020 and the circular of the Company dated 4 August 2020 for further details.

On 30 June 2023, Gaea Sports Limited. ("Gaea"), an indirect wholly-owned subsidiary of the Company, entered into the 2023 renewed framework agreement (the "2023 Renewed Framework Agreement") with Mai Sheng Yue He in relation to the supply and sale of sport-related products by Gaea to Mai Sheng Yue He. Mai Sheng Yue He is an associate of Mr. Chen Yihong, the chairman and an executive Director of the Company, as it is a majority-controlled company (as defined under the Listing Rules) held by Chen Co., which is a company owned by Mr. Chen Yiliang, Mr. Chen Yiyong and Mr. Chen Yizhong, each being a brother of Mr. Chen Yihong. Mai Sheng Yue He is hence a connected person of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the 2023 Renewed Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The 2023 Renewed Framework Agreement shall be valid from 1 April 2024 to 31 March 2027 and transaction amount between Mai Sheng Yue He and Gaea for the supply and sale of goods under the 2023 Renewed Framework Agreement shall be subject to the annual caps of RMB92,000,000, RMB112,000,000 and RMB134,000,000 (each the "2023 renewed Mai Sheng Yue He Annual Cap") for the financial year ending 31 March 2025, financial year ending 31 March 2026 and the financial year ending 31 March 2027, respectively. Please refer to the announcement of the Company dated 30 June 2023 and the circular of the Company dated 31 July 2023 for further details.

For the financial year ended 31 March 2025, the transactions conducted pursuant to the arrangement under the 2023 Renewed Framework Agreement amounted to RMB53,964,000.

On 15 December 2023, Gaea was notified by Mai Sheng Yue He that it (and its subsidiaries) intended to cease acting as distributor(s) and/or purchase products from the Group for sale on consignment basis or direct sale under the 2020 Renewed Framework Agreement and the 2023 Renewed Framework Agreement. In substitution of Mai Sheng Yue He, Beijing Yi Jing Yi Dong Sportswear Company Limited and Beijing Jun Ling Sportswear Company Limited ("Assignee(s)"), being entities controlled by the ultimate controllers of Mai Sheng Yue He, shall act as the distributor(s) under the 2020 Renewed Framework Agreement and the 2023 Renewed Framework Agreement.

To effect the novation of the relevant agreements, Gaea, Mai Sheng Yue He (and/or its direct wholly-owned subsidiaries), and the Assignees had entered into:

(i) the Existing Novation Agreements, pursuant to which Mai Sheng Yue He and its certain direct wholly-owned subsidiaries transferred by novation to the respective Assignee all of their respective rights and obligations under certain specific agreements entered into under the 2020 Renewed Framework Agreement and the 2023 Renewed Framework Agreement with Gaea. Such transfer was effective from 1 January 2024; and

(ii) the Deed of Novation, pursuant to which Mai Sheng Yue He transferred by novation all its rights and obligations under the 2023 Renewed Framework Agreement to the Assignees (and their respective subsidiaries, as applicable), with effect from 1 April 2024 (the "Effective Date"). Pursuant to the Deed of Novation, the Assignees have agreed to assume, and Mai Sheng Yue He have agreed to be released from, all the rights and obligations of Mai Sheng Yue He under the 2023 Renewed Framework Agreement from the Effective Date. Accordingly, the Assignees (and their respective subsidiaries, as applicable) shall substitute Mai Sheng Yue He (and its subsidiaries, as applicable) to distribute or sell the products of the Group under the 2023 Renewed Framework Agreement from the Effective Date under the same terms and conditions (including but not limited to the annual cap amounts) of the 2023 Renewed Framework Agreement.

Please refer to the announcement of the Company dated 30 May 2024 for further details.

The independent non-executive Directors have reviewed the above transactions and confirmed that the transactions have been entered into: (1) in the ordinary and usual course of business of the Group; (2) on normal commercial terms; and (3) in accordance with the 2023 Renewed Framework Agreement (as the case may be) and on fair and reasonable terms and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have reviewed the above transactions and given written notice to the Board to confirm that the above transactions: (1) have been approved by the Board; (2) were in accordance with the pricing policies of the Group; (3) have been entered into in accordance with the relevant agreements governing such transactions; and (4) did not exceed the annual cap for the financial year ended 31 March 2025.

Apart from the connected transactions and continuing connected transactions disclosed above, all other related party transactions did not fall under the scope of "Connected Transaction" and "Continuing Connected Transaction" under Chapter 14A of the Listing Rules which are required to comply with the reporting, announcement or independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued Shares as required under the Listing Rules.

MAJOR SUPPLIERS AND CUSTOMERS

During the twelve months Period ended 31 March 2025, the purchases from the largest supplier and the aggregated purchases from the largest five suppliers amounted for 13.2% and 38.1% of the Group's total purchases, and the sales to the largest customer and the aggregated sales to the largest five customers amounted for 0.8% and 2% of the Group's total sales, respectively. To the best knowledge of the Directors, at no time during the financial year have the Directors, their associates or any shareholder of the Company (own more than 5% of the number of issued Shares) had any interest in these major customers and suppliers.

MATERIAL ACQUISITIONS AND DISPOSAL AND SIGNIFICANT INVESTMENTS

Save as mentioned in the this report, the Group did not have any other material investments or acquire any material capital assets, or make any material acquisitions or disposals of subsidiaries and associated companies, or significant investments for the year ended 31 March 2025.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, the Company has no plan for any material investments or additions of capital assets as at the date of this report.

CORPORATE GOVERNANCE

Throughout the twelve months ended 31 March 2025, the Company has complied with all the Code Provisions of the Corporate Governance Code contained in Appendix C1 to the Listing Rules. Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 46 to 62 of this report.

EVENTS SUBSEQUENT TO 31 MARCH 2025

There was no other significant event occurred subsequent to 31 March 2025 and up to the date of this report.

AUDITOR

PricewaterhouseCoopers has resigned as auditor of the Company with effect from 30 September 2024. Deloitte Touche Tohmatsu has been appointed as auditor of the Company with effect from 30 September 2024 and will retire as auditor of the Company at the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Deloitte Touche Tohmatsu as auditor of the Company until the conclusion of the next AGM is to be proposed at the forthcoming AGM.

On behalf of the Board
Chen Yihong
Chairman

25 June 2025

INDEPENDENT AUDITOR'S REPORT

Deloitte.

德勤

To the Shareholders of China Dongxiang (Group) Co., Ltd.
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Dongxiang (Group) Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 86 to 172, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Fair value measurement of level 3 financial assets at fair value through profit or loss	
Refer to Notes 4, 22 and 46 to the consolidated financial statements. The Group has invested in certain financial assets at fair value through profit or loss ("FVTPL") with carrying amounts of approximately RMB4,581.0 million as at 31 March 2025 and among which, investments with carrying amounts of approximately RMB4,019.6 million are categorised into level 3 of the fair value hierarchy (hereafter the "Level 3 financial assets at FVTPL"). These Level 3 financial assets at FVTPL represent approximately 40.0% of the Group's total assets as at 31 March 2025. These Level 3 financial assets at FVTPL primarily comprise of private equity fund investments and other unlisted equity investments. Management of the Company determines the fair value of these investments by using valuation techniques which involved the use of certain significant unobservable inputs.	We performed the following procedures to address this key audit matter: • Understanding, evaluating and testing, on a sample basis, the relevant management's controls over the determination of fair values of the Level 3 financial assets at FVTPL. • Evaluating the appropriateness of the valuation techniques as applied by management for each type of the Level 3 financial assets at FVTPL based on our industry knowledge. • In respect of the Group's private equity fund investments: — understanding the capability of the general partners and the valuation processes and techniques that they have applied in determining of the fair values of the underlying portfolio investments of the respective funds based on the public information we searched and interviews with these general partners;

Key audit matter	How our audit addressed the key audit matter
For private equity fund investments, management has applied the net asset value ("NAV") method to determine the fair values of the related investments. Under the NAV method, management determined the fair values of private equity fund investments based on the NAV of the private equity funds with underlying assets measured at fair value as at the end of the reporting period as reported by the general partners of the respective funds, adjusted by the relevant factors that management considered as appropriate. For other unlisted equity investments, management has applied the market approach, the discount cash flow approach or making reference to recent transaction prices (if available) to determine the fair values of the related investments. The market approach involves the uses of certain valuation multiples (such as price to sales multiple or earnings before interest and tax multiple) of comparable companies and a discount for lack of marketability ("DLOM") for determining the fair values of the respective unlisted equity investments. The discount cash flow approach uses the discount rate to determine the fair values of the respective unlisted equity investments. We focus on this area due to the magnitude of these Level 3 financial assets at FVTPL and determining the fair values of these investments are inherently subjective which involved significant management's judgement and estimates in selecting the appropriate valuation techniques and significant unobservable inputs when applying these valuation techniques.	— checking the accuracy of the NAV of the respective funds as used by management in determining the fair values of the Group's interests in the respective investments by comparing with the fair value information as contained in the regular reports provided by the general partners of the respective funds (such as unaudited management/capital accounts of the respective funds and the latest audited annual financial statements); — obtaining and reviewing the related investment agreements and obtaining direct confirmations from the general partners of the respective funds regarding the Group's costs of investment and proportion of interests in these funds as at the year end; — discussing with management to understand their key considerations and assumptions in determining the adjusting factors and inspecting the underlying supporting documents provided by management; and — checking the mathematical accuracy of the fair value calculations provided by management.

Key audit matter	How our audit addressed the key audit matter
	• In respect of the Group's other unlisted equity investments: — obtaining and reviewing the related investment agreements and obtaining direct confirmations from the respective investee companies regarding the Group's costs of investment and proportion of interests in these investee companies; — evaluating the appropriateness of the comparable companies as selected by management by comparing the business profiles of the investee companies with those of the respective comparable companies based on our industry knowledge and research on market data; — comparing the valuation multiples of the comparable companies, the DLOM as well as the discount rate as adopted by management in the fair value calculations against the information as obtained from our independent internet search; and — checking the mathematical accuracy of the fair value calculations provided by management.

INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter
Measurement of expected credit losses on loan receivables	
We identified expected credit loss ("ECL") for loan receivables as a key audit matter due to the significance of loan receivables to the Group's consolidated financial position and the involvement of subjective judgement and management estimation in evaluating the ECL of the Group's loan receivables at the end of the reporting period. As disclosed in Note 23 to the consolidated financial statements, the Group's gross carrying amount of loan receivables amounted to approximately RMB907.3 million, against which an allowance of RMB176.0 million for ECL was recorded as at 31 March 2025. As disclosed in Notes 4 and 45 to the consolidated financial statements, the measurement of ECL involves significant management's judgement and estimates, primarily on (i) determining whether there was a significant increase in credit risk or a default and identifying any credit-impaired assets; (ii) determining the appropriate key measurement parameters, such as probability of default, loss given default and forward-looking adjustment to be applied in the impairment model and (iii) estimating the future cash flows for those loan receivables which are identified as credit-impaired and require the estimations on the recoverable amounts of the collaterals on respective loan receivables (i.e. the estimated fair value of the collateralised assets, net of an estimated liquidity discounts) and also the weightings on the probabilities of different scenarios for recovering the related loan receivables. The management has engaged an independent valuer to assist in assessing the ECL of certain loan receivables.	We performed the following procedures to address this key audit matter: • Evaluating the design and implementation of key internal controls on how management estimates the loss allowance for loan receivables; • Evaluating the independent valuer's objectivity, qualification and competence; • Understanding and evaluating the criteria and processes applied by management to identify borrowers with significant increase in credit risk or credit-impaired, and corroborated management's explanation and justifications by inspecting the underlying supporting documents, including those provided by management and those as obtained from our independent research (e.g. historical repayment records, latest information of the borrowers as obtained from internet or background search, management accounts of the borrowers and the latest status of collaterals etc.); • Assessing with the involvement of our internal valuation specialists, the rationality and appropriateness of the Group's ECL model, including certain model inputs, the calculation and also the valuation of the collaterals; • evaluating the appropriateness of the weightings (if applicable) as applied by management on the probabilities of different scenarios for recovering the related loan balances by interviewing the relevant borrowers to understand their possible repayment plans; • testing the underlying data used in the impairment model to the supporting documents provided by management; and • Performing the retrospective analysis to update our risk assessment conclusion regarding appropriateness of the ECL policy.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is LUNG, Wing Hung, David.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
25 June 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	Year ended 31 March 2025 RMB'000	2024 RMB'000
Revenue	5	**1,680,135**	1,744,023
Cost of sales	8	**(527,920)**	(551,731)
Gross profit		**1,152,215**	1,192,292
Distribution expenses	8	**(1,053,408)**	(1,038,569)
Administrative expenses	8	**(130,883)**	(157,928)
Impairment losses under expected credit loss ("ECL") model, net of reversal	10	**(47,362)**	(115,447)
Other income and gains/(losses) — net	7	**323,264**	(658,567)
Operating profit/(loss)		**243,826**	(778,219)
Finance income	9	**19,235**	25,089
Finance expenses	9	**(8,954)**	(6,556)
Finance income — net	9	**10,281**	18,533
Share of results of investments accounted for using the equity method		**(5,925)**	78
Profit/(loss) before income tax		**248,182**	(759,608)
Income tax (expense)/credit	11	**(41,182)**	120,249
Profit/(loss) for the year		**207,000**	(639,359)
Other comprehensive income:			
Item that may be reclassified to profit or loss			
— Currency translation differences on foreign operations		**37,137**	114,915
Other comprehensive income, net of tax		**37,137**	114,915
Total comprehensive income/(loss) for the year		**244,137**	(524,444)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	Year ended 31 March 2025 RMB'000	2024 RMB'000
Profit/(loss) attributable to:			
— Owners of the Company		**207,000**	(639,359)
— Non-controlling interests		**—**	—
		207,000	(639,359)
Total comprehensive income/(loss) attributable to:			
— Owners of the Company		**244,137**	(524,444)
— Non-controlling interests		**—**	—
		244,137	(524,444)
Earnings/(losses) per share for profit/(loss) attributable to owners of the Company (expressed in RMB cents per share)			
— Basic earnings/(losses) per share	16	**3.53**	(10.90)
— Diluted earnings/(losses) per share	16	**3.53**	(10.90)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	17	**131,315**	156,225
Intangible assets	18	**152,236**	159,849
Right-of-use assets	19	**63,845**	55,553
Investment properties	20	**44,924**	39,876
Investments accounted for using the equity method	21	**8,761**	7,692
Financial assets at fair value through profit or loss ("FVTPL")	22	**3,338,288**	3,955,540
Other financial assets at amortised cost	23	**798,931**	723,535
Deferred income tax assets	24	**138,152**	154,537
Other assets	28	**107,673**	—
Total non-current assets		**4,784,125**	5,252,807
Current assets			
Inventories	25	**326,975**	286,490
Trade receivables	26	**111,872**	142,535
Financial assets at FVTPL	22	**1,242,686**	771,052
Other financial assets at amortised cost	23	**140,551**	229,989
Term deposits with initial term over three months and within one year	27	**1,777,196**	1,268,507
Restricted cash	27	**129**	1,768
Cash and cash equivalents	27	**1,631,452**	1,764,656
Other assets	28	**25,508**	22,759
Total current assets		**5,256,369**	4,487,756
Total assets		**10,040,494**	9,740,563
Equity			
Share capital and share premium	29	**909,561**	1,021,573
Shares held for employee share award scheme	30	**(196)**	(196)
Reserves		**8,298,708**	8,053,381
Total equity		**9,208,073**	9,074,758
Equity attributable to owners of the Company		**9,208,073**	9,074,758
Non-controlling interests		**—**	—
Total equity		**9,208,073**	9,074,758

