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)

2020/2021 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of China Dongxiang (Group) Co., Ltd. (the "Company") is pleased to announce the audited results of the Company and its subsidiaries (together referred to as the "Group") for the twelve months ended 31 March 2021. This announcement, containing the full text of the 2020/2021 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. The printed version of the Company's 2020/2021 Annual Report will be delivered to the shareholders of the Company and will be 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 on or around 5 July 2021.

Kappa

2020/2021 ANNUAL REPORT

DONGXIANG

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Kappa

DONGXIANG

Kappa

Contents

VISION & MISSION

Vision

By uniting outstanding individuals and striving for managerial excellence, we'll lead the sports fashion industry, all with joy & passion

Mission

To be the most pioneering & desired sport-life brands


KAPPA
Kappa

CORPORATE INFORMATION

Executive Directors	Mr. Chen Yihong (Chairman) Mr. Zhang Zhiyong (Chief Executive Officer) Ms. Chen Chen Mr. Lyu Guanghong (Chief Financial Officer)
Independent Non-Executive Directors	Dr. Chen Guogang Mr. Gao Yu Mr. Liu Xiaosong
Auditor	PricewaterhouseCoopers Certified Public Accountants and Registered PIE Auditor
Legal Advisers	Norton Rose Fulbright Hong Kong Conyers Dill & Pearman (Cayman) Limited East & Concord Partners (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
Principal Place of Business in Hong Kong	Office Unit 9, 13/F, Tower Two, Lippo Centre, No. 89 Queensway, Hong Kong
Head Office in People's Republic of China	Building 21, No. 2 Jingyuanbei Street, Beijing Economic-Technological Development Area, Beijing 100176, People's Republic of China
Principal Bankers	Morgan Stanley Asia International Limited Industrial and Commercial Bank of China
Website	www.dxsport.com

FIVE-YEAR FINANCIAL HIGHLIGHTS

(All amounts in Renminbi million unless otherwise stated)

	Note	**For the twelve months ended 31 March 2021**	For the twelve months ended 31 March 2020 (Restated)	For the fifteen months ended 31 March 2019	For the twelve months ended 31 December 2017	For the twelve months ended 31 December 2016
Sales		**1,970**	1,541	2,144	1,455	1,501
Operating profit		**2,070**	530	1,040	1,027	1,016
Profit before income tax from continuing operations		**2,029**	492	1,026	930	1,048
Profit attributable to owner of the Company (before reversal of/(provision for) impairment of inventories)		**1,811**	366	866	805	870
Gross profit margin (%)		**65.6**	66.4	58.9	59.2	56.7
Net profit margin (%)		**91.9**	23.8	40.4	55.3	58.0
Earnings per share for profit attributable to owners of the Company for the year — basic/diluted (RMB cents)		**30.88**	6.25	14.91	14.51	15.79

	Note	**As at 31 March 2021**	As at 31 March 2020	As at 31 March 2019	As at 31 December 2017	As at 31 December 2016
Non-current assets		**6,153**	4,954	7,176	6,288	5,415
Current assets		**6,485**	6,735	4,475	4,634	5,730
Current liabilities		**721**	792	1,118	885	1,352
Net current assets		**5,764**	5,943	3,357	3,749	4,378
Total assets		**12,638**	11,689	11,650	10,921	11,145
Total assets less current liabilities		**11,917**	10,897	10,532	10,036	9,793
Equity attributable to owners of the Company		**11,533**	10,612	10,251	9,585	9,658
Total assets per share (RMB cents)	1	**215.55**	199.37	200.56	196.94	202.15
Net assets per share (RMB cents)	1	**196.70**	180.99	176.47	172.87	175.18
Debt to equity ratio	2	**0.10**	0.10	0.14	0.14	0.15

Notes:

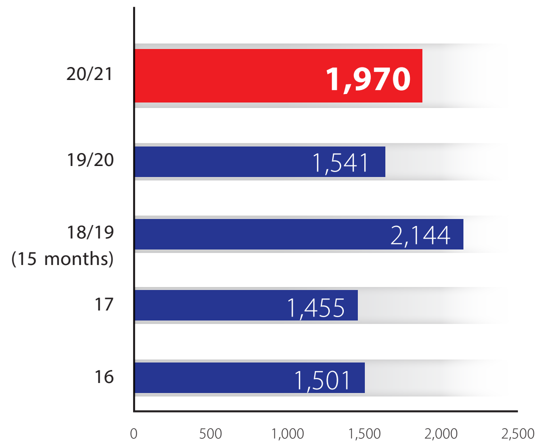
(1) The number of ordinary shares used in the calculation for the twelve months ended 31 March 2021, for the twelve months ended 31 March 2020, for the fifteen months ended 31 March 2019 as well as for the twelve months ended 31 December 2017 and 2016, are 5,863,072,000 shares, 5,863,071,000 shares, 5,805,853,000 shares, 5,545,204,000 shares and 5,513,180,000 shares, which were the weighted average number of shares for the 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.