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
Liabilities			
Non-current liabilities			
Lease liabilities	32	**19,734**	14,754
Deferred income tax liabilities	24	**150,834**	153,042
Total non-current liabilities		**170,568**	167,796
Current liabilities			
Derivatives	33	**99,305**	1,456
Contract liabilities	34	**19,373**	18,835
Lease liabilities	32	**27,485**	24,148
Trade payables	35	**125,363**	125,043
Bills payables	36	**17,400**	—
Accruals and other payables	37	**361,540**	315,665
Current income tax liabilities		**11,387**	12,862
Total current liabilities		**661,853**	498,009
Total liabilities		**832,421**	665,805
Total equity and liabilities		**10,040,494**	9,740,563

The consolidated financial statements on pages 86 to 172 were approved and authorised for issue by the board of directors on 25 June 2025 and are signed on its behalf by:

CHEN YIHONG
Chairman and Executive Director

CHEN CHEN
Chief Executive Officer, President, Co-Chairman and Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000	Shares held for employee share award scheme RMB'000	Other reserves RMB'000 (Note 31)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 April 2023	56,478	1,034,866	(196)	687,785	7,886,516	9,665,449	—	9,665,449
Loss for the year	—	—	—	—	(639,359)	(639,359)	—	(639,359)
Other comprehensive income								
— Currency translation differences	—	—	—	114,915	—	114,915	—	114,915
Total comprehensive income/(loss)	—	—	—	114,915	(639,359)	(524,444)	—	(524,444)
Transactions with owners in their capacity as owners								
Dividends declared and paid (Note 15)	—	(69,771)	—	—	—	(69,771)	—	(69,771)
Share-based compensations (Note 39)	—	—	—	3,524	—	3,524	—	3,524
Appropriation to statutory reserves	—	—	—	557	(557)	—	—	—
	—	(69,771)	—	4,081	(557)	(66,247)	—	(66,247)
Balance at 31 March 2024	56,478	965,095	(196)	806,781	7,246,600	9,074,758	—	9,074,758

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000	Shares held for employee share award scheme RMB'000	Other reserves RMB'000 (Note 31)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Profit for the year	—	—	—	—	207,000	207,000	—	207,000
Other comprehensive income								
— Currency translation differences	—	—	—	37,137	—	37,137	—	37,137
Total comprehensive income	—	—	—	37,137	207,000	244,137	—	244,137
Transactions with owners in their capacity as owners								
Dividends declared and paid (Note 15)	—	(112,012)	—	—	—	(112,012)	—	(112,012)
Share-based compensations (Note 39)	—	—	—	1,190	—	1,190	—	1,190
Appropriation to statutory reserves	—	—	—	15	(15)	—	—	—
	—	(112,012)	—	1,205	(15)	(110,822)	—	(110,822)
Balance at 31 March 2025	56,478	853,083	(196)	845,123	7,453,585	9,208,073	—	9,208,073

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Cash flows from operating activities		
Profit/(loss) before income tax	**248,182**	(759,608)
Adjustments for:		
Changes in fair value of financial instruments at FVTPL	**(120,740)**	824,031
Depreciation of property, plant and equipment	**57,787**	53,941
Loss on disposal of property, plant and equipment	**7,844**	2,115
Depreciation of right-of-use assets	**32,682**	37,996
Amortisation of intangible assets	**7,797**	7,915
Depreciation of investment properties	**2,897**	1,584
Changes in provision for inventories	**5,012**	(38,311)
Impairment losses under ECL model, net of reversal	**47,362**	115,447
Impairment losses on investment properties	**5,727**	—
Share of results of joint ventures and associates	**5,925**	(78)
Interest income from bank and term deposits	**(96,901)**	(65,796)
Dividend income from financial assets at FVTPL	**(16,801)**	(11,926)
Investment income from loan receivables and other investments measured at amortised cost	**(49,016)**	(37,219)
Foreign exchange gains, net	**(8,030)**	(9,919)
Share-based compensation expenses	**1,190**	3,524
Gains on disposal of investments in a joint venture and associates	**(988)**	(34)
(Gain)/loss on early termination of leases — net	**(253)**	3,831
Interest expenses on lease liabilities	**1,861**	2,337
	131,537	129,830
Changes in working capital:		
(Increase)/decrease in inventories	**(45,497)**	87,791
Decrease in trade receivables, other assets and other receivables	**4,052**	11,654
Increase in trade payables, bills payables, contract liabilities, accruals and other payables	**59,347**	2,039
Decrease/(increase) in restricted cash	**1,639**	(1,700)
Cash generated from operations	**151,078**	229,614
Interest received	**19,235**	25,089
Income tax paid	**(28,666)**	(55,799)
Net cash inflow from operating activities	**141,647**	198,904

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	Note	Year ended 31 March 2025 RMB'000	2024 RMB'000
Cash flows from investing activities			
Purchase of property, plant and equipment		**(65,875)**	(54,802)
Purchase of intangible assets		**(184)**	(627)
Prepayments to right-of use assets		**(2,464)**	—
Placement of term deposits with initial term over three months and within one year		**(483,083)**	(1,236,688)
Interest received from term deposits with initial term over three months and within one year		**67,149**	8,888
Proceeds from disposal of property, plant and equipment		**10,080**	5,375
Investments in financial assets at FVTPL		**(2,963,569)**	(2,340,347)
Investment income and disposal proceeds from financial assets at FVTPL		**3,246,821**	2,745,399
Increase in loan receivables		**(13,000)**	(74,024)
Repayment of loan receivables		**23,160**	113,994
Interest received from loan receivables		**31,624**	37,207
Investments in other financial assets at amortised cost		**—**	(134,523)
Interest received from other financial assets at amortised cost		**5,612**	1,519
Proceeds from disposal of investments in associates and joint ventures		**7,330**	7,000
Capital contribution to an associate		**(4,700)**	(2,350)
Net cash outflow from investing activities		**(141,099)**	(923,979)
Cash flows from financing activities			
Dividends paid		**(112,012)**	(69,771)
Payments for lease liabilities		**(34,116)**	(40,037)
Deposit received for a loan receivable		**12,921**	—
Net cash outflow from financing activities		**(133,207)**	(109,808)
Net decrease in cash and cash equivalents		**(132,659)**	(834,883)
Cash and cash equivalents at beginning of the year		**1,764,656**	2,558,024
Effects of exchange rate changes on cash and cash equivalents		**(545)**	41,515
Cash and cash equivalents at end of the year	27	**1,631,452**	1,764,656

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

1. GENERAL INFORMATION

China Dongxiang (Group) Co., Ltd. (the "Company") and its subsidiaries (together the "Group") are principally engaged in brand development, design and sales of sport-related apparel, footwear and accessories and investment activities in the People's Republic of China (the "PRC") and overseas.

The Company was incorporated in the Cayman Islands on 23 March 2007 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange" or "HKEX") since 10 October 2007. The ultimate controlling party of the Group is Mr. Chen Yihong, the Chairman and Executive director of the Company (the "Chairman").

These consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

(a) Amendments to IFRS accounting standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS accounting standards issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the Group's annual period beginning on 31 March 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRS accounting standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (CONTINUED)

(b) New and amendments to IFRS accounting standards in issue but not yet effective

The Group has not early applied the following amendments to IFRS accounting standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

1. Effective for annual periods beginning on or after a date to be determined.
2. Effective for annual periods beginning on or after 1 January 2025.
3. Effective for annual periods beginning on or after 1 January 2026.
4. Effective for annual periods beginning on or after 1 January 2027.

Except as described below, the directors of the Company (the "Directors") anticipate that the application of all other amendments to IFRS accounting standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS accounting standards issued by IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and by the Hong Kong Companies Ordinance.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Investments in associates and joint ventures

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Note 5.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group applies the short-term lease recognition exemption to leases properties and warehouses that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability; and
- any lease payments made at or before the commencement date, less any lease incentives received.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments).

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Foreign currencies (Continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Share-based payments

Equity-settled share-based payment transactions

Shares/share options granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration of all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based compensation reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based compensation reserve.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised, and the amount previously recognised in share-based compensation reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will continue to be held in other reserve.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before income tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than freehold lands and properties under construction as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes (classified as construction in progress) are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of property, plant and equipment (other than freehold land and construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Impairment on property, plant and equipment, intangible assets, right-of-use assets and investment properties

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, intangible assets with finite useful lives and right-of-use assets and investment properties to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Impairment on property, plant and equipment, intangible assets, right-of-use assets and investment properties (Continued)

The recoverable amount of property, plant and equipment, intangible assets, right-of-use assets and investment properties are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets of the Group are subsequently measured at FVTPL.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss include any dividend or interest earned on the financial asset and is included in the 'other income and gains/losses — net' line item.

Impairment of financial assets subject to impairment assessment under IFRS 9 *Financial Instruments*

The Group performs impairment assessment under ECL model on financial assets (including trade receivables, other financial assets at amortised cost, term deposits with initial term over three months, restricted cash and cash and cash equivalents) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 *Financial Instruments* (Continued)

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates;
- Actual or expected forbearance or restructuring;
- Actual or expected significant adverse change in operating results of the borrower.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due but within 90 days (inclusive), unless the Group has reasonable and supportable information that demonstrates otherwise.

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 *Financial Instruments* (Continued)

(i) Significant increase in credit risk (Continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, when the borrower is more than 90 days past due on its contractual payments.

When one or more events that adversely affect the expected future cash flow of a financial asset occurs, the financial asset becomes a credit-impaired financial asset. Evidence of credit-impaired financial assets includes the following observable information:

- The borrower is in significant financial difficulties;
- It is becoming probably that the borrower will enter bankruptcy or other debt restructuring.

(iii) Write-off policy

The Group writes off a financial asset when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 *Financial Instruments* (Continued)

(iv) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. The ECL on these assets are assessed individually or collectively with appropriate groupings.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Types of transactions; and
- Aging.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, loan receivables and other financial assets at amortised cost where the corresponding adjustment is recognised through a loss allowance account.

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost, exchange differences are recognised in profit or loss in the 'other income and gains/losses — net' line item;

- For financial assets measured at FVTPL, exchange differences are recognised in profit or loss in the 'other income and gains/losses — net' line item as part of fair value gain/(loss) on financial assets.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at amortised cost

Financial liabilities including trade payables, bills payables and accruals and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other income and gains/losses — net' line item in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of financial assets and derivatives

The fair value of financial instruments and derivatives that are not traded in active markets is determined by using valuation techniques. These techniques include the use of the net assets value provided by the respective private equity funds, valuation multiples of comparable companies and prices of recent transactions, etc. The Group uses its judgement to select a variety of valuation methods or models and make assumptions that are mainly based on market conditions existing at the end of the reporting period. For details, please refer to Notes 22, 33 and 46.

Impairment of trade receivables and other financial assets at amortised cost

The Group's management determines the provision for impairment of trade receivables and other financial assets at amortised cost. This estimate is based on the credit history of its customers and current market conditions. Management reassesses at the end of the reporting period the adequacy of impairment provision on a regular basis by reviewing the individual account based on past credit history and any prior knowledge of debtor insolvency or other credit risk which might not be easily accessible in public information and market volatility that might bear a significant impact but might not be easily ascertained. As at 31 March 2025, the Group made a provision for impairment of trade receivables and other financial assets at amortised cost of RMB198,771,000 (2024: RMB151,589,000) (Notes 23, 26 and 45).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Inventory provision

Inventories are stated at the lower of cost and net realisable value. Management makes provision based on historical experience and on the estimation of future market condition and sales. Management will adjust the provision where actual net realisable value is higher or lower than previously estimated. This requires significant judgement. As at 31 March 2025, the Group recognised a provision for impairment of inventories of approximately RMB118,899,000 (2024: RMB113,887,000) (Note 25).

Current and deferred income taxes

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will be reflected in the income tax expense and deferred income tax provisions in the period in which such determination is made. In addition, the realisation of future income tax assets is dependent on the Group's ability to generate sufficient taxable income in future years to utilise income tax benefits and tax loss carry-forwards. Deviations of future profitability from estimates or in the income tax rate would result in adjustments to the value of future income tax assets and liabilities that could have a significant effect on the income tax expenses.

Dividends derived from the Company's subsidiaries in mainland China to foreign investors are subject to withholding tax at the rate of 5% or 10%. The Group regularly assesses its needs to make distributions out of its subsidiaries in mainland China. In this regard, withholding tax will be provided in the period in which dividends are distributed or on the undistributed profits to the extent they are expected to be distributed in future.

5. REVENUE

(i) Disaggregation of revenue

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Revenue from contracts with customers recognised at a point in time		
— Revenue from sales of sport apparel	**1,680,135**	1,744,023

(ii) Performance obligations for contracts with customers and revenue recognition policies

(a) Sales of goods — wholesale

The Group sells a range of sport-related apparels, footwears and accessories to its distributors in China. Sales of goods are recognised when control of the products has transferred, being when products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

5. REVENUE (CONTINUED)

(ii) Performance obligations for contracts with customers and revenue recognition policies (Continued)

(a) *Sales of goods — wholesale (Continued)*

The products of the Group are often sold with sales discounts. Revenue from these sales are recognised based on the price specified in the sales contracts, net of the estimated sales discounts at the time of sale. The sales discounts are estimated based on the terms of agreements. No element of financing is deemed present as the sales are made with a credit term of 30 to 90 days, which is consistent with the market practice.

As receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) *Sales of goods — retail*

The Group operates a chain of retail shops and outlets for selling sport apparels, footwears and accessories in China. Revenue from the sale of goods is recognised when the Group sells a product to the customer. Retail sales are usually settled in cash, by credit cards or through on-line payment platforms.

(c) *Sales of goods — on-line sales*

Revenue from the sale of goods on the internet is recognised when the control of the products has been transferred, which is the point of acceptance by the customers. Transactions are settled by credit or payment cards or through third party on-line payment platforms.

(d) *Sales of goods — consignment sales*

Consignment sales are the sales of goods of the Group under consignment arrangement with distributor which undertakes to sell the goods to end customers on behalf of the Group. Revenue is recognised by the Group when the control of the goods is transferred to the end customers.

(e) *Sale of goods — return of goods and refunds*

Customers have a right to return products within certain days, the Group is obliged to refund the purchases price. Therefore, a refund liability (included in other payables and accruals) and a right to the returned goods (included in other assets) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

(f) *Sale of goods — customer loyalty programme*

The Group operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discounts on future purchases. Revenue from the award points is recognised when the points are redeemed or when they expire at the end of the next year after the initial sale.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

Sales of sport apparel are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

6. SEGMENT INFORMATION

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "CODM"), in order to allocate resources and to assess performance. The CODM considers and assesses the performance of the sportswear business ("China Sporting Goods") and investment activities separately:

China Sporting Goods: distribution and retail of sport apparel under Kappa brand and Phenix brand.

Investment: investments in different kinds of financial assets or treasury products.

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments:

Year ended 31 March 2025

	China Sporting Goods RMB'000	Investment RMB'000	Total RMB'000
Revenue from external customers	1,680,135	—	1,680,135
Cost of sales	(527,920)	—	(527,920)
Segment gross profit	1,152,215	—	1,152,215
Other income and gains/(losses) — net	51,740	271,524	323,264
Segment operating profit	50,850	192,976	243,826
Finance income	3,567	15,668	19,235
Finance expenses	(2,189)	(6,765)	(8,954)
Share of results of investments accounted for using the equity method	—	(5,925)	(5,925)
Profit before income tax	52,228	195,954	248,182
Income tax expense	(5,884)	(35,298)	(41,182)
Profit for the year	46,344	160,656	207,000
Material items of income and expenses			
Depreciation of property, plant and equipment	53,939	3,848	57,787
Depreciation of right-of-use assets	32,554	128	32,682
Amortisation of intangible assets	7,692	105	7,797
Depreciation of investment properties	601	2,296	2,897
Selling and advertising expenses	406,109	—	406,109
Commission expenses	235,116	—	235,116
Fair value gains on financial assets at FVTPL — net	—	120,740	120,740
Impairment losses under ECL model, net of reversal	2,106	45,256	47,362

6. SEGMENT INFORMATION (CONTINUED)

Year ended 31 March 2024

	China Sporting Goods RMB'000	Investment RMB'000	Total RMB'000
Revenue from external customers	1,744,023	—	1,744,023
Cost of sales	(551,731)	—	(551,731)
Segment gross profit	1,192,292	—	1,192,292
Other income and gains/(losses) — net	64,941	(723,508)	(658,567)
Segment operating profit/(loss)	105,883	(884,102)	(778,219)
Finance income	3,718	21,371	25,089
Finance expenses	(3,381)	(3,175)	(6,556)
Share of results of investments accounted for using the equity method	78	—	78
Profit/(loss) before income tax	106,298	(865,906)	(759,608)
Income tax (expense)/credit	(19,563)	139,812	120,249
Profit/(loss) for the year	86,735	(726,094)	(639,359)
Material items of income and expenses			
Depreciation of property, plant and equipment	50,406	3,535	53,941
Depreciation of right-of-use assets	37,567	429	37,996
Amortisation of intangible assets	7,856	59	7,915
Depreciation of investment properties	—	1,584	1,584
Selling and advertising expenses	386,444	—	386,444
Commission expenses	244,767	—	244,767
Impairment losses under ECL model, net of reversal	(5,864)	121,311	115,447
Fair value gains on financial assets at FVTPL — net	—	824,031	824,031

6. SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's assets and liabilities by reportable segments:

	China Sporting Goods RMB'000	Investment RMB'000	Total RMB'000
As at 31 March 2025			
Cash and cash equivalents	**397,503**	**1,233,949**	**1,631,452**
Restricted cash	**—**	**129**	**129**
Term deposits with initial term over three months and within one year	**—**	**1,777,196**	**1,777,196**
Investments accounted for using the equity method	**—**	**8,761**	**8,761**
Financial assets at FVTPL	**—**	**4,580,974**	**4,580,974**
Deferred income tax assets	**96,541**	**41,611**	**138,152**
Right-of-use assets	**53,324**	**10,521**	**63,845**
Other assets	**755,455**	**1,084,530**	**1,839,985**
Segment assets	**1,302,823**	**8,737,671**	**10,040,494**
Deferred income tax liabilities	**3,404**	**147,430**	**150,834**
Current income tax liabilities	**11,086**	**301**	**11,387**
Lease liabilities	**46,933**	**286**	**47,219**
Other liabilities	**398,535**	**224,446**	**622,981**
Segment liabilities	**459,958**	**372,463**	**832,421**
As at 31 March 2024			
Cash and cash equivalents	335,987	1,428,669	1,764,656
Restricted cash	—	1,768	1,768
Term deposits with initial term over three months and within one year	—	1,268,507	1,268,507
Investments accounted for using the equity method	1,442	6,250	7,692
Financial assets at FVTPL	—	4,726,592	4,726,592
Deferred income tax assets	104,339	50,198	154,537
Right-of-use assets	44,693	10,860	55,553
Other assets	746,720	1,014,538	1,761,258
Segment assets	1,233,181	8,507,382	9,740,563
Deferred income tax liabilities	4,773	148,269	153,042
Current income tax liabilities	2,153	10,709	12,862
Lease liabilities	38,558	344	38,902
Other liabilities	382,769	78,230	460,999
Segment liabilities	428,253	237,552	665,805

6. SEGMENT INFORMATION (CONTINUED)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3.

The Group is principally engaged in brand development, design and sales of sport-related apparel, footwear and accessories in Mainland of the PRC as well as investment activities in the PRC and overseas.

As at 31 March 2025, the total non-current assets (other than financial instruments and deferred income tax assets) located in the PRC amounted to approximately RMB486,672,000 (2024: RMB371,965,000) and those located in other countries and regions amounted to approximately RMB22,082,000 (2024: RMB47,230,000).

7. OTHER INCOME AND GAINS/(LOSSES) — NET

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Fair value gains/(losses) of financial instruments at FVTPL	**120,740**	(824,031)
Franchise fee income	**40,545**	50,038
Interest income from term deposits with initial term over three month and within one year	**77,666**	40,707
Investment income from loan receivables	**42,301**	34,347
Government subsidy income (Note)	**13,927**	15,527
Net foreign exchange gains	**14,832**	12,980
Dividend income from financial assets at FVTPL	**16,801**	11,926
Investment income from investments measured at amortised costs	**6,715**	2,872
Gains on disposal of investments in a joint venture and associates	**988**	34
Impairment losses on investment properties	**(5,727)**	—
Loss on disposal of property, plant and equipment	**(7,844)**	(2,115)
Others	**2,320**	(852)
	323,264	(658,567)

Note: The government subsidy income recognised for the years ended 31 March 2025 and 2024 represent the government grants income received from local government in the PRC for the Group's contribution to the local economic growth. These grants are related to costs and recognised in profit or loss upon their receipts as there are no unfulfilled conditions or contingencies relating to these grants.

8. EXPENSES BY NATURE

The expenses included in cost of sales, distribution expenses and administrative expenses are analysed as follows:

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Selling and advertising expenses	**406,109**	386,444
Cost of inventories included in cost of sales	**527,920**	551,731
Commission expenses (Note i)	**235,116**	244,767
Outsourcing labour costs	**160,518**	154,766
Staff costs:		
Salaries, bonus and other welfares and benefits	**83,472**	115,653
Pension — defined contribution plans (Note 38)	**7,582**	7,678
Share-based compensation (Note 39)	**1,190**	3,524
Total staff costs	**92,244**	126,855
Depreciation of property, plant and equipment (Note 17)	**57,787**	53,941
Depreciation of right-of-use assets (Note 19)	**32,963**	37,996
Less: capitalised in construction in process	**(281)**	—
Depreciation of right-of-use assets charge to profit or loss	**32,682**	37,996
Product design and development expenses (Note ii)	**40,710**	40,531
Expenses relating to short-term leases and variable leases	**39,935**	34,895
Logistic and warehouse operation fees	**31,975**	34,424
Legal and consulting expenses	**23,602**	15,880
Travelling expenses	**14,900**	12,653
Amortisation of intangible assets (Note 18)	**7,797**	7,915
Auditor's remuneration	**3,400**	4,324
— Audit services	**3,400**	4,200
— Non-audit services	**—**	124
Others	**37,516**	41,106
Total cost of sales, distribution expenses and administrative expenses	**1,712,211**	1,748,228

Note i: These commission expenses were paid or payable to distributors under those consignment sales arrangement as described in Note 5(ii) (d).

Note ii: The salaries, bonus and other welfares and benefits amounted to RMB27,903,000 (2024: RMB26,115,000), and pension amounted to RMB2,675,000 (2024: RMB2,381,000) for staff of product design and development department are included in "product design and development expenses" line but not included in staff cost.

9. FINANCE INCOME NET

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Finance income:		
— Interest income	**19,235**	25,089
Finance expenses:		
— Net foreign exchange losses	**(6,802)**	(3,061)
— Interests on lease liabilities	**(1,861)**	(2,337)
— Others	**(291)**	(1,158)
	(8,954)	(6,556)
Finance income — net	**10,281**	18,533

10. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Impairment losses recognised/(reversed) in respect of:		
— trade receivables	**2,802**	(1,087)
— other financial assets at amortised cost	**44,560**	116,534
	47,362	115,447

Details of impairment assessment are set out in Note 45.

11. INCOME TAX EXPENSE/(CREDIT)

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Current income tax		
— Corporate income tax	**6,687**	13,115
— Withholding and remit tax recognised	**20,318**	48,553
Deferred income tax (Note 24)	**14,177**	(181,917)
	41,182	(120,249)

The Company was incorporated in the Cayman Islands. Under the laws of the Cayman Islands, there is no income, estate, corporation, capital gains or other taxes payable by the Company.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the years ended 31 March 2025 and 2024. Singapore profits tax have not been provided as there are no estimated assessable profits arising in or derived from Singapore during the years ended 31 March 2025 and 2024.

Provision for the PRC corporate income tax is calculated based on the statutory tax rate of 25% on the assessable income of the group companies for the years ended 31 March 2025 and 2024.

In prior years, the Group's subsidiaries incorporated in Tibet Autonomous Region (the "Tibet Region") was considered as eligible to the preferential corporate income tax rate of 15% by reference to certain tax incentive policies as promogulated by the State Taxation Administration of the PRC. These subsidiaries have therefore provided for corporate income tax and completed their annual tax filings based on the preferential tax rate of 15% in prior years and the relevant tax authorities have accepted their annual tax filings in the past. In April 2024, the tax authorities in the Tibet Region have imposed an additional corporate income tax charge on these subsidiaries for prior years of approximately RMB8,799,000 based on statutory corporate income tax rate of 25%. The Group has recognised this additional tax charge as income tax expenses for the year ended 31 March 2024. In the meantime, the deferred income tax liabilities in relation to the taxable temporary differences (primarily arising from fair value changes of investments in financial assets) of these subsidiaries incorporated in the Tibet Region as at 31 March 2024 have been remeasured at the statutory corporate income tax rate of 25% and the resulting additional deferred income tax charge as recognised for the year ended 31 March 2024 amounted to approximately RMB57,195,000.

11. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

According to the applicable PRC Corporate Income Tax Law, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding tax ("WHT"). If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong (the "Double Tax Treaty Arrangement"), the relevant WHT rate will be reduced from 10% to 5%. In prior years, the Group has recognised deferred income tax liabilities of approximately RMB197,431,000 (calculated based on the WHT rate of 10%) in relation to the retained earnings of the Group's PRC subsidiaries that are expected to be distributed in the future. In December 2023, an indirect wholly-owned subsidiary of the Group incorporated in Hong Kong, Gaea Sports Limited, has fulfilled the conditions and requirements of the aforesaid Double Tax Treaty Arrangement and has been certified as an eligible resident to entitle the preferential WHT rate of 5%. Accordingly, the deferred income tax liabilities in relation to the retained earnings of the Group's PRC subsidiaries to be distributed have been remeasured at the reduced WHT rate of 5% and the resulting deferred income tax credit as recognised for the year ended 31 March 2024 amounted to approximately RMB98,714,000.

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the PRC statutory corporate income tax rate applicable to profits or losses of the consolidated entities as follows:

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Profit/(loss) before income tax	**248,182**	(759,608)
Tax calculated at the PRC corporate income tax rates	**62,046**	(189,902)
Tax effects of		
— Differences in applicable tax rates in different jurisdictions	**(62,796)**	114,592
— WHT and remit recognised	**20,318**	48,553
— Net impact of the decrease in the retained earnings of the PRC subsidiaries to be distributed	**(13,507)**	(60,468)
— Changes in applicable tax rates	**—**	(41,519)
— Tax losses and temporary differences for which no deferred income tax asset was recognised	**37,654**	18,886
— Utilisation of previously unrecognised temporary differences and tax losses	**(14,215)**	(17,527)
— Adjustments of current income tax for prior periods	**1,945**	8,799
— Expenses or losses not deductible for tax purpose	**4,049**	2,256
— Others	**5,688**	(3,919)
	41,182	(120,249)

12. DIRECTORS AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of the directors' and the chief executive's emoluments are as follows:

	Year ended 31 March 2025				
Name of Directors	**Fees RMB'000**	**Salaries and other benefits RMB'000**	**Discretionary bonuses RMB'000 (Note i)**	**Pension — defined contribution plans RMB'000**	**Total RMB'000**
Executive directors					
Mr. Chen Yihong	**177**	**782**	**164**	**—**	**1,123**
Ms. Chen Chen	**177**	**2,591**	**406**	**66**	**3,240**
Mr. Lyu Guanghong ("Mr. Lyu")	**177**	**951**	**156**	**66**	**1,350**
Independent non-executive directors					
Mr. Chen Guogang (Note ii)	**105**	**—**	**—**	**—**	**105**
Ms. Tang Songlian (Note ii)	**57**	**—**	**—**	**—**	**57**
Mr. Gao Yu	**201**	**—**	**—**	**—**	**201**
Mr. Liu Xiaosong	**201**	**—**	**—**	**—**	**201**
	1,095	**4,324**	**726**	**132**	**6,277**

	Year ended 31 March 2024				
Name of Directors	Fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonuses RMB'000 (Note i)	Pension — defined contribution plans RMB'000	Total RMB'000
Executive directors					
Mr. Chen Yihong	172	1,486	164	—	1,822
Ms. Chen Chen	172	2,332	406	64	2,974
Mr. Zhang Zhiyong (Note iii)	85	—	—	—	85
Mr. Lyu	172	1,122	231	64	1,589
Independent non-executive directors					
Mr. Chen Guogang (Note ii)	196	—	—	—	196
Mr. Gao Yu	196	—	—	—	196
Mr. Liu Xiaosong	196	—	—	—	196
	1,189	4,940	801	128	7,058

12. DIRECTORS AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

The emoluments disclosed above for executive directors were for the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Notes:

i. Discretionary bonuses represent the amounts of performance bonuses paid or payable for the years ended 31 March 2025 and 2024.

ii. Mr. Chen Guogang resigned from his position of independent non-executive director with effect from 8 October 2024, while Ms. Tang Songlian was appointed as an independent non-executive director with effect from 20 December 2024.

iii. Mr. Zhang Zhiyong ceased to be a director of the Company with effect from 29 September 2023.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

Mr. Lyu was granted share options in respect of his services to the Group under the share option scheme of the Company. During the year, the share-based compensation relating to the share options granted to Mr. Lyu was RMB78,000 (2024: RMB186,000). The share-based compensation relating to the share options granted to Mr. Lyu is not included in the details of emoluments above.

13. LOANS, QUASI-LOANS AND OTHER DEALINGS IN FAVOUR OF DIRECTORS

There are loans in favour of Mr. Lyu during the years ended 31 March 2025 and 2024.

Name of director	Loan principal amount RMB'000	Outstanding carrying amount at the beginning of the year RMB'000	Outstanding carrying amount at the end of the year RMB'000	Maximum outstanding during the year RMB'000	Amounts fallen due but not been paid RMB'000	Provisions for doubtful debts made RMB'000	Term	Interest rate	Security
As at 31 March 2025									
Mr. Lyu	10,504	10,269	10,367	10,367	—	—	Due on 19 January 2028	1%	Shares of the Company
As at 31 March 2024									
Mr. Lyu	10,318	9,995	10,269	10,269	—	—	Due on 19 January 2028	1%	Shares of the Company

Note: Mr. Zhang Zhiyong has resigned as the chief executive officer, the president, an executive director and a member of the executive committee of the Company with effect from 29 September 2023 and is then appointed as the special assistant to the Chairman of the Company. The loan receivable due from Mr. Zhang Zhiyong was included as loans to management personnel in Note 23.

14. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals of the Group for the year ended 31 March 2025 included three (2024: two) directors of the Company, details of whose remuneration are included in the disclosures in Note 12 above. Details of the remuneration of the remaining two (2024: three) highest paid individuals for the year are as follows:

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Salaries and other benefits	**2,027**	3,429
Discretionary bonuses	**342**	1,964
Pension — defined contribution plans	**133**	192
Share-based compensation	**155**	247
	2,657	5,832

The number of the highest paid employees who are not the directors of the Company or chief executive of the Group whose remuneration fell within the following bands is as follows:

	Number of individuals Year ended 31 March	
	2025	2024
Emolument bands:		
Hong Kong Dollars ("HKD") 1,000,001 to HKD1,500,000	**1**	—
HKD1,500,001 to HKD2,000,000	**1**	1
HKD2,000,001 to HKD2,500,000	**—**	1
HKD2,500,001 to HKD3,000,000	**—**	1
	2	3

Certain non-director and non-chief executive highest paid employees were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in Note 39.

During the year ended 31 March 2025, no emoluments were paid by the Group to the directors of the Company or the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office (2024: nil).

15. DIVIDENDS

The total dividends paid during the year ended 31 March 2025 amounted to RMB112,452,000 or RMB1.91 cents per ordinary share (2024: RMB70,046,000 or RMB1.20 cents per ordinary share), of which RMB440,000 (2024: RMB275,000) were paid to the shares held for the restricted share award scheme of the Company ("Restricted Share Award Scheme") as mentioned in Note 39(i).

Pursuant to a resolution passed on 25 June 2025, the board of directors of the Company proposed a final dividend of RMB1.06 cents per ordinary share of the Company, amounting to RMB62,408,000, for the year ended 31 March 2025 from the Company's share premium. The final dividend is to be proposed for approval by the shareholders of the Company at the annual general meeting to be held on 20 August 2025. This proposed dividend is not reflected as a dividend payable in these consolidated financial statements, but will be reflected as an appropriation from the Company's share premium for the year ending 31 March 2026.

16. EARNINGS/(LOSSES) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following data:

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Profit/(loss)		
Profit/(loss) attributable to owners of the Company	**207,000**	(639,359)

16. EARNINGS/(LOSSES) PER SHARE (CONTINUED)

	Year ended 31 March	
	2025	2024
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(losses) per share	**5,864,511**	5,864,511
Effect of dilutive potential ordinary shares:		
Share options under 2019 Share Option Scheme (defined in Note 39(ii))	**151**	—
	5,864,662	5,864,511

	Year ended 31 March	
	2025	2024
	RMB cents	RMB cents
Earnings/(losses) per share		
Basic earnings/(losses) per share	**3.53**	(10.90)
Diluted earnings/(losses) per share	**3.53**	(10.90)

The number of shares adopted in the calculation of the basic earnings/(loss) per share has been arrived at after adjusting the effect of shares held for the Restricted Share Award Scheme during the year. The calculation of diluted loss per share for the year ended 31 March 2024 has not taken into account the effect of the Company's share option schemes. As the Group incurred losses for the year ended 31 March 2024, the inclusion of these potential ordinary shares would result in decrease in loss per share.

17. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings	Office furniture and equipment	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
As at 1 April 2023	23,972	160,039	58,522	1,846	16,702	24,348	285,429
Additions	—	2,304	1,647	—	46,523	6,637	57,111
Disposals	(2,893)	(2,867)	(2,785)	—	(4,044)	—	(12,589)
Transfers to investment properties (Note i)	—	(44,451)	—	—	—	—	(44,451)
Transfers (Note ii)	—	28,622	—	—	68,667	(28,622)	68,667
Currency translation differences	570	784	—	—	—	—	1,354
As at 31 March 2024	21,649	144,431	57,384	1,846	127,848	2,363	355,521
Additions	**—**	**—**	**2,298**	**539**	**52,629**	**6,521**	**61,987**
Disposals	**(14,391)**	**(2,500)**	**(13,063)**	**(245)**	**(31,680)**	**—**	**(61,879)**
Transfers to investment properties (Note i)	**—**	**(25,543)**	**—**	**—**	**—**	**(5,907)**	**(31,450)**
Transfers (Note ii)	**—**	**332**	**—**	**—**	**—**	**(332)**	**—**
Currency translation differences	**233**	**317**	**—**	**—**	**—**	**—**	**550**
As at 31 March 2025	**7,491**	**117,037**	**46,619**	**2,140**	**148,797**	**2,645**	**324,729**
ACCUMULATED DEPRECIATION							
As at 1 April 2023	—	(62,046)	(51,088)	(1,432)	(5,145)	—	(119,711)
Charge for the year	—	(6,580)	(2,264)	(93)	(45,004)	—	(53,941)
Disposals	—	1,044	2,558	—	1,497	—	5,099
Transfers to investment properties (Note i)	—	2,991	—	—	—	—	2,991
Transfers (Note ii)	—	—	—	—	(33,595)	—	(33,595)
Currency translation differences	—	(139)	—	—	—	—	(139)
As at 31 March 2024	—	(64,730)	(50,794)	(1,525)	(82,247)	—	(199,296)
Charge for the year	**—**	**(6,030)**	**(1,864)**	**(119)**	**(49,774)**	**—**	**(57,787)**
Disposals	**—**	**765**	**11,538**	**182**	**31,470**	**—**	**43,955**
Transfers to investment properties (Note i)	**—**	**19,812**	**—**	**—**	**—**	**—**	**19,812**
Currency translation differences	**—**	**(98)**	**—**	**—**	**—**	**—**	**(98)**
As at 31 March 2025	**—**	**(50,281)**	**(41,120)**	**(1,462)**	**(100,551)**	**—**	**(193,414)**
NET CARRYING VALUES							
As at 31 March 2025	**7,491**	**66,756**	**5,499**	**678**	**48,246**	**2,645**	**131,315**
As at 31 March 2024	21,649	79,701	6,590	321	45,601	2,363	156,225

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes:

i. During the year ended 31 March 2024, the Group agreed to lease certain buildings to a third party for a lease term of 3 years. Accordingly, the related buildings with carrying amount of approximately RMB41,460,000 were reclassified as the Group's investment properties (Note 20).

During the year ended 31 March 2025, the Group agreed to lease certain land use rights and buildings to a third party for a lease term of 12 years. Accordingly, the related land use rights and buildings with carrying amount of approximately RMB2,034,000 and RMB5,731,000 were reclassified as the Group's investment properties (Note 20).

ii. Certain goods shelves in retail shops with carrying amounts of approximately RMB35,072,000 which were previously classified as the Group's non-current other assets have been reclassified as the Group's property, plant and equipment during the year ended 31 March 2024.

Depreciation is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives as follows:

• Buildings	20–40 years
• Office furniture and equipment	2–15 years
• Vehicles	5 years
• Leasehold improvements	2–5 years or over lease term, whichever is shorter

The Group's freehold land is located in Japan and is stated at cost less accumulated impairment losses (if any). Cost represents consideration paid for the purchase of the land. Freehold land is not subject to depreciation.

There is no pledge of the Group's property, plant and equipment as at 31 March 2025 and 2024.

The Group's buildings were built on land located in Beijing, Jiangsu province and Xinjiang Uygur Autonomous Region, the PRC. The related land use rights are all with lease terms within 50 years and classified as the Group's right-of-use assets (Note 19).

18. INTANGIBLE ASSETS

	KAPPA trademarks RMB'000 (Note i)	Phenix trademarks and other brands RMB'000 (Note i)	Computer software RMB'000	Total RMB'000
COST				
At 1 April 2023	280,994	8,605	73,717	363,316
Additions	—	—	627	627
Disposals (Note ii)	—	—	(41,376)	(41,376)
As at 31 March 2024	280,994	8,605	32,968	322,567
Additions	**—**	**—**	**184**	**184**
Disposals (Note ii)	**—**	**—**	**(20,555)**	**(20,555)**
As at 31 March 2025	**280,994**	**8,605**	**12,597**	**302,196**
AMORTISATION				
As at 1 April 2023	(121,179)	(2,778)	(72,222)	(196,179)
Charge for the year	(7,025)	(215)	(675)	(7,915)
Eliminated on disposals (Note ii)	—	—	41,376	41,376
As at 31 March 2024	(128,204)	(2,993)	(31,521)	(162,718)
Charge for the year	**(7,025)**	**(215)**	**(557)**	**(7,797)**
Eliminated on disposals (Note ii)	**—**	**—**	**20,555**	**20,555**
As at 31 March 2025	**(135,229)**	**(3,208)**	**(11,523)**	**(149,960)**
CARRYING VALUES				
As at 31 March 2025	**145,765**	**5,397**	**1,074**	**152,236**
As at 31 March 2024	152,790	5,612	1,447	159,849

Notes:

i. The KAPPA trademarks represent the perpetual rights of the use of KAPPA trademarks in the PRC and Macao. The KAPPA trademarks for the PRC and Macao were purchased by the Group from a third party in 2006 at a consideration of United States Dollar ("USD")35,000,000 (equivalent to approximately RMB280,994,000).

The Phenix trademark for Japan was acquired in April 2008.

ii. Certain outdated and fully amortised computer software were written off during the year ended 31 March 2025 and 2024.

Intangible assets are amortised on a straight-line method over their estimated useful lives as follows:

- KAPPA and Phenix trademarks and other brands 40 years
- Computer software 2–5 years

19. RIGHT-OF-USE ASSETS

	Land use rights	Leased properties and warehouses	Total
	RMB'000	RMB'000	RMB'000
COST			
As at 1 April 2023	25,259	120,936	146,195
Addition	—	36,539	36,539
Early termination of a lease	—	(39,694)	(39,694)
Elimination at end of leases	—	(37,233)	(37,233)
As at 31 March 2024	25,259	80,548	105,807
Addition	—	31,839	31,839
Modification	—	15,947	15,947
Early termination of a lease	—	(11,156)	(11,156)
Elimination at end of leases	—	(22,689)	(22,689)
Transfers to investment properties upon change of use (Note 20)	(3,137)	—	(3,137)
As at 31 March 2025	22,122	94,489	116,611
ACCUMULATED DEPRECIATION			
As at 1 April 2023	(5,078)	(67,501)	(72,579)
Charge for the year	(567)	(37,429)	(37,996)
Early termination of a lease	—	23,088	23,088
Elimination at end of leases	—	37,233	37,233
As at 31 March 2024	(5,645)	(44,609)	(50,254)
Charge for the year	**(530)**	**(32,433)**	**(32,963)**
Early termination of a lease	**—**	**6,659**	**6,659**
Elimination at end of leases	**—**	**22,689**	**22,689**
Transfers to investment properties upon change of use (Note 20)	**1,103**	**—**	**1,103**
As at 31 March 2025	**(5,072)**	**(47,694)**	**(52,766)**
CARRYING VALUES			
As at 31 March 2025	**17,050**	**46,795**	**63,845**
As at 31 March 2024	19,614	35,939	55,553

19. RIGHT-OF-USE ASSETS (CONTINUED)

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Expense relating to short-term leases	**32,163**	28,997
Variable lease payments not included in the measurement of lease liabilities	**7,772**	5,898
The cash outflow for leases as operating activities	**33,580**	34,870
The cash outflow for leases as financing activities	**34,116**	40,037

Right-of-use assets are depreciated on a straight-line basis over the lease terms.

The Group leases land, property and warehouse to operate its business. These leases are typically made for fixed terms of 2 to 3 years. Lease terms are negotiated on an individual basis and contain different payment terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group's lease agreements do not contain any extension, early termination option or purchase option for lessee.

The Group regularly entered into short-term leases for property and warehouse. As at 31 March 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in Note 8.

Some property leases contain variable payment terms that are linked to sales generated from operations of stores and the rental payments for these stores are calculated based on a range of 8% to 23% on the sales as generated from the operations of the respective stores. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

A 10% increase in sales across all stores in the Group with such variable lease contracts would increase total lease payments by approximately RMB777,000 for the year ended 31 March 2025 (2024: RMB590,000).

20. INVESTMENT PROPERTIES

	Investment properties RMB'000
COST	
Aa at 1 April 2023	—
Transfer from property, plant and equipment (Note 17)	41,460
As at 31 March 2024	41,460
Transfer from property, plant and equipment (Note 17)	**11,638**
Transfer from right-of-use assets (Note 19)	**2,034**
As at 31 March 2025	**55,132**
DEPRECIATION	
As at 1 April 2023	—
Provided for the year	(1,584)
As at 31 March 2024	(1,584)
Provided for the year	**(2,897)**
As at 31 March 2025	**(4,481)**
IMPAIRMENT	
As at 31 March 2024	—
Provided for the year	**(5,727)**
As at 31 March 2025	**(5,727)**
CARRYING VALUES	
As at 31 March 2025	**44,924**
As at 31 March 2024	39,876

Depreciation of investment properties is calculated using the straight-line method to allocate their costs to their residual values over their estimated remaining useful lives of 30 to 40 years.

As at 31 March 2025, the fair values of the investment properties of the Group as determined by an independent professional valuation firm amounted to approximately RMB82,600,000 (31 March 2024: RMB39,991,000). The Group has recognised impairment losses of RMB5,727,000 for certain investment properties based on the estimated fair value for the year ended 31 March 2025.

Depreciation of investment properties for the years ended 31 March 2025 and 2024 have all been charged to 'other income and gains/(losses) — net'.

20. INVESTMENT PROPERTIES (CONTINUED)

Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable annually. There are no variable lease payments that depend on an index or rate.

Minimum lease payments receivable on leases of investment properties are as follows:

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Within 1 year	**5,200**	2,000
Between 1 and 2 years	**3,200**	2,000
Between 2 and 3 years	**3,333**	—
Between 3 and 4 years	**3,360**	—
Between 4 and 5 years	**3,360**	—
More than 5 years	**20,258**	—
	38,711	4,000

21. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Cost of investments in associates (Note i)	**15,686**	7,250
Cost of investment in a joint venture (Note ii)	**—**	6,908
Share of post-acquisition loss and other comprehensive expense in associates	**(6,925)**	(1,000)
Share of post-acquisition loss and other comprehensive expense in a joint venture	**—**	(5,466)
	8,761	7,692

Notes:

i. During the year ended 31 March 2025, the Group entered into an agreement with a third party in respect of the disposal of its 49% equity interests in Fulong Davos Xinjiang Real Estate Co., Ltd. which initial investment cost is RMB4,900,000. The disposal was completed and the total consideration for the disposal of RMB5,330,000 was settled by 24 October 2024. The Group recognised a disposal gain of RMB430,000 in profit or loss.

   During the year ended 31 March 2025, the Group increased investment in Xingyuelonghua Sports Development Co., Ltd. with cash payment of RMB4,700,000 and the right to use the trademark equals to RMB8,636,000.

ii. During the year ended 31 March 2025, the Group entered into an agreement with a third party in respect of the disposal of its 30% equity interests in Shen Yang Mai Sheng Yue He Sporting Goods Co., Ltd. which initial investment cost is RMB6,908,000. The disposal was completed and the total consideration for the disposal of RMB2,000,000 was settled by 30 September 2024. The Group recognised a disposal gain of RMB558,000 in profit or loss.

21. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

Details of each of the Group's associates and joint ventures at the end of the reporting period are as follows:

Name of entities	Place of business/ country of incorporation	Proportion of ownership interest As at 31 March 2025	Proportion of ownership interest As at 31 March 2024	Carrying Amount As at 31 March 2025 RMB'000	Carrying Amount As at 31 March 2024 RMB'000	Principal activities
Shen Yang Mai Sheng Yue He Sporting Goods Co., Ltd.	PRC	**N/A**	30%	**N/A**	1,442	Retail sales of sports-related products, apparel and accessories
Fulong Davos Xinjiang Real Estate Co., Ltd.	PRC	**N/A**	49%	**N/A**	4,900	Real estate development and operation
Xingyuelonghua Sports Development Co., Ltd.	PRC	**45%**	45%	**8,761**	1,350	Retail sales of sports-related products, apparel and accessories
Feixue Yuedong Sports Development Zhangjiakou Co., Ltd.	PRC	**40%**	40%	**—**	—	Retail sales of sports-related products, apparel and accessories

No financial information of the associates or joint venture is disclosed since these entities listed above are not individually or aggregately material.

22. FINANCIAL ASSETS AT FVTPL

Financial assets measured at FVTPL include the following:

	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
Non-current portion		
— Private equity fund investments and others	**3,208,434**	3,687,020
— Other unlisted equity investments	**129,854**	262,194
— Listed Real Estate Investment Trust ("REITs") investment	**—**	6,326
	3,338,288	3,955,540
Current portion		
— Listed equity securities	**501,144**	669,777
— Private equity fund investments and others	**668,223**	101,275
— Other unlisted equity investments	**43,478**	—
— Knock out note	**29,841**	—
	1,242,686	771,052

22. FINANCIAL ASSETS AT FVTPL (CONTINUED)

During the year, the following gains/(losses) were recognised in profit or loss:

	Year ended 31 March	
	2025 RMB'000	2024 RMB'000
Fair value gains/(losses) on listed equity securities	**210,232**	(342,546)
Fair value gains/(losses) on private equity fund investments and others	**70,811**	(384,595)
Fair value losses on other unlisted equity investments	**(76,383)**	(79,591)
Fair value losses on listed REITs investment	**(6,326)**	(30,638)
Fair value gains on wealth management products	**4,316**	6,038
Fair value gains on knock out note	**2,752**	320
	205,402	(831,012)

Further details of financial assets at FVTPL are given in Note 46.

23. OTHER FINANCIAL ASSETS AT AMORTISED COST

	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
Non-current portion:		
Loans to third parties (Note i)	**450,630**	312,987
Loans to management personnel (Notes ii and 42(ii))	**176,352**	174,790
Loans to ex-management personnel (Note ii)	**139,779**	138,480
Investments in corporate bonds and treasury note (Note iii)	**139,375**	136,632
Receivable from disposal of a joint venture	**—**	3,750
Deposits paid and others	**26,889**	26,216
Less: allowance for credit losses	**(134,094)**	(69,320)
Total	**798,931**	723,535
Current portion:		
Loans to third parties (Note i)	**131,733**	262,444
Loans to related parties (Note 42(ii))	**8,791**	11,837
Receivable from disposal of a joint venture	**3,750**	3,750
Deposits paid and others	**44,847**	20,922
Less: allowance for credit losses	**(48,570)**	(68,964)
Total	**140,551**	229,989

23. OTHER FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

As at 31 March 2025 and 2024, other financial assets at amortised cost were denominated in the following currencies.

	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
RMB	**623,351**	617,417
USD	**—**	22,837
HKD	**316,131**	313,270
	939,482	953,524

Notes:

i. The balances represented the loans advanced to independent third parties. As at 31 March 2025, the gross amount of loan receivables due from independent third parties amounted to approximately RMB582,363,000 (2024: RMB575,431,000) which bear interests at fixed interest rates in the range of nil to 12% (2024: 8% to 12%) per annum. The amount of each loan receivables varies from RMB3,756,000 to RMB220,517,000 (2024: RMB3,756,000 to RMB220,517,000).

   As at 31 March 2025 and 2024, the Group's loan receivables were secured by various collaterals such as equity interests in certain companies, investment return under private equity funds, deposits as well as certain properties in the PRC. Details of the credit risk assessment of loan receivable are disclosed in Note 4.

ii. The balances represented the loans as advanced to certain management personnel for their subscription of the Company's shares during the years ended 31 December 2017 and 2018. The outstanding balances due from those personnel who are no longer having any employment relationship with the Group are classified as loans to ex-management personnel. All these loans bear interests at a fixed rate of 1% per annum and have an extended terms of repayment of 5 years (repayable on or before April 2028). All the shares of the Company as subscribed by the borrowers were pledged as collaterals for these loans.

iii. On 2 November 2023, the Group acquired certain corporate bonds as issued by the Apple Inc. with an aggregate nominal principal amount of US$15,000,000 from the open market at a total consideration of US$13,860,000 (equivalent to approximately RMB98,337,000 at date of acquisition). The corporate bonds are unsecured, bear interest at a fixed coupon rate of 2.9% per annum (payable semi-annually in arrears) and will mature on 12 September 2027.

   On 6 December 2023, the Group acquired the treasury notes as issued by the Federal Government of the United States with an aggregate nominal principal amount of US$5,100,000 from the open market at a total consideration of US$5,100,000 (equivalent to approximately RMB36,186,000 at date of acquisition). The treasury notes are unsecured, bear interest at a fixed coupon rate of 4.625% per annum (payable semi-annually in arrears) and will mature on 30 September 2028.

24. DEFERRED INCOME TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
Total deferred income tax assets	**151,430**	163,514
Offsetting with deferred income tax liabilities	**(13,278)**	(8,977)
Net deferred income tax assets	**138,152**	154,537
Total deferred income tax liabilities	**164,112**	162,019
Offsetting with deferred income tax assets	**(13,278)**	(8,977)
Net deferred income tax liabilities	**150,834**	153,042

The gross movements in deferred income tax assets are as follows:

	Tax losses RMB'000	Provision for impairment of inventories RMB'000	Provision for impairment of trade receivables and other financial assets at amortised cost RMB'000	Unrealised profit on intra-group sales of inventories RMB'000	Fair value changes of investments in financial assets RMB'000	Lease liabilities RMB'000	Other accrued expenses RMB'000	Total RMB'000
At 1 April 2023	75,235	38,050	12,814	6,177	9,783	6,225	3,224	151,508
Credited/(charged) to profit or loss	17,285	(20,698)	24,021	(6,177)	(4,587)	3,011	(849)	12,006
At 31 March 2024	92,520	17,352	36,835	—	5,196	9,236	2,375	163,514
(Charged)/credited to profit or loss	(25,182)	1,981	5,239	—	(102)	2,592	3,388	(12,084)
At 31 March 2025	**67,338**	**19,333**	**42,074**	**—**	**5,094**	**11,828**	**5,763**	**151,430**

24. DEFERRED INCOME TAX (CONTINUED)

As at 31 March 2025, deferred income tax assets of approximately RMB64,369,000 (2024: RMB82,424,000) have not been recognised in respect of tax losses amounting to approximately RMB257,476,000 (2024: RMB329,697,000) which can be carried forward against future taxable income. The tax losses mainly resulted from accumulated operating losses of the subsidiaries of the Group. The unrecognised tax losses with expiry dates are disclosed in the following table:

	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
2024	—	58,924
2025	**29,236**	42,026
2026	**56,932**	61,251
2027	**84,933**	100,236
2028	**65,105**	67,260
2029	**21,270**	—
Total	**257,476**	329,697

The gross movements in deferred income tax liabilities are as follows:

	Withholding income tax on profit distribution of PRC subsidiaries RMB'000 (Note i)	**Fair value changes of investments in financial assets** RMB'000 (Note ii)	**Right-of-use assets** RMB'000	**Others** RMB'000	**Total** RMB'000
At 1 April 2023	197,431	123,392	5,973	5,134	331,930
(Credited)/charged to profit or loss	(159,182)	(13,658)	3,004	(75)	(169,911)
At 31 March 2024	38,249	109,734	8,977	5,059	162,019
(Credited)/charged to profit or loss	(13,507)	12,886	2,463	251	2,093
At 31 March 2025	**24,742**	**122,620**	**11,440**	**5,310**	**164,112**

Notes:

i. As mentioned in Note 11, a Hong Kong incorporated subsidiary becomes eligible to the preferential WHT rate of 5% starting from December 2023. Accordingly, the deferred income tax liabilities in relation to the retained earnings of the Group's PRC subsidiaries to be distributed to foreign investors have been remeasured at the reduced WHT rate of 5% and the deferred income tax credit for the year ended 31 March 2024 as a result of that remeasurement amounted to approximately RMB98,714,000.

ii. The net deferred income tax credit arising from the fair value changes of investments in financial assets for the year ended 31 March 2024 is primarily attributable to the deferred income tax credit from the decreases in fair values of the Group's investments in financial assets and also the deferred income tax charge from the remeasurement of the deferred income tax liabilities of the subsidiaries incorporated in the Tibet Region as mentioned in Note 11.

25. INVENTORIES

	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
Finished goods	**445,874**	397,964
Raw materials	**—**	2,413
	445,874	400,377
Less: provision for inventories	**(118,899)**	(113,887)
	326,975	286,490

The cost of inventories sold recognised as cost of sales amounted to approximately RMB527,920,000 for the year ended 31 March 2025 (2024: RMB551,731,000), which has considered the net increase in provision for inventories of approximately RMB5,012,000 (2024: net decrease RMB38,311,000).

26. TRADE RECEIVABLES

	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
Trade receivables		
— Third parties	**122,057**	142,473
— Related parties (Note 42(ii))	**5,922**	13,367
	127,979	155,840
Less: allowance for credit losses	**(16,107)**	(13,305)
Trade receivables, net	**111,872**	142,535

As at April 1, 2023, trade receivables from contracts with customers amounted to RMB149,129,000.

26. TRADE RECEIVABLES (CONTINUED)

The Group's sales are mainly made on credit limits and the Group would deny credit sales to customers if the trade receivables from these customers exceeded their credit limits. Customers are normally granted credit terms within 30 to 90 days. The aging analysis of trade receivables based on recognition date as at 31 March 2025 and 2024 is as follows:

	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
Within 30 days	**74,153**	65,799
31 to 180 days	**37,719**	76,736
	111,872	142,535

As at 31 March 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB30,821,000 (2024: RMB47,194,000) which are past due as at the reporting date. Out of the past due balances, RMB3,590,000 (2024: RMB7,648,000) has been past due 90 days or more and is not considered as in default since the Group is satisfied with the subsequent settlements and the credit quality of these customers had not seen deteriorated.

Details of impairment assessment of trade receivables are set out in Note 45.

27. CASH AND BANK BALANCES

	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
Cash and cash equivalents (Note i)	**1,631,452**	1,764,656
Term deposits with initial term over three months and within one year (Note ii)	**1,777,196**	1,268,507
Restricted cash	**129**	1,768
	3,408,777	3,034,931

Notes:

i. Cash and cash equivalents include current deposits and term deposits with initial term within three months.

ii. These term deposits earn interests at fixed rates based on prevailing market rates. The interest rates on term deposits with initial term over three months and within one year range from 3.79% to 5.15% per annum as at 31 March 2025 (2024: 4.70% to 5.76%).

27. CASH AND BANK BALANCES (CONTINUED)

As at 31 March 2025 and 2024, the cash and bank balances were denominated in the following currencies.

	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
RMB	**765,480**	1,270,369
USD	**2,065,376**	1,453,354
HKD	**564,480**	309,182
Japanese Yen ("JPY")	**13,213**	1,802
Others	**228**	224
	3,408,777	3,034,931

As at 31 March 2025, cash and cash equivalents of RMB3,991,000 (2024: RMB2,871,000) are deposits held in certain on-line payment platforms which can be withdrawn at any time at the Group's discretion.

28. OTHER ASSETS

	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
Non-current portion:		
Prepayments for investments measured at FVTPL	**107,673**	—
Current portion:		
Prepayments	**6,752**	12,351
Value-added tax recoverable	**18,756**	10,408
Total	**25,508**	22,759

29. SHARE CAPITAL AND SHARE PREMIUM

Share capital

	Number of shares	**Share capital** HK$'000
Ordinary shares of HKD0.01 each		
Authorised		
At 1 April 2023, 31 March 2024, and 31 March 2025	10,000,000,000	100,000
Issued and fully paid		
At 1 April 2023, 31 March 2024, and 31 March 2025	5,887,561,025	58,876

29. SHARE CAPITAL AND SHARE PREMIUM (CONTINUED)

Share capital (Continued)

	31 March 2025 RMB'000	31 March 2024 RMB'000
Equivalent nominal value of ordinary shares presented as	**56,478**	56,478

Share premium

	Share premium RMB'000
Balance at 1 April 2023	1,034,866
Dividends declared and paid (Note 15)	(69,771)
At 31 March 2024	965,095
Dividends declared and paid (Note 15)	(112,012)
At 31 March 2025	**853,083**

30. SHARES HELD FOR EMPLOYEE SHARE AWARD SCHEME

	Number of shares		**Nominal value of shares**	
	As at 31 March 2025	As at 31 March 2024	**As at 31 March 2025 RMB'000**	As at 31 March 2024 RMB'000
Shares held for employee share award scheme	**23,050,071**	23,050,071	**196**	196

These shares are held by the Company's Trust (defined in Note 39) for the purpose of issuing shares under the Company's employee share scheme. The consideration paid for the purchases of these shares for the scheme in excess of the nominal value of the shares have been presented as a reduction in the Group's other reserves.

31. OTHER RESERVES

The movements in other reserves during the year are as below:

	Capital reserve RMB'000 (Note i)	Share-based compensation reserve RMB'000	Statutory reserves RMB'000 (Note ii)	Exchange reserves RMB'000 (Note iii)	Shares held for Restricted Share Award Scheme) RMB'000	Total RMB'000
Year ended 31 March 2024						
At 1 April 2023	283,522	11,417	93,387	366,214	(66,755)	687,785
Foreign currency translation reserve (Note iii)	—	—	—	114,915	—	114,915
Share-based compensations	—	3,524	—	—	—	3,524
Appropriation to statutory reserves	—	—	557	—	—	557
At 31 March 2024	283,522	14,941	93,944	481,129	(66,755)	806,781
Year ended 31 March 2025						
At 1 April 2024	**283,522**	**14,941**	**93,944**	**481,129**	**(66,755)**	**806,781**
Foreign currency translation reserve (Note iii)	**—**	**—**	**—**	**37,137**	**—**	**37,137**
Share-based compensations	**—**	**1,190**	**—**	**—**	**—**	**1,190**
Appropriation to statutory reserves	**—**	**—**	**15**	**—**	**—**	**15**
At 31 March 2025	**283,522**	**16,131**	**93,959**	**518,266**	**(66,755)**	**845,123**

Notes:

i. The capital reserve represents mainly the difference between the fair value of shares of the Company issued and the carrying amount of the net assets of the subsidiaries acquired under the group reorganisations as completed in 2007.

ii. The Company's subsidiaries incorporated in the PRC are required to make appropriations to statutory reserves from their profits for the year after offsetting accumulated losses carried forward from prior years as determined under the PRC accounting regulations and before distribution to equity holders. The percentages to be appropriated to such statutory reserves are determined according to the relevant regulations in the PRC, and further appropriation is optional when the accumulated fund reached 50% or more of the registered capital of the respective subsidiaries.

iii. Foreign currency translation reserve represents the difference arising from the translation of the financial statements of group entities that have a functional currency different from RMB into the presentation currency of the Company and the Group (i.e. RMB), when preparing these consolidated financial statements.