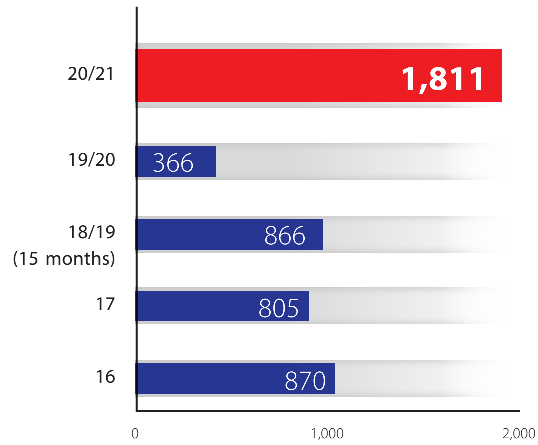
FIVE-YEAR FINANCIAL HIGHLIGHTS

(All amounts in Renminbi million unless otherwise stated)

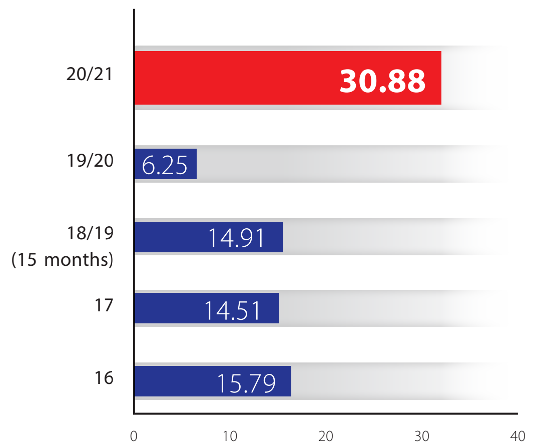
SALES



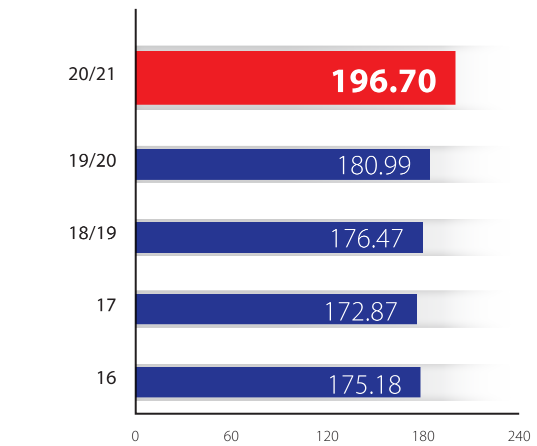
PROFIT ATTRIBUTABLE TO OWNER'S OF THE COMPANY



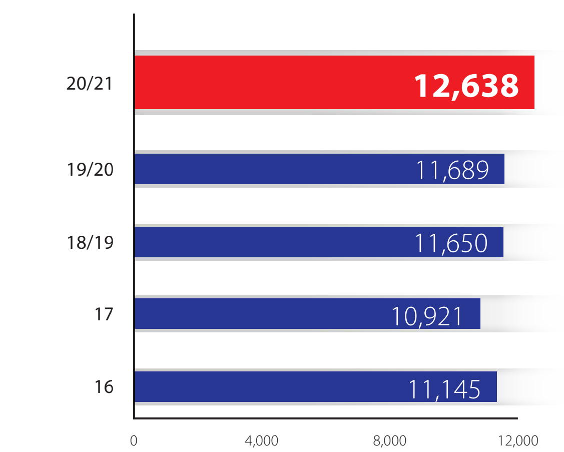
EARNINGS PER SHARE — BASIC (RMB CENTS)



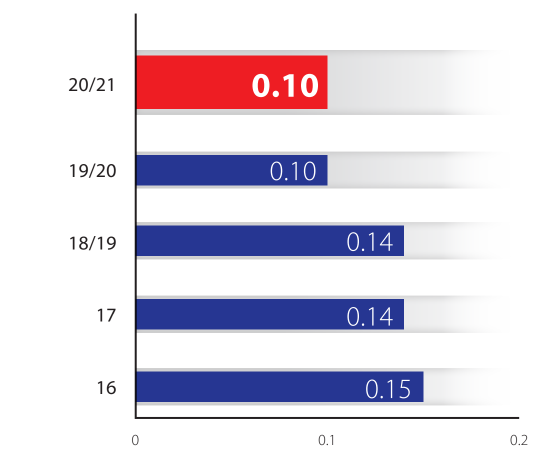
NET ASSETS PER SHARE (RMB CENTS)



TOTAL ASSETS



DEBT TO EQUITY RATIO (TIMES)



Note: 20/21 and 19/20 are the financial data for the 12 months ended 31 March, 18/19 is the financial data for the 15 months ended 31 March and 16 to 17 are the financial data for the 12 months ended 31 December.

KAPPA


2021
Kappa
Kappa

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 2021 (the "Reporting Period").