32. LEASE LIABILITIES

	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
Lease liabilities payable:		
Within one year	**27,485**	24,148
Within a period of more than one year but not exceeding two years	**16,080**	11,842
Within a period of more than two years but not exceeding five years	**3,654**	2,912
	47,219	38,902
Less: Amount due for settlement within 12 months shown under current liabilities	**(27,485)**	(24,148)
Amount due for settlement after 12 months shown under non-current liabilities	**19,734**	14,754

The lease liabilities are measured at the present value of the lease payments that are not yet paid. The incremental borrowing rates applied to lease liabilities range from 3.52% to 4.75% (31 March 2024: 4.75%) per annum as at 31 March 2025.

33. DERIVATIVES

	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
Derivatives	**99,305**	1,456

During the years ended 31 March 2025 and 2024, the Group entered into certain derivative agreements with investment banks, of which certain quantities of the underlying securities listed on the New York Stock Exchange ("NYSE") and HKEX are agreed to be settled at an agreed price when certain agreed events occurred. Such investments were designated as derivatives and stated at fair value as at 31 March 2025 and 2024. The fair value changes of the derivatives of RMB97,265,000 (2024: RMB6,981,000) were recognised in profit or loss.

34. CONTRACT LIABILITIES

	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
Advance from customers	**19,373**	18,835

As at 1 April 2023, contract liabilities from customers amounted to RMB11,859,000.

34. CONTRACT LIABILITIES (CONTINUED)

Revenue recognised during the year ended 31 March 2025 related to contract liabilities balance at the beginning of the year amounted to RMB18,835,000 (2024: RMB11,859,000).

35. TRADE PAYABLES

The ageing analysis of trade payables based on goods receipt date is as follows:

	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
Within 30 days	**76,330**	66,265
31 to 180 days	**35,550**	56,949
Over 180 days	**13,483**	1,829
	125,363	125,043

36. BILLS PAYABLES

	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
Within 30 days	**17,400**	—

The Group has issued domestic letters of credit (the "L/Cs") to the relevant suppliers for settlement of trade payables. The suppliers can obtain the invoice amounts from the bank before the maturity date of the L/Cs at 3 April 2025. The duration of the L/Cs is 34 days with an interest rate of 2.4% per annum, and the interests in respective of the maturity period had been already paid upfront by the Company on the issuance date of the L/Cs. The Group continues to recognise these bills payables as the Group are obliged to make payments to the relevant banks on due dates of the L/Cs, without further extension. In the consolidated statement of cash flows, settlements of these L/Cs by the Group are included within operating cash flows based on the nature of the arrangements.

37. ACCRUALS AND OTHER PAYABLES

	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
Suppliers' deposits	**74,123**	67,332
Deposits of investment	**72,000**	72,000
Payables for marketing expenses	**63,420**	61,866
Salaries and welfare payable	**15,221**	32,281
Amounts due to related parties (Note 42(ii))	**15,900**	24,750
Other taxes and levies payable	**11,112**	16,906
Payables for legal and professional fees	**16,357**	13,445
Creditor's deposit	**12,921**	—
Payables for logistics fees	**7,310**	6,492
Payables for investment	**26,260**	—
Refund payables	**15,385**	—
Others	**31,531**	20,593
	361,540	315,665

38. RETIREMENT BENEFITS PLANS

The employees of the Group participate in defined contribution retirement benefit plans organised by the relevant local governments in the PRC. The Group is required to make monthly defined contributions to these plans at rate 16% (2024: 16%) of the PRC employees' basic salaries for the year, depending upon the applicable local regulations.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed in Hong Kong. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the Group and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000.

The Group has no other obligations for the payment of retirement and other post-retirement benefits of employees or retirees other than the defined contribution payments as disclosed above.

39. SHARE BASED COMPENSATION SCHEMES

(i) Restricted Share Award Scheme

The Company adopted the Restricted Share Award Scheme on 10 December 2010. The objective of the Restricted Share Award Scheme is to encourage and retain selected participants including directors and employees of the Group, to work with the Group and to provide additional incentive for them to achieve performance goals. Under the scheme, the China Dongxiang (Group) Co., Ltd. Restricted Share Award Scheme Trust (the "Trust") was established in Hong Kong and purchased 30,000,000 shares of the Company from the open market in December 2010. No further purchase of shares of the Company has been made since December 2010. The total amount of RMB87,138,000 paid to acquire the shares was financed by the Company by way of contributions made to the Trust. As the financial and operational policies of the Trust are governed by the Group and the Group benefits from the Trust's activities, the Trust is consolidated in the Group's financial statements as a special purpose entity.

When restricted shares are granted to selected participants, the fair value of the restricted shares awarded based on the market value of the Company's shares on the date of grant is charged as employee expenses in the consolidated statement of profit or loss and other comprehensive income of the Group.

The Scheme has a term of 10 years and will end on 10 December 2020. On 8 December 2020, the Board of the Company resolved to extend the term of the scheme for another 10 years and the scheme will end on 10 December 2030. Save as the aforesaid, all other material terms of the scheme remain unchanged and valid.

During the years ended 31 March 2025 and 2024, no shares were granted under the Restricted Share Award Scheme and hence no amount was charged as an expense in profit or loss.

(ii) The 2019 Share Option Scheme

Pursuant to the shareholders' resolution passed on 8 August 2019, the Group adopted a share option scheme (the "2019 Share Option Scheme"). The 2019 Share Option Scheme will remain in force for a period of 10 years commencing from the respective grant date. The vesting period for the options granted is 1–3 years from the respective grant date. An option may be exercised in accordance with whether a service or a non-market performance condition is met.

The purpose of the 2019 Share Option Scheme is to provide an incentive for the qualified participants to work with commitment towards enhancing the value of the Company and its shares for the benefit of its shareholders and to recruit and retain high calibre employees and attract human resources whose contributions are or may be beneficial to the growth and development of the Group.

Participants of the Share Option Scheme are required to pay HK$1.00 for each option granted upon acceptance of the grant. The exercise price of the options is determined by the Board in its sole and absolute discretion and being at least the highest of:

(i) the closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotation sheets on the offer date.

39. SHARE BASED COMPENSATION SCHEMES (CONTINUED)

(ii) The 2019 Share Option Scheme (Continued)

(ii) the average of the closing prices of the shares as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date.

(iii) the nominal value of the shares.

Under the share option scheme, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 588,612,102 shares of the Company, being 10% of the total number of shares in issue immediately prior to the date on which dealings in the Shares commenced on the Hong Kong Stock Exchange.

On 18 April 2023, 76,860,000 new share options were granted under the 2019 Share Option Scheme. The Group has used binomial model to determine the fair value of the share options granted. Key assumptions are set as below:

Spot price at the grant date	HKD0.33
Exercise price	HKD0.33
Expected volatility	38.8%
Expected dividend yield	6.0%
Contractual option life	10 years
Annual risk-free interest rate	3.2%

For the year ended 31 March 2025, the Group recognised share option expenses of RMB1,190,000 (2024: RMB3,524,000) in profit or loss.

Movements in the number of share options outstanding during the year ended 31 March 2025 under this scheme and their weighted average exercise prices are as follows:

	Year ended 31 March			
	2025		2024	
	Weighted average exercise price (per share) HK$	**Outstanding options (thousands)**	Weighted average exercise price (per share) HK$	Outstanding options (thousands)
As at 1 April	**0.709**	**200,000**	0.931	140,560
Granted	**—**	**—**	0.330	76,860
Lapsed/forfeited	**0.915**	**(124,400)**	0.822	(17,420)
As at 31 March	**0.371**	**75,600**	0.709	200,000
Exercisable at end of the year	**0.433**	**30,220**	0.855	6,120

39. SHARE BASED COMPENSATION SCHEMES (CONTINUED)

(ii) The 2019 Share Option Scheme (Continued)

Share options outstanding at 31 March 2025 and 2024 have the following expiry date and exercise prices:

	As at 31 March 2025		As at 31 March 2024	
Expiry date	**Exercise price (per share) HK$**	**Share options (thousands)**	Exercise price (per share) HK$	Share options (thousands)
15 September 2029	**0.854**	**5,240**	0.854	5,400
6 January 2030	**0.860**	**720**	0.860	720
31 March 2030	**0.670**	**—**	0.670	—
31 August 2030	**1.090**	**—**	1.090	—
14 April 2031	**0.940**	**—**	0.940	119,000
1 July 2031	**1.360**	**—**	1.360	—
27 January 2032	**0.676**	**—**	0.676	—
16 March 2032	**0.459**	**—**	0.459	600
17 April 2033	**0.330**	**69,640**	0.330	74,280
		75,600		200,000
Weighted average remaining contractual life of options outstanding at end of year		**7.77 years**		7.74 years

40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Lease liabilities RMB'000
As at 1 April 2023	57,560
Cash flows	(40,037)
Addition to new leases	31,817
Early termination of leases	(12,775)
Interest on lease liabilities	2,337
As at 31 March 2024	38,902
Cash flows	**(34,116)**
Addition to new leases	**29,375**
Modification	**15,947**
Early termination of leases	**(4,750)**
Interest on lease liabilities	**1,861**
As at 31 March 2025	**47,219**

41. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2025, the Group entered into certain new lease agreements for the use of leased properties, and warehouses. On the lease commencement, the Group recognised right-of-use assets of RMB29,375,000 (31 March 2024: RMB31,817,000) and lease liabilities of RMB29,375,000 (31 March 2024: RMB31,817,000), respectively.

During the year ended 31 March 2025, the Group also remeasured the lease liabilities by RMB15,947,000 due to lease modification and made a corresponding adjustment of RMB15,947,000 to the right-of-use assets.

During the year ended 31 March 2025, the Group early terminated certain leases, derecognised the right-of-use assets of RMB4,497,000 and lease liabilities of RMB4,750,000, resulting in a gain of RMB253,000 recognised in profit or loss. During the year ended 31 March 2024, the Group early terminated certain leases, derecognised the right-of-use assets of RMB16,606,000 and lease liabilities of RMB12,775,000, resulting in a loss of RMB3,831,000 recognised in profit or loss.

42. RELATED PARTY TRANSACTIONS

The ultimate controlling party of the Group is Mr. Chen Yihong, the Chairman. Therefore, close family members of Mr. Chen Yihong and parties that are controlled, jointly controlled or significantly influenced by Mr. Chen Yihong or his close family members are considered to be related parties of the Company as well.

42. RELATED PARTY TRANSACTIONS (CONTINUED)

(i) Transactions with related parties

In addition to those disclosed elsewhere in these consolidated financial statements, the Group had the following transactions and balances with related parties:

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Sales of goods to:		
— Joint ventures and an associate of the Group	**4,660**	2,516
— Entities controlled by a close family member of the Chairman	**1,907**	908
	6,567	3,424
Interest income:		
— Management personnel	**1,779**	2,120
Other service income:		
— An associate of the Group	**721**	—
Commissions on consignment sales:		
— Joint ventures of the Group	**—**	15,690
— Entities controlled by a close family member of the Chairman	**52,057**	60,384
	52,057	76,074
Loans granted to:		
— An associate of the Group	**—**	1,500

(ii) Balances with related parties

Trade receivables (Note 26)

	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
Joints venture of the Group	**—**	1,042
Entities controlled by a close family member of the Chairman	**5,922**	12,325
	5,922	13,367

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42. RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) Balances with related parties (Continued)

Other financial assets at amortised cost (Note 23)

	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
Current portion		
— Loans to associates of the Group	**8,791**	11,837
— Less: allowance for credit losses	**—**	(1,960)
	8,791	9,877

Note: The loans bear interest rates in the range of nil to 5% per annum. The maturity period of each loan receivables varies with the range from 17 to 34 months. One of the loans were secured by the inventories of the associate.

	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
Non-current portion		
— Management personnel	**176,352**	174,790

Accruals and other payables (Note 37)

	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
Joint ventures of the Group	**—**	4,000
Entities controlled by a close family member of the Chairman	**15,900**	20,750
	15,900	24,750

The transactions with related companies are conducted based on mutual agreements.

Except for the loans to management personnel as mentioned in Note 23 and loans to associates, the balances with the other related parties are unsecured, non-interest bearing and receivable/payable on demand.

42. RELATED PARTY TRANSACTIONS (CONTINUED)

(iii) Key management compensation

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Salaries and other benefits	**4,855**	7,361
Discretionary bonuses	**726**	2,764
Share-based compensation	**78**	247
Pension — defined contribution plans	**132**	256
	5,791	10,628

43. CAPITAL COMMITMENTS

Significant capital commitment contracted for at the end of the reporting period but not recognised as liabilities is as follow:

In September 2020, the Group entered into a limited partnership agreement with Xiamen Yuanfeng Investment LLP. (廈門源峰股權投資基金合夥企業(有限合夥)), with a total committed investment amount of RMB200 million. As at 31 March 2025, the remaining balance of the investment commitment amounted to RMB50 million (2024: RMB70 million).

In January 2021, the Group entered into a limited partnership agreement with CPE Global Opportunities Fund II, with a total committed investment amount of USD30 million. As at 31 March 2025, the remaining balance of the investment commitment amounted to USD14 million (equivalent to approximately RMB100 million) (2024: USD15 million (equivalent to approximately RMB110 million)).

In February 2021, the Group entered into a limited partnership agreement with Yunfeng Fund IV (雲鋒基金IV), with a total committed investment amount of USD20 million. As at 31 March 2025, the remaining balance of the investment commitment amounted to USD7.0 million (equivalent to approximately RMB51.3 million) (2024: USD11.0 million (equivalent to approximately RMB78.4 million)).

In July 2023, the Group entered into a limited partnership agreement with EnvisionX Partners Fund, L.P., with a total committed investment amount of USD6 million. As at 31 March 2025, the remaining balance of the investment commitment amounted to USD2 million (equivalent to approximately RMB14 million) (2024: USD4 million (equivalent to approximately RMB28.4 million)).

In November 2023, the Group entered into a limited partnership agreement with CPE Global Select Fund, L.P., with a total committed investment amount of USD10 million. As at 31 March 2025, the remaining balance of the investment commitment amounted to USD7.5 million (equivalent to approximately RMB53.8 million) (2024: USD7.5 million (equivalent to approximately RMB53.2 million)).

44. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which represent lease liabilities disclosed in Note 32, net of cash and cash equivalents and equity of the Group, comprising issued share capital, share premium, shares held for employee share award scheme, retained earnings, and other reserves.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

45. FINANCIAL INSTRUMENT

Categories of financial instruments

	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
Financial assets:		
Financial assets at amortised cost	**4,460,131**	4,130,990
Financial assets at FVTPL	**4,580,974**	4,726,592

	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
Financial liabilities:		
Financial liabilities at amortised cost	**477,970**	391,521
Derivatives	**99,305**	1,456
Lease liabilities	**47,219**	38,902

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, financial assets at FVTPL, other financial assets at amortised cost, term deposits with initial term over three months and within one year, restricted cash, cash and cash equivalents, derivatives, trade payables, bills payables and accruals, lease liabilities and other payables. Details of these financial instruments are disclosed in the respective notes.

The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

45. FINANCIAL INSTRUMENT (CONTINUED)

Financial risk management objectives and policies (Continued)

Market risk

(i) Currency risk

The Group mainly operates in the PRC with most of the transactions denominated and settled in RMB. Currency risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entities. The Group did not enter into any financial instruments to hedge its exposure to currency risk for the years ended 31 March 2025 and 2024.