In 2020, the global economy was struck by the COVID-19 pandemic. Europe and America were deeply affected, as their economies experienced a collective decline. China, meanwhile, became the first country to recover from the negative impact of the epidemic thanks to stringent and pinpoint anti-epidemic measures implemented by the Chinese government which had effective controlled the spread of the epidemic. These were complemented by the swift announcement of macro-economic and financial support policies underpinned by "domestic economic circulation", which have stimulated the enormous spending power in the country and successfully driven the economy to bottom out and rebound. As shown by various economic indicators, the momentum for recovery was strong across various sectors and domestic demand was picking up, underpinned by a notable increase in retail spending. This once-in-a-lifetime epidemic has brought about enormous challenges to the industry; but it has also presented unprecedented opportunities to the sports brands of China. In the meantime, changes in the post-epidemic retail model have indirectly driven the demand for sportswear. In the brand spirit of innovation and "not settling for the mediocre", the Group has successfully dealt with the risk with vigorous efforts and achieved fruitful results.

The Group reported revenue of RMB1,970 million for the Reporting Period, representing year-on-year increase of 27.8%, while profit attributable to owners of the Company increased by 394.8% to RMB1,811 million. Basic earnings per share increased by 394.1% to RMB30.88 cents. To reward shareholders for their longstanding support of the Group, the Board of Directors has proposed to distribute 35% of the Group's net profit attributable to owners of the Company for the twelve months ended 31 March 2021 as full-year dividend.

INTENSIVE DEVELOPMENT FOCUSED ON THE CHINA MARKET

During the Reporting Period, the Group continued to implement the direct-franchise model and rolled out comprehensive in-depth reform pivoting on channel, product and supply-chain management. Delicacy operation was implemented in the three dimensions of big logistics, retail localisation and commodity sales to continuously optimise our offline channel structure, reinforce localised management of sales teams, drive omni-channel digitalisation and upgrade the professional competence of commodity management teams with stronger efforts. Turnover of omni-channel retailing was further accelerated, while channel control and market response capabilities were enhanced in a major improvement of operating efficiency. During the Reporting Period, we reported growth for offline sales driven by stable growth in the performance of outlet stores and shopping malls. Meanwhile, the inventory level of the Group's channels was further improved, resulting in enhancement in operating efficiency. In future, the Group will continue to improve same-store performance and close down underperforming stores. As at 31 March 2021, the Group had a total of 1,170 Kappa stores (excluding Kappa Kid's stores), representing a net increase of 41 stores as compared to last year.

BRAND PHILOSOPHY EXPRESSED THROUGH INNOVATIVE ACTIVITIES IN TANDEM WITH RISING NATIONWIDE INTEREST IN SPORTS AND DOMESTIC CULTURE

With a profound awareness of the importance of close engagement with the younger generation who are target buyers of the brand, Kappa has actively pursued collaboration with different sectors. We renewed our cooperation with One Piece, the renowned manga IP, for the launch of a footwear series that carried the brand spirit of refusing mediocrity and compromise, while creating the Halloween AI Series in collaboration with young domestic artist Cao Yu (曹羽). We also teamed up with Mak Ling Ling, renowned Feng Shui master in Hong Kong, in the launch of its 2021 Chinese New Year outfit which closely associated our brand philosophy with traditional Chinese styles through extraordinary clashes of the style of Italian fashionable sportswear and traditional Chinese culture. Capitalising on the characteristically resilient life cycle of sports brands, we have refocused on the sporting element and identified the younger generation as our target customers. Through association with minority, high-end sporting activities, such as partnerships with China's National Equestrian, Fencing and Skateboarding Teams, we have tapped the sub-segment of middle- to high-end sports in a fine illustration of the brand's commitment to the youthful culture and primary objective of supporting the development of sports.

EMBRACING THE NEW ERA WITH DIGITALISED OMNI-CHANNEL MARKETING

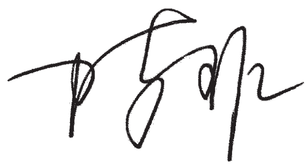
Under the trend of digitalisation for industries, the battleground of the consumer goods retailing sector has shifted forward, with increasingly changeable formats and scenarios of online and offline buying. Benefitting from the Group's ongoing systematic deployment in digitalisation and omni-channel, the outcome of reforms in omni-channel digitalisation became evident when the epidemic situation improved and the customers returned. During the Reporting Period, the Group completed the deployment of its omni-channel digitalised marketing model according to its plans and improved its SCRM membership system, cloud storage and smart store system to facilitate the integration of omni-channel commodities. In the meantime, the Group's e-commerce business secured stable growth for the financial year as a result, increasing by 31.7% for the full year. In line with the new trend of digitalised retail spending in China in the future, digitalisation and omni-channel deployment will remain one of the core strategic goals of the Company, and the Group will continue to drive digitalisation reform to build a solid foundation for the interactive development of online and offline sales.

To better focus on its business in the core China market, subsequent to the disposal of the trademark of "Kappa" Japan in July 2020, we also decided to license the "Phenix" brand to franchised operators. We believe this would be conducive to the commitment of all resources and marketing efforts to the development of our core brand in the China market.

SUBSTANTIAL INCREASE IN INVESTMENT INCOME

During the Reporting Period, the Group procured effective development of its investment business with prudent risk control in accordance with principle of "profitability, high-calibre partners and quality projects". As at 31 March 2021, the Group reported a net asset value of RMB10,518 million for its investment segment, representing year-on-year growth of 10.1%. The Group's investment gains for the Reporting Period amounted to RMB2,095 million. In future, we believe that our investment segment will generate stable and sustainable return for shareholders with the back of prudent investment strategies and outstanding investment partners.

Finally, the Group wishes to take this opportunity to express sincere gratitude to the Directors and all members of the staff for their hard work and contributions. We must also thank all our partners and shareholders for their trust and longstanding support for the Group. Looking ahead, we will continue to uphold the traditional spirit of the Kappa brand notwithstanding the uncertainties ahead, capitalising on opportunities in the sporting industry to generate sound and stable return for shareholders on the back of bold and innovative ventures that never settle for the mediocre!



Chen Yihong
Chairman

23 June 2021

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

Kappa Kids

- Genetic inheritance of Kappa brand
- A kid's sportswear brand with fashion attributes

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 2020, the world economy underwent a most extraordinary period underpinned by uncertainties and challenges as the COVID-19 pandemic ravaged. The Reporting Period continued to be overshadowed by COVID-19, as global economic recovery was slowed down by the volatile pandemic situations in Europe and America, although pandemic control was implemented effectively in Mainland China. According to the *World Economic Outlook* report published by the International Monetary Fund (IMF), global GDP for the past year decreased by 3.5%. Negative economic growth was recorded in more than 20 major economies in the world, including the United States and the European Union, which reported recessions of 3.4% and 7.2%, respectively. As the first country to recover from the negative impact of the pandemic, China became the only economy in the world to report positive growth for the past year.

In the aftermath of the pandemic, China's economy sustained a regenerative recovery with the growth rate accelerating since the second half of 2020, as exports were gradually picking up to meet gaps in the global supply chain. According to the figures published by National Bureau of Statistics of China, the nation's GDP for 2020 exceeded the benchmark of RMB100 trillion for the first time to reach RMB101.6 trillion, representing a year-on-year growth of 2.3%. GDP for the first quarter of 2021 registered an 18.3% year-on-year growth.

With the support of national policies, recovery for both upstream and downstream sectors is expected to continue into the current year. Improvements in macro-economic conditions as a whole coupled with multi-faceted spending scenarios under a back-to-normal economic life are set to boost end-consumer spending. According to the figures published by National Bureau of Statistics of China, total retail sales of consumer goods grew by 4.6%, year-on-year, for the fourth quarter of 2020, while exceeding RMB10.5 trillion for the first quarter of 2021 for a 33.9% year-on-year growth or 1.86% quarter-on-quarter growth. With the economy negotiating moderate recovery and the domestic retail sector picking up in a steady pace, a positive trend is prevailing.

Moreover, a significant shift in the buying habits of consumers caused by the epidemic has been noted. The rise of new trends such as online shopping and live streaming has further driven the thriving development of the online retail business. Relevant data indicates that the amount of online retail sales of physical goods for the first three months of 2021 amounted to approximately RMB2.3 trillion, representing a year-on-year growth of 24.4% and accounting for 21.9% of total retail sales of consumer goods.

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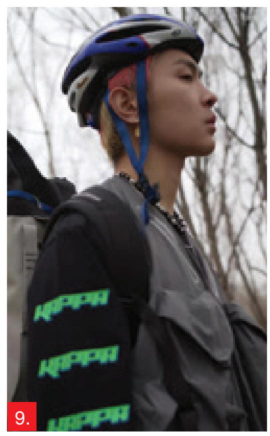

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1. The Kappa Pavilion at the Fifth Lanxiong Sports Carnival held in Shanghai, of which Kappa is a partner.

2. Shanghai Masters E-Sports Tournament 2020, sponsored by Kappa as the sole partner for the supply of tournament outfit.

3. In January 2021, Kappa's strategic partnership with the China's National Skateboarding Team was officially announced.

4. The Kappa Cotton and Feather Feat, Xi'an leg.

5. Kappa x Smiley Co-brand Series.

6. Kappa offline activities at Joy City, Chaoyang District, Beijing.

7. Kappa Series carried by Brand Ambassador Justin Huang.

8.9. Celebrated artists Wang Yiming and Victor Ma showcasing selected Kappa Series.


KAPPA

INDUSTRY REVIEW

Thanks to rigorous anti-epidemic measures, the epidemic came swiftly under control in China as the nation reported economic recovery ahead of others, driving stable, quarter-by-quarter rebound in overall retail sales. As at the first quarter of 2021, the domestic sports market had achieved full recovery, with retail discount being gradually restored in the industry market, contributing to improvements in gross profit margin for the industry as a whole. With the support of national policies, the sporting industry identified strong potential for growth in different aspects ranging from the national economy to youth education and infrastructure development, holding out prospects for stable and sustainable development in the long term.