As at the end of the reporting period, the Group had the following major monetary items denominated in foreign currency:

	As at 31 March 2025		As at 31 March 2024	
	USD RMB'000	**HKD RMB'000**	USD RMB'000	HKD RMB'000
Cash and bank deposits	**642,947**	**4,491**	517,869	9,911
Other financial assets at amortised cost	**—**	**316,131**	22,837	313,270
Accruals and other payables	**12,921**	**—**	—	—

As shown in the table above, the Group is primarily exposed to changes in RMB/USD and RMB/HKD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from the Group's cash and bank deposits (including term deposits) as well as other financial assets at amortised cost denominated in HKD and USD which are different from the functional currency of the respective group companies.

	Decrease in post-tax profit Year ended 31 March 2025 RMB'000	Increase in post-tax loss Year ended 31 March 2024 RMB'000
RMB/USD exchange rate — increase 5%	**32,107**	27,031
RMB/HKD exchange rate — increase 5%	**14,042**	16,160

For a 5% strengthening of the USD/HKD against RMB, there would be an equal and opposite impact on the post-tax profit/(loss).

(ii) Interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate lease liabilities (Note 32). The Group is also exposed to cash flow interest risk in relation to variable-rate bank balances (Note 27) which carry prevailing market interests. The Group currently does not have a specified policy to manage its interest rate risk but will closely monitor their interest rate risk exposure in the future. No sensitivity analysis on cash flow interest rate risk is presented as the management considers the sensitivity on interest rate risk on bank balances is insignificant.

45. FINANCIAL INSTRUMENT (CONTINUED)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risk

The Group's exposed to equity securities price risk which is arisen from certain listed equity investments held by the Group and classified as financial assets at FVTPL in the consolidated statement of financial position. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

As at 31 March 2025, if all the share prices of the Group's listed equity securities had risen/fallen by 10% consistently while all other variables had been held constant, the Group's post-tax profit for the year ended 31 March 2025 would have been increased/decreased by approximately RMB50,114,000 (2024: post-tax loss would have been decreased/increased by approximately RMB66,978,000).

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to its cash and cash equivalents, term deposits with initial term over three months, restricted cash, trade receivables and other financial assets at amortised cost. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with loan receivables is mitigated because they are secured.

The Group performed impairment assessment for financial assets under ECL model. Information about the Group's maximum credit risk exposures, credit risk management, and the related impairment assessment, if applicable, are summarised as below.

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment upon application of IFRS 9:

			Gross carrying amount	
	Notes	**12m or lifetime ECL**	**As at March 31 2025 RMB'000**	As at March 31 2024 RMB'000
Financial assets at amortised cost				
Cash and cash equivalents	27	12m ECL	**1,631,452**	1,764,656
Term deposits with initial term over three months and within one year	27	12m ECL	**1,777,196**	1,268,507
Restricted cash	27	12m ECL	**129**	1,768
Trade receivables	26	Lifetime ECL	**127,979**	155,840
Loan receivables	23	Lifetime ECL	**578,154**	577,391
		12m ECL	**329,131**	323,147
Other financial assets at amortised cost (other than loan receivables)	23	12m ECL	**214,861**	191,270

45. FINANCIAL INSTRUMENT (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Cash and cash equivalents, term deposits with initial term over three months and restricted cash

To manage risk arising from cash and cash equivalents, term deposits and restricted cash, the Group only transacts with state-owned or reputable financial institutions in mainland China and reputable international financial institutions outside of mainland China. There has been no recent history of default in relation to these financial institutions. Hence, the management of the Group considers that the credit risk on cash and cash equivalents, term deposits and restricted cash is insignificant and no loss allowance was recognised.

Trade receivables

To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually within 30 to 90 days and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other forward-looking factors.

The expected loss rates are based on the payment profiles of sales over a period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31 March 2025 and 2024 was determined as follows for trade receivables:

At 31 March 2025	**0–30 days RMB'000**	**31–180 days RMB'000**	**Over 180 days RMB'000**	**Total RMB'000**
Provision on collective basis				
Lifetime ECL rate (%)	**0.7**	**12.1**	**100.0**	
Gross carrying amount	**74,664**	**42,893**	**10,422**	**127,979**
Loss allowance	**(511)**	**(5,174)**	**(10,422)**	**(16,107)**

At 31 March 2024	0–30 days RMB'000	31–180 days RMB'000	Over 180 days RMB'000	Total RMB'000
Provision on collective basis				
Lifetime ECL rate (%)	0.4	9.4	100.0	
Gross carrying amount	66,087	84,673	5,080	155,840
Loss allowance	(288)	(7,937)	(5,080)	(13,305)

45. FINANCIAL INSTRUMENT (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

Movements in the provision for loss allowances on trade receivables are as follows:

	Year ended 31 March	
	2025 **RMB'000**	2024 RMB'000
Beginning balance	**13,305**	16,857
Loss allowance recognised/(reversed), net	**2,802**	(1,087)
Write-offs	**—**	(2,465)
Closing balance	**16,107**	13,305

Loan receivables

For loan receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of these balances based on historical settlement records and past experiences. The Group's loan receivables included loans to third parties, loans to related parties and loans to management personnel and ex-management personnel. Further details of the impairment assessment on loan receivables are described below.

The following tables show reconciliation of loss allowances that has been recognised for loan receivables.

	12m ECL RMB'000	**Lifetime ECL (not credit impaired)** RMB'000	**Lifetime ECL (credit impaired)** RMB'000	**Total** RMB'000
As of 1 April 2024	**—**	**—**	**137,556**	**137,556**
Impairment losses recognised	**—**	**—**	**40,434**	**40,434**
Impairment losses reversed	**—**	**—**	**(1,960)**	**(1,960)**
Write-offs	**—**	**—**	**—**	**—**
As of 31 March 2025	**—**	**—**	**176,030**	**176,030**
As of 1 April 2023	—	—	25,850	25,850
Impairment losses recognised	—	—	116,312	116,312
Write-offs	—	—	(4,606)	(4,606)
Loss allowance as of 31 March 2024	—	—	137,556	137,556

45. FINANCIAL INSTRUMENT (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Loan receivables (Continued)

The credit loss allowance recognised in the year is impacted by a variety of factors, such as the loan receivables experiencing significant increases in credit risk or becoming credit-impaired in the year, or loan receivables derecognised and write-offs of allowances related to assets that were written off during the year. The following tables show reconciliation of gross carrying amount of loan receivables.

	12m ECL RMB'000	Lifetime ECL (not credit impaired) RMB'000	Lifetime ECL (credit impaired) RMB'000	Total RMB'000
Gross carrying amount of loan receivables				
As of 1 April 2024	**323,147**	**—**	**577,391**	**900,538**
Addition	**16,186**	**—**	**39,115**	**55,301**
Collection	**(5,955)**	**—**	**(48,829)**	**(54,784)**
Transfer to credit-impaired	**(9,876)**	**—**	**9,876**	**—**
Foreign exchange difference	**5,629**	**—**	**601**	**6,230**
As of 31 March 2025	**329,131**	**—**	**578,154**	**907,285**
As of 1 April 2023	603,562	—	332,017	935,579
Addition	78,506	—	29,865	108,371
Collection	(81,508)	—	(69,693)	(151,201)
Transfer to credit-impaired	(288,245)	—	288,245	—
Write-offs	—	—	(4,606)	(4,606)
Foreign exchange difference	10,832	—	1,563	12,395
As of 31 March 2024	323,147	—	577,391	900,538

45. FINANCIAL INSTRUMENT (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Loan receivables (Continued)

The Group uses a series specific policies and practice to reduce credit risk, among which the mostly widely use is collateral. The gross carrying amount of the loan receivables are analysed into secured and unsecured receivables as below:

	As at 31 March 2025			
	Current RMB'000	**Overdue 1–90 days RMB'000**	**Overdue over 91 days RMB'000**	**Total RMB'000**
Unsecured	**—**	**—**	**—**	**—**
Secured by collaterals	**329,131**	**—**	**578,154**	**907,285**
	329,131	**—**	**578,154**	**907,285**

	As at 31 March 2024			
	Current RMB'000	Overdue 1–90 days RMB'000	Overdue over 91 days RMB'000	Total RMB'000
Unsecured	—	—	1,960	1,960
Secured by collaterals	323,147	—	575,431	898,578
	323,147	—	577,391	900,538

As at 31 March 2025 and 2024, the Group's loan receivables were secured by various collaterals such as equity interest in certain companies, investment return under private equity funds, real estates, deposits as well as shares of the Company subscribed by the management personnel and ex-management personnel.

45. FINANCIAL INSTRUMENT (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other financial assets at amortised cost (other than loan receivable)

For other financial assets at amortised cost such as listed corporate bonds, treasury note, deposits and advances to employees that have a low risk of default, management assessed the related credit loss with the consideration of forward-looking factors. The movements in the provision for loss allowance on other financial assets at amortised cost (other than loan receivables) are as follows:

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Beginning balance	**728**	506
Loss allowance recognised, net	**6,086**	222
Write-off	**(217)**	—
Foreign exchange difference	**37**	—
Closing balance	**6,634**	728

Liquidity risk

The Group has significant cash and bank balances and term deposits issued by banks with maturity within one year and liquidity risk is considered to be minimal. The Group controls its liquidity risks by maintaining sufficient cash and cash equivalents and liquid term deposits, which are generated mainly from the operating and investing cash flow.

The following table details the Group's remaining contractual maturity for its financial liabilities and derivative instruments. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

45. FINANCIAL INSTRUMENT (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Interest rates	Within 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 March 2025						
Non-derivatives						
Trade payables	—	125,363	—	—	125,363	125,363
Bills payables	2.40%	17,400	—	—	17,400	17,400
Accruals and other payables	—	335,207	—	—	335,207	335,207
Lease liabilities	3.52%–4.75%	27,838	16,887	4,128	48,853	47,219
Total non-derivatives		505,808	16,887	4,128	526,823	525,189
At 31 March 2024						
Non-derivatives						
Trade payables	—	125,043	—	—	125,043	125,043
Accruals and other payables	—	266,478	—	—	266,478	266,478
Lease liabilities	4.75%	24,177	11,842	4,489	40,508	38,902
Total non-derivatives		415,698	11,842	4,489	432,029	430,423

As disclosed in Note 33, the Group had entered into certain derivative agreements with investment banks, of which certain quantities of the underlying securities listed on the NYSE and the HKEX are agreed to be settled within the next twelve months at an agreed price when certain agreed events occurred. Such investments were designated as derivatives and stated at fair value as at 31 March 2025 and 2024.

46. FAIR VALUE MEASUREMENTS

The Group's Financial assets at FVTPL and derivative financial instruments are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these assets and liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Fair value hierarchy

At 31 March 2025	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at FVTPL				
— Private equity fund investments and others	**—**	**60,252**	**3,816,405**	**3,876,657**
— Listed equity securities	**501,144**	**—**	**—**	**501,144**
— Other unlisted equity investments	**—**	**—**	**173,332**	**173,332**
— Knock out notes	**—**	**—**	**29,841**	**29,841**
Total financial assets	**501,144**	**60,252**	**4,019,578**	**4,580,974**
Financial liabilities				
Derivatives	**—**	**—**	**(99,305)**	**(99,305)**
At 31 March 2024				
Financial assets				
Financial assets at FVTPL				
— Private equity fund investments and others	—	69,070	3,719,225	3,788,295
— Listed equity securities	669,777	—	—	669,777
— Other unlisted equity investments	—	—	262,194	262,194
— Listed REITs investment (Note)	—	—	6,326	6,326
Total financial assets	669,777	69,070	3,987,745	4,726,592
Financial liabilities				
Derivatives	—	—	(1,456)	(1,456)

Note: The REITs were suspended from trading in the Singapore Exchange Limited ("SGX") since 30 August 2023 (Note 46(iii)).

46. FAIR VALUE MEASUREMENTS (CONTINUED)

Reconciliation of Level 3 instruments

	Private equity fund investments and others RMB'000	Other unlisted equity investments RMB'000	Knock out notes RMB'000	Listed REITs investment RMB'000	Derivatives RMB'000	Totals RMB'000
Opening balance 1 April 2023	4,440,099	333,609	25,946	—	(64,664)	4,734,990
Acquisitions	201,983	14,190	—	—	(5,217)	210,956
Disposals	(564,932)	(13,803)	(26,255)	—	62,518	(542,472)
Transfer from Level 1 to Level 3 (Note a)	—	—	—	36,850	—	36,850
Other income and (losses)/gains — net (Note b)	(393,890)	(79,591)	320	(30,638)	6,981	(496,818)
Currency translation difference	35,965	7,789	(11)	114	(1,074)	42,783
Closing balance 31 March 2024	3,719,225	262,194	—	6,326	(1,456)	3,986,289
Opening balance 1 April 2024	**3,719,225**	**262,194**	**—**	**6,326**	**(1,456)**	**3,986,289**
Acquisitions	**462,089**	**7,179**	**61,009**	**—**	**—**	**530,277**
Disposals	**(428,785)**	**(7,338)**	**(33,927)**	**—**	**—**	**(470,050)**
Transfer from Level 3 to Level 1 (Note a)	**—**	**(14,190)**	**—**	**—**	**—**	**(14,190)**
Other income and gains/(losses) — net (Note b)	**51,255**	**(76,383)**	**2,752**	**(6,326)**	**(97,265)**	**(125,967)**
Currency translation difference	**12,621**	**1,870**	**7**	**—**	**(584)**	**13,914**
Closing balance 31 March 2025	**3,816,405**	**173,332**	**29,841**	**—**	**(99,305)**	**3,920,273**

Notes:

a. Since 30 August 2023, one of the Group's REITs investments has been suspended from trading in the SGX and the fair value of that REITs investment as at 31 March 2024 is determined based on valuation technique (instead of quoted market price). Accordingly, that investment with carrying amount of RMB36,850,000 has been transferred from Level 1 to the Level 3 fair value category.