As the pandemic wanes, factors favouring the sporting industry are emerging. While considerably stronger health consciousness is noted among the general public in the aftermath of the pandemic, the world is also anticipating major international sports events in 2021–2022. As sporting events and tournaments such as Tokyo 2021 Olympics, 2022 Winter Olympics and the World Cup will be held in succession, it is hopeful that the sporting industry will remain robust with sustained rapid growth in demand. In addition, the sporting industry will be embraced by a number of favourable policies. According to the "Outline for the Development of a National Sporting Power" published by the State Council in 2019, the sporting industry should be developed into a pillar industry for the national economy by 2035, estimated to account for approximately 4% of China's GDP in 2035. According to the "Opinion on Promoting General Spending on Fitness and Sports and Driving Qualitative Development of the Sporting Industry" published in 2019, the industrial output value of the sporting service sector should be increased to 60% as a percentage of the total industrial output of value of the sporting industry as a whole by 2022.

Relevant data indicates a trend of high growth for the sporting industry in the Greater China market with enormous potential for development. Data from various sources indicate that the Greater China region will be the fastest-growing market for sports apparel in the coming 3 years. According to Euromonitor, China's sports apparel market will grow at a CAGR of 12.2% during the period 2021–2024.

The epidemic has also disrupted the existing model of operation of the industry to a considerable extent. Quarantines and isolation during the epidemic have caused a complete reversal of the traditional spending in the market. Online business models such as digital economy and live-streamed marketing have emerged and thrived, as online marketing has become a new trend in retail spending for the general public. According to the figures published by National Bureau of Statistics of China, annual online retail sales nationwide for 2020 grew by 10.9%, year-on-year. The business model of sporting companies has also changed accordingly, and e-commerce and offline direct marketing will continue to account for increasing shares in the future. Brands will enhance their competitiveness among end-consumers via marketing means such as live-streaming and omni-channel, and digitalisation is expected to form an important strategy.

In March 2021, the fermentation of the BCI incident has sparked off a spree for the support of domestic fashion and sporting brands among domestic Chinese buyers and expedited the rise of domestic brands. It will result in domestic brands becoming preferred substitutions in the near future, while favouring their development in the long run. Originated in Italy, the Kappa brand has been fully owned by the Group in Mainland China and Macau since 2006 and has been deeply engaged with the China market for many years, having built invaluable brand value, assets and loyalty in the Greater China. Kappa has never joined the BCI Association, and will continue to provide Chinese consumers with high-quality products and services, and stick to its long-term commitment to the Chinese market.

BUSINESS REVIEW

During the Reporting Period, domestic consumer sentiments gradually improved as the epidemic was coming under control, while a new model of online purchases was rapidly emerging. The Group seized this opportunity by persisting in sales channel reform and enhancing retail localisation, while making a strong effort to drive digitalisation and omni-channel deployment, in order to capitalise on opportunities presented by Big Data development. Stable growth in overall sales for FY2021 has been achieved as a result of these efforts. In connection with brand marketing, the Group continued to uphold its brand spirit of ongoing innovation through cross-sector collaboration with IP and celebrities, incorporating latest ideas in fashion and culture into the brand in an effective move that has increased Kappa's market share. Moreover, the Group signed cooperation agreements with the national teams of various sports to reiterate its support for sports and enhance Kappa's image as a medium- to high-end brand in fashion and sports. Meanwhile, the Group continued to be engaged in prudent investment planning and refine its operations in all dimensions, with a view to ensuring long-term, stable income for shareholders.

Brand-building and Marketing

PRC — Kappa brand

Brand-marketing has always been a top priority for Kappa. During the Reporting Period, the brand vigorously adopted different marketing strategies covering various online and offline channels to increase its market exposure. These included cross-sector cooperation and roadshows in major cities in collaboration with celebrities and KOLs (key opinion leaders) of the entertainment and art sectors, among others, in an effort to bring itself closer to the public and increase brand exposure.

During the Reporting Period, Kappa successfully capitalised on the new trend of online shopping as a new normal. On top of the livecast concert via online cloud hosted during the first half of the year, web celebrities were invited to showcase our products during livecast sessions at their platforms. We have also been exploring new livecast formats, such as inviting general managers and designers to appear at the self-broadcast sessions of our stores to further expand our base of young customers. Sales growth has been achieved as a result.

During the period from October 2020 to December 2020, the brand hosted a series of Kappa heat station activities in a number of domestic cities, including Ji'nan, Xi'an and Guangzhou, to share its positive energy through live "flash mob" dances as well as interactive virtual dance activity for customers. While blending the culture of fashion into dances and daily life, the activities have also handed out a dose of positive energy during the cold winter to showcase the brand's image of energy and warmth.

In October 2020, Kappa teamed up with young domestic artist Cao Yu (曹羽) to create the retro and yet futuristic Kappa Cyber Halloween AI Series in a cross-sector effort that invoked again the passionate and outgoing character of the Kappa's brand. With an air of freshness created through clashes of retro and futuristic elements complemented by bold tones in a further expression of Kappa passionate fashion DNA that would not settle for the mediocre, this design has successfully appealed to the market and the young customers.

During the Chinese Year in 2021, Kappa teamed up with Mak Ling Ling, renowned Feng Shui master in Hong Kong, in the launch of its Chinese New Year series. Dominated by the customary crimson colour for festivities and sharply adorned with a customised "come in pairs" Kappa logo embroidery, this was a spectacular series blending classical Kappa aesthetics with traditional Chinese styles, underpinned by extraordinary clashes of the brand's style of Italian fashionable sportswear and traditional Chinese culture. Once again, the Kappa spirit of "not settling for the mediocre" was at work, while the brand's determination to embrace localisation in product design was also evident.

Kappa continued to support sporting development in China and refocus on the sporting factor as an international sports fashion brand. During the Reporting Period, the brand continued to serve as the official sponsor of the Chinese National Fencing Team and the Chinese National Equestrian Team to support Chinese athletes' bid to honour their nation and witness moments of glory on the field. As a strategic partner of Chinese Equestrian Association, the brand rendered strong support to the "Ninth China Equestrian Festival" held in October 2020, featuring close to 600 competitors. Elsewhere, the brand sponsored the National Fencing Championship and China Fencing Masters' Tournament to ensure successes for these events. Kappa signed up as a strategic partner of the National Skateboard Championship in December and then entered into official sponsorship for the National Skateboarding Team announced in January 2021, in moves that were set to spark off a new skateboarding frenzy in China, while showcasing a perfect blend of the brand's sporting inspirations with the fashionable lifestyle of youngsters.

In addition to involvement in traditional sporting events. The brand has been acting as the official title sponsor of DOTA 2, a division of the famous Chinese E-sports team RNG, since 2020. During the Reporting Period, Kappa acted as the designated apparel sponsor for the 2020 TGA Tencent E-sports Tournament, supplying professional custom E-sports teamwear for 12 provincial teams. Bearing witness to the youthful energy of E-sports players, we continued to fulfill our brand mission of assisting in the promotion of E-sports in China.

PRC — Phenix brand

The first integrated metropolitan store of Phenix officially opened at Taikoo Li, Sanlitun, Beijing in 2020 represents the crossover of Phenix to other daily-life products series, in addition to professional skiing items. In 2021, Phenix seeks to attract more fashionable consumers to become loyal fans of the brand on top of its existing customer base through new media, magazines, TV shows, trade fairs and shopping mall promotions, in persistent adherence to the principle of ceaseless self-transcendence.

Product Design and R&D

Kappa Apparel Series

During the Reporting Period, Kappa continued to introduce innovative designs and enhance the creative quality of its products, with a special focus on developing its brand character and upholding the brand outlook of "saying no to mediocrity". In addition to cross-sector collaboration with celebrities, the brand also placed a stronger emphasis on the functional quality of its products and reiterated its focus on sports with a perfect blending of sports and fashion.

Classic Series

The Classic Series was developed upon the central idea of a reinterpretation of the "Italian classic". Inspired by Palazzo Giustinian, the proven classic styles of Kappa sports apparel complemented by skin-friendly and comfortable materials with rich texture have won the approval of general consumers as highly wearable outfits offering great value for money.

Newtro-Ku Series

Born in the first quarter of 2020, Newtro-Ku is an attempt at providing premium products that excel both in fashion sense and performance in sports to general consumers. During FY20/21, the winter line of Kappa was enriched and general consumers were provided with a wider variety of choices for fashionable sporting goods, thanks to a novel interpretation of the classic PARKA product and the development of a brand new multi-purpose jacket. Meanwhile, a highly fashionable and unique ladies' sports line incorporating avant-garde styles was launched during the first quarter to the wide acclaim of consumers, heralding a new trend of fashionable ladies' sportswear.

KAPPA x Smiley Series

To coincide with its upcoming 50th anniversary since 1971, Smiley joined forces with Kappa to create the special Kappa x Smiley co-brand series. Smiley is more than just a graphic sign or a brand. What it communicates is a lifestyle, an ethos, or even a philosophy. The optimism, positive thinking and always-smiling temperament expressed is exactly what Kappa wants to bring to its buyers. Through the collaboration and rapport of the two brands, the jointly developed products have also been met with positive response in the market.

The special "Come in pairs" New Year Edition

Kappa's products for New Year have blended the festive elements of New Year with the idea and structure of the theme of "Come in pairs" to highlight the brand characteristics of Kappa. In traditional Chinese culture, the well-wishing catchphrase of "good things coming in pairs" signifies prosperity and good fortune. Within this frame, Kappa has chosen two familiar auspicious creatures: the Dragon as a symbol of auspiciousness and esteem; the Ox as the zodiac of the new year and a symbol of good fortune and liveliness; and the two auspicious creatures in a pair to signify good fortune and completeness.