Since 5 April 2024, one of the other unlisted equity investments has been listed on the National Association of Securities Dealers Automated Quotations ("NASDAQ") and the fair value of that investment as at 31 March 2025 is determined based on quoted market price (instead of Recent transaction approach). Accordingly, that investment with carrying amount of RMB14,190,000 has been transferred from Level 3 to the Level 1 fair value category.

b. The amounts as disclosed in the table above include the unrealised gains or losses recognised in profit or loss attributable to balances held at the end of the reporting period as follows:

	Private equity fund investments and others RMB'000	Other unlisted equity investments RMB'000	Knock out note RMB'000	Listed REITs investment RMB'000	Derivatives RMB'000	Totals RMB'000
Year ended 31 March 2025	**49,341**	**(76,383)**	**2,752**	**(6,326)**	**(97,265)**	**(127,881)**
Year ended 31 March 2024	(349,894)	(79,591)	—	(30,638)	6,981	(453,142)

46. FAIR VALUE MEASUREMENTS (CONTINUED)

Valuation techniques used in fair value measurements

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements:

Description	Fair value at 31 March 2025 RMB'000	Fair value at 31 March 2024 RMB'000	Valuation technique	Significant unobservable inputs	Range of inputs As at 31 March 2025	Range of inputs As at 31 March 2024	Relationship of unobservable inputs to fair value
Financial assets							
Private equity fund investments and others (Note i)	**3,816,405**	3,719,225	Net asset value	N/A	**N/A**	N/A	N/A
Other unlisted equity investments (Note ii)	**122,676**	248,004	Market comparable companies	Price to sales multiples ("PS"), Earnings before interest and tax multiples ("EV/EBIT"), DLOM	**EV/EBIT: 11.99 DLOM: 20%**	PS: 3.5 EV/EBIT: 16.44 DLOM: 12%/20%	Increased or decreased PS or EV/EBIT by 1 would increase or decrease fair value by approximately RMB9,904,000 (2024: RMB26,384,000). Increased or decreased DLOM by 5% would decrease or increase fair value by approximately RMB7,688,000 (2024: RMB15,215,000).
	43,478	—	Discounted Cash Flow	Discount rate	**Discount rate: 17.16%**	N/A	Increased or decreased discount rate by 1% would decrease or increase fair value by approximately RMB208,000 (2024: N/A).
	7,178	14,190	Recent transaction approach	N/A	**N/A**	N/A	N/A
Listed REITs investment (Note iii)	**—**	6,326	Market comparable companies	Price to book value multiples ("PB"), DLOM	**N/A**	PB: 0.59 DLOM: 20.5%	N/A (2024: Increased or decreased PB by 0.1 would increase or decrease fair value by approximately RMB1,072,000.) N/A (2024: Increased or decreased DLOM by 5% would decrease or increase fair value by approximately RMB398,000.)
Knock out note (Note iv)	**29,841**	—	Option-pricing model	Expected volatility	**N/A**	N/A	The higher the expected volatility, the higher the fair value.
Total financial assets	**4,019,578**	3,987,745					
Financial liabilities							
Derivatives (Note v)	**(99,305)**	(1,456)	Option pricing model	Expected volatility	**N/A**	N/A	The higher the expected volatility, the higher the fair value.

46. FAIR VALUE MEASUREMENTS (CONTINUED)

Valuation techniques used in fair value measurements (Continued)

Notes:

i. The Group determines the fair value of its private equity fund investments and others as at the reporting date based on the net asset values of the private equity funds (with underlying assets and liabilities measured at fair value) as reported by the general partners of the funds and adjusted by other relevant factors that management considered as appropriate.

ii. For other unlisted equity investments, the fair values are determined by using the market comparable companies approach, recent transaction approach as well as discount cash flow approach. For the market comparable companies approach, the significant unobservable inputs include the valuation multiples (such as PS or EV/EBIT ratio) and DLOM. Management determines the valuation multiples with reference to the multiples of respective comparable companies, as adjusted by the lack of marketability that market participants would consider when estimating the fair value of these investments. For the recent transaction approach, management determined the fair value using the implied equity value derived from an recent transaction in the unlisted equity instruments. For the discount cash flow approach, management determined the fair value using discount rate in line with estimated risk level.

iii. The amount represented the Group's listed REITs investment which has been suspended from trading in the SGX since 30 August 2023. The fair values are determined by using the market comparable companies approach and the significant unobservable inputs include the valuation multiples (such as PB ratio) and DLOM. Management determines the valuation multiples with reference to the multiples of respective comparable companies, as adjusted by the lack of marketability that market participants would consider when estimating the fair value of the investment.

iv. The amount represented the Group's short-term investments in knock out notes which in substance are equity-index notes with the maturity less than 12 months, which were issued by reputable multinational financial institutions (such as Morgan Stanley and Bank Julius Baer). Management determined the fair value of these notes based on the statements provided by the issuing financial institutions. The related valuation technique was option pricing model and valuation inputs were developed by the issuing financial institutions which were not made available to the Group.

v. The amount recognised is to reflect the derivative agreements entered into between the Group and certain reputable multinational financial institutions (such as Morgan Stanley and Bank Julius Baer) with contract terms less than 12 months. According to the derivative agreements, certain quantities of the underlying securities listed on the NYSE and the Hong Kong Stock Exchange are agreed to be gross settled between the Group and the issuing financial institutions at an agreed price when certain agreed events occurred. Management determines the fair value of these derivatives based on the statements provided by the respective issuing financial institutions. The related valuation technique is option pricing model and valuation inputs were developed by the issuing financial institutions which were not disclosed to the Group.

Valuation processes

The Group has a team of personnel that manages the valuation on these Level 3 instruments for financial reporting purposes. The team manages the valuation exercise of these level 3 instruments based on available information obtained from the relevant counter parties (including the general partners of the private equity funds, the management of unlisted investees, the issuing financial institutions of the knock out notes and other derivative products as well as the financial institutions sponsoring and managing the wealth management products, etc.), at least twice every financial year, which coincides with the Group's semi-annually reporting dates. External valuation experts may also be involved and consulted when it is necessary. The valuation process is under the management's supervision and the valuation results are finally reviewed by the Group's CFO.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management considers that the carrying amounts of the other financial assets and financial liabilities measured at amortised cost in the consolidated financial statements approximate their fair values.

47. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name of entities	Place of incorporation and kind of legal entity	Particulars of issued/ registered capital	Principal activities and place of operation	Ownership interest held by the Group As at 31 March 2025	Ownership interest held by the Group As at 31 March 2024
Hong Kong Dongxiang Sports Development Holdings Limited	Hong Kong, limited liability company	10,000 ordinary shares of HK$1 each	Investment holding, Hong Kong	**100%**	100%
Brilliant King Group Ltd	British Virgin Island, limited liability company	US$1	Investment holding, British Virgin Island	**100%**	100%
Bright Pacific Enterprises Limited	British Virgin Island, limited liability company	US$100	Investment holding, British Virgin Island	**100%**	100%
Achilles Sports Pte. Ltd.	Singapore, limited liability company	100,000 ordinary shares of US$1 each	Owns trademark, Singapore	**100%**	100%
Gaea Sports Limited	Hong Kong, limited liability Company	1 ordinary share of HK$1	Investment holding, Hong Kong	**100%**	100%
Beijing Dongxiang Sports Development Co., Ltd.	The PRC, limited liability company	RMB10,000,000	Design and sales of sport-related footwear, apparel and accessories, PRC	**100%**	100%
Shanghai Kappa Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB100,000,000	Design and sales of sport-related footwear, apparel and accessories, PRC	**100%**	100%
Shanghai Taitan Sporting Goods Co., Ltd. (i)	The PRC, limited liability company	RMB1,500,000	Design, production and sales of sport-related footwear, apparel and accessories, PRC	**100%**	100%
Coeus Sporting Goods Trading (Shanghai) Co., Ltd. (i)	The PRC, limited liability company	USD23,900,000	Sales of sport-related footwear, apparel and accessories, PRC	**100%**	100%
Shanghai Gabbana Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB200,000,000	Design and consulting services, PRC	**100%**	100%
Shanghai Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB46,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%
Haerbin Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%
Hebe Fashions Pte. Ltd.	Singapore, limited liability company	Singapore Dollar 1	Investment holding, Singapore	**100%**	100%
Cronus Sports Pte. Ltd.	Singapore, limited liability company	Singapore Dollar 1	Investment holding, Singapore	**100%**	100%

47. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name of entities	Place of incorporation and kind of legal entity	Particulars of issued/ registered capital	Principal activities and place of operation	Ownership interest held by the Group As at 31 March 2025	Ownership interest held by the Group As at 31 March 2024
Japan Dongxiang Co., Ltd.	Japan, limited liability company	JPY1,000,000	Investment holding, Japan	**100%**	100%
Beijing Happy Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%
Dalian Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%
Shenzhen Criust Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%
Zhengzhou Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%
Wuhan Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%
Hunan Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%
Hangzhou Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%
Tianjin Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%
Nanjing Curetes Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%
Beijing Curetes Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%

47. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name of entities	Place of incorporation and kind of legal entity	Particulars of issued/ registered capital	Principal activities and place of operation	Ownership interest held by the Group: As at 31 March 2025	Ownership interest held by the Group: As at 31 March 2024
Taicang Taitan Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB91,000,000	Design, production and sales of sports-related footwear, apparel and accessories, PRC	**100%**	100%
Shanghai Kappa Kinetic Kids Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB1,000,000	Design, sales of children's clothing	**100%**	100%
Tibet Plutus Enterprise Management Co., Ltd.	The PRC, limited liability company	RMB770,000,000	Investment	**100%**	100%
Tibet Youde Enterprise Management Co., Ltd. (ii)	The PRC, limited liability company	RMB2,000,000	Investment	**100%**	100%
Tibet Leize Enterprise Management Co., Ltd. (ii)	The PRC, limited liability company	RMB10,000,000	Investment	**100%**	100%
Tibet Rhea Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB5,000,000	Purchase for children's garments	**100%**	100%
Shanghai Tethys Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB20,000,000	Sales company	**100%**	100%
Kunming Heti Sporting Goods Co. Ltd.	The PRC, limited liability company	RMB1,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%
Lanzhou Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%
Shanghai Rongfu Investment Management Center (Limited Partnership)	The PRC, limited liability company	RMB351,000,000	Investment	**100%**	100%
CPE Assets Allocation Fund D, L.P.	Cayman Islands, limited partnership	USD111,052,765	Investment	**100%**	100%
Fuyun Koktokay Charlie Snow House Co., LTD	The PRC, limited liability company	RMB500,000	Hotel management and tourism	**100%**	100%
Fuyun County Koktokay Black Diamond Club Hotel Management Co. LTD	The PRC, limited liability company	RMB100,000	Hotel management and tourism	**100%**	100%
Fuyun County Koktokay Heshun Service Co. LTD	The PRC, limited liability company	RMB500,000	Tourism service	**100%**	100%
Xinjiang Snow Dongxiang Real Estate Co., Ltd	The PRC, limited liability company	RMB10,000,000	Real estate development and operation	**100%**	100%

47. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name of entities	Place of incorporation and kind of legal entity	Particulars of issued/ registered capital	Principal activities and place of operation	Ownership interest held by the Group As at 31 March 2025	Ownership interest held by the Group As at 31 March 2024
Xinjiang Ice Dongxiang Real Estate Co., Ltd	The PRC, limited liability company	RMB10,000,000	Real estate development and operation	**100%**	100%
Sichuan Creates sporting goods Co., Ltd.	The PRC, limited liability company	RMB1,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%
Shanghai Fengyi Wuxi Sports Culture Development Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%
Fuyun County Green Jungle Catering Co., Ltd.	The PRC, limited liability company	RMB1,000,000	Catering	**100%**	100%
Fuyun County Jinfu Trading Co., Ltd.	The PRC, limited liability company	RMB3,500,000	Accommodation services	**100%**	100%
Fuyun Phenix Club Hotel Management Co.,Ltd.	The PRC, limited liability company	RMB1,000,000	Hotel management and tourism	**100%**	100%
Qingdao Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%

Notes:

i. These subsidiaries are wholly foreign owned enterprises with limited liability established in mainland China.

ii. The Group does not have directly or indirectly legal ownership in equity of these structured entities. Nevertheless, under certain contractual arrangements entered into with the registered owners of these structured entities, the Company and its legally owned subsidiary control these companies by way of controlling the voting rights, governing their financial and operating policies, appointing or removing the majority of the management of their controlling authorities, and casting the majority of votes at meetings of such authorities. Accordingly, the Group has rights to exercise power over these structured entities, receives variable returns from its involvement in these structured entities, and has the ability to affect those returns through its power over these structured entities. As a result, they are consolidated as structured entities of the Group.

48. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at 31 March 2025 RMB'000	As at 31 March 2024 RMB'000
ASSETS		
Non-current assets		
Interests in subsidiaries	**10,185,705**	10,184,515
Financial assets at FVTPL	**—**	6,326
	10,185,705	10,190,841
Current assets		
Other financial assets at amortised cost	**457**	1,036
Amounts due from subsidiaries	**1,593,033**	1,166,505
Term deposits with initial term over three months and within one year	**267,682**	265,145
Cash and cash equivalents	**309,875**	207,549
	2,171,047	1,640,235
Total assets	**12,356,752**	11,831,076
EQUITY		
Share capital	**56,478**	56,478
Reserves	**12,132,415**	11,606,966
Total equity	**12,188,893**	11,663,444
LIABILITIES		
Current liabilities		
Amounts due to subsidiaries	**167,099**	167,428
Accruals and other payables	**760**	204
Total liabilities	**167,859**	167,632
Total equity and liabilities	**12,356,752**	11,831,076

48. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Movement in the Company's reserves

	Share premium reserve	(Accumulated losses)/ retained earnings	Capital reserve	Share-based compensation reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 March 2024					
At 1 April 2023	1,034,866	(242,835)	10,059,941	2,486	10,854,458
Profit for the year	—	819,030	—	—	819,030
Share-based compensations	—	—	—	3,524	3,524
Dividend paid	(70,046)	—	—	—	(70,046)
At 31 March 2024	964,820	576,195	10,059,941	6,010	11,606,966
Year ended 31 March 2025					
At 1 April 2024	**964,820**	**576,195**	**10,059,941**	**6,010**	**11,606,966**
Profit for the year	**—**	**636,711**	**—**	**—**	**636,711**
Share-based compensations	**—**	**—**	**—**	**1,190**	**1,190**
Dividend paid	**(112,452)**	**—**	**—**	**—**	**(112,452)**
At 31 March 2025	**852,368**	**1,212,906**	**10,059,941**	**7,200**	**12,132,415**

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Review of Annual Results

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the consolidated financial statements for the twelve months ended 31 March 2025.

Final Dividend and Final Special Dividend

The Company has paid an interim dividend of RMB0.70 cents and an interim special dividend of RMB0.70 cents per ordinary share, totalling RMB82,426,000 for the six months ended 30 September 2024.

The Board of the Company has recommended the distribution of a final dividend of RMB0.35 cents and a final special dividend of RMB0.71 cents per ordinary share, totalling RMB1.06 cents per ordinary share in total, for the twelve months ended 31 March 2025.

The final dividend and final special dividend, subject to approval by the shareholders of the Company at the annual general meeting to be held on 20 August 2025, will be paid in Hong Kong Dollars based on the rate of HKD1.00 = RMB0.91283 being the official exchange rate of Hong Kong dollars against Renminbi as quoted by the People's Bank of China on 24 June 2025. The dividend will be paid on or about 11 September 2025 to shareholders whose names appear on the register of members of the Company on 1 September 2025.

Closure of Register of Members for the Entitlement of Final Dividend and Final Special Dividend

The Register of Members of the Company will be closed from 28 August 2025 to 1 September 2025 (both days inclusive), for the purpose of determining shareholders' entitlements to the 2024/2025 final dividend and final special dividend. In order to qualify for the 2024/2025 final dividend and final special dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 27 August 2025.

Annual General Meeting (“AGM”)

The AGM of the Company will be held on 20 August 2025. Notice of the AGM will be issued and disseminated to shareholders in due course.

To ascertain shareholders’ eligibility to attend and vote at the annual general meeting, the register of members will be closed from 15 August 2025 to 20 August 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify to attend and vote at the annual general meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 14 August 2025.

Publication of Results Announcement

This annual results announcement is available for viewing on the Company’s website at www.dxsport.com and Hong Kong Stock Exchange’s website at www.hkexnews.hk.

On behalf of the Board
China Dongxiang (Group) Co., Ltd.
Chen Yihong
Chairman

25 June 2025

As at the date of this announcement, the executive directors of the Company are Mr. Chen Yihong, Ms. Chen Chen and Mr. Lyu Guanghong; and the independent non-executive directors of the Company are Mr. Gao Yu, Mr. Liu Xiaosong and Ms. Tang Songlian.