Shoes Series

During the Reporting Period, Kappa footwear experienced substantial transformation, as we sought to drive the sales with the development of a variety of footwear combination in close tandem with prevailing trends, taking into account the characteristics of our existing channels and consumer requirements. The footwear segment reported improvements in terms of book orders, sales and buyers' feedback for both online and offline channels, while registering notable growth compared to the same period of the previous year. The footwear portfolio was increasingly focused on tailored designs, comfort and engagement with consumers based primarily on a strategy of differentiation from similar, competing products in the market, with a special emphasis on promotional marketing and cross-sector co-branding. A number of important co-branded projects were launched during the financial year, including major IP co-branding with Doraemon, Crayon Shin-chan, One Piece, Smiley and artist co-branding with "Wu Xing", as we achieved high sold-out ratios, fast sales turnover and strong exposure for the co-branded products while consistently securing a sound promotional effect for the sales of major products. In addition to our existing channels for footwear, we have also developed independent sales channels, including offline channels such as SHOES BAR and XSNEAKER and online channels such as Poizon APP, which have not only broadened our brand business considerably, but have also attracted young and fashionable buyers as new customers.

Accessories Series

During the Reporting Period, Kappa accessories continued to advance product R&D and reforms in its commodity and channel strategy with the primary aim of scale growth. In connection with products, research on spending scenarios and the physical store channel was established as the guideline for product design and development, as differentiation in selling points and practical functionality were identified as the core focuses of our tasks, while the fashionable elements were consistently enhanced to highlight the quality of Kappa products as fashionable sports outfit. In terms of commodity and channel, we continued to enhance the operation and management of accessory goods at offline stores with more rigorous inventory control complemented by a specific retail policy for accessory products, making intensive efforts to identify sales issues and demands of end stores. At online stores, accessory products were developed and supplied on a standalone basis according to the product demands and marketing approaches of the platforms, in a bid to achieve parallel growth for both online and offline stores.

Omni-channel Retail Network

During the Reporting Period, the Group continued to focus on the direct-franchise model and optimisation of same-store performance, in a bid to accelerate the efficient turnover of goods through omni-channels. As at 31 March 2021, the Group had a total of 1,170 Kappa stores (excluding Kappa Kid's stores), representing a net increase of 41 stores as compared to that as at 31 March 2020. The Group will continue to focus on the improvement of same-store performance and look at further closure of underperforming stores.

During the Reporting Period, our e-commerce operations sustained rapid growth throughout the year, as the Group continued to pursue the strategic goals of digitalisation and omni-channel operation. In addition to maintaining its competitiveness on various mainstream platforms, the brand was also actively exploring different emerging platforms which were primarily operating on new content consumption models, such as xiaohongshu, pinduoduo and douyin, underlining the Group's emphasis on young customer groups and its versatile marketing strategy. In the meantime, the Group stepped up with digitalisation with the commencement of the SCRM membership system, cloud storage and smart store system and the implementation of shared product supply between online and offline stores during the period, providing a substantial growth momentum for online sales.

Kappa Japan Trademarks

On 31 July 2020, Phenix Co., Ltd., the Company, Basic Trademark S.r.l. con socio unico and BasicNet S.p.A. entered into a sale agreement in relation to the disposal the Kappa trademarks in Japan.

Pursuant to the sale agreement, Phenix Co., Ltd. agreed to sell to Basic Trademark S.r.l. con socio unico the (i) registered trademarks of "Kappa" and "Robe di Kappa" and intellectual property rights in Japan (the "Japan Business"); and (ii) other intellectual properties owned by Phenix Co., Ltd. and used in the Japan Business, including copyrights on marketing materials, domain names and digital assets, products specifications and design rights on products and goodwill in relation to the Japan Business for a consideration of US$13 million. For details, please refer to the announcement dated 31 July 2020.

Business of Phenix

On 7 October 2020, the Company also entered into a distribution and license agreement with Shiffon Co., Ltd. and its actual controller, pursuant to which the Company granted Shiffon Co., Ltd. an exclusive right to utilize certain "Phenix" trademarks in connection with the design, manufacture, sales and marketing of certain products within Japan, Korea (South) and European area (limited to partial European countries and regions where China Dongxiang and its subsidiaries own the trademark of Phenix brand) for a term of three years and three months from 1 January 2021 to 31 March 2024. For details, please refer to the announcement dated 7 October 2020.

Increasing the contributions of Group investment projects

Amidst the complex and ever-changing international and domestic environment for financial investment during the Reporting Period, the Group reported stable growth in the valuation of its investment portfolio on the back of safe and reasonable investment. The Group's domestic and international investments included mainly equity investment, stock investment, fixed income and cash management. With exposure to a diverse range of business sectors affording strong resilience against risks, the portfolio was capable of generating stable income for shareholders while assuring the safety and effectiveness of investment. In view of the anticipated growth of its profit, the investment segment's contribution to the Group will increase in the future: on the hand, investments made in previous periods are now entering the stage of profitable gains, and the Group's profit will increase with the cashing in of unrealised equity following the disposal of funds and equity investments acquired in earlier periods; on the other hand, the Group's new investments have been performing well on the back of its extensive experience in investment and risk management, and are expected to generate stable return for the Group in the long term.

OUTLOOK

Looking into the future, with the pandemic coming under control globally, the resumption of normal international economic activities and resurgence of consumers' confidence will drive positive economic growth in China. As such, the Group is fully confident in the prospects of China's economy and sportswear industry. In view of numerous international sporting events to be held in 2021–2022, the Group will seize the market opportunities presented by these super sporting years as a significant boost for the sector and meet rapidly growing demands from the sporting sector. We will also capitalise on the enormous spending power of the younger generation by consistently introducing new products on all dimensions in tandem with the new lifestyle of youngsters and consistently incorporating the latest fashion and cultural elements to energise our brand and keep it in sync with the new generation. Meanwhile, the Group will refocus the brand on sports. In addition to existing cooperation the Equestrian, Fencing and Skateboarding National Teams, a variety of middle- to high-end sports products will also be successively launched to enhance the brand's close association with sports and foster a brand image of "fashionable sports", as part of the effort to drive the Company's continuous growth.

In the meantime, the Group will continue to focus on intensive development of the Mainland market. The omni-channel digitalisation process will be expedited with a view to providing more convenient and efficient services to consumers, while ongoing innovation and better experience with products will be brought to customers through strategies such as the localisation of retail sales teams and the establishment product design teams with diverse cultural backgrounds. The Group will continue to focus on the sub-segment of "fashionable sports" and seize the enormous opportunities brought about by the macro-economic landscape associated with the upgrade of retail spending in China, striving to achieve further record-high growth in business revenue. Finally, the Group will continue to conduct prudent investments with a global vision in adherence to the principle of value investment, with a view to generating greater returns for its 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 a mid-to-long run, 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 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, the 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 gains. During the investment period, the Group may be subject to a number of risks, such as price fluctuation in stock markets, unfavourable changes in policies on investee sectors, operational failure of investee projects, default by partners or exchange fluctuation. The Group will emphasis on risk aversion by strictly following established procedures and policies on investment decision and post-investment management, however there is no assurance that the 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 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.

Account for 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 2021, the Group had 627 employees (31 March 2020: 612 employees), among which 365 were at the Group's headquarters (31 March 2020: 327 employee), and 262 employees were at subsidiaries (31 March 2020: 285 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 "Law of the People's Republic of China on Product Quality", 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 being included in our supplier list. During the year under review, the Group considered the relations with its suppliers was well and close.

FINANCIAL REVIEW

Given the impact of the COVID-19 pandemic and uncertainties in global development, the Group decided to focus on the development of its key brands in the China market. The Japan segment of the Group has been presented as a discontinued operation segment during the Reporting Period.

The sales of the Group for the twelve months ended 31 March 2021 (the "Reporting Period"), increased by 27.8% to RMB1,970 million from RMB1,541 million for the twelve months ended 31 March 2020 ("Comparing Period"). Profit attributable to owners of the Company of the Group for the Reporting Period significantly increased to RMB1,811 million (Comparing Period: RMB366 million).

Sales Analysis

The Chinese government has adopted a series of stringent prevention and control measures to cope with the high risks posed by the COVID-19 pandemic to the global economy, which had improved the national epidemic situation gradually. In response to the impact of the epidemic, the Group has implemented a strategic combination of strong measures in a timely manner by focusing on the demand from the end-consumers. In the second half of the year, the revenue growth from all channels turned positive, demonstrating a very resilient operating capacity and achieving a healthy and stable development of the overall business. Under the impact of the COVID-19 pandemic, (a) revenue from off-line retail sales recorded a decrease in the mid-single digit in the first half of the year, but an increase in the mid-single digit in the third quarter and low 70%–80% growth in the fourth quarter; it recorded a low 10%–20% growth for the year; (b) the E-commerce business channels continued to improve operational efficiency with a low 30%–40% growth during the Reporting Period.

Sales analysed by business and product categories

	For the twelve months ended 31 March						
	2021			2020			
	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	**1,388**	**77.9%**	**70.4%**	1,080	77.8%	70.1%	28.5%
Footwear	**356**	**20.0%**	**18.1%**	280	20.2%	18.2%	27.1%
Accessories	**38**	**2.1%**	**1.9%**	28	2.0%	1.8%	35.7%
Kappa Brand in total	**1,782**	**100%**	**90.4%**	1,388	100.0%	90.1%	28.4%
Kids' apparel business	**120**		**6.1%**	88		5.7%	36.4%
International business and others	**68**		**3.5%**	65		4.2%	4.6%
Total	**1,970**		**100.0%**	1,541		100.0%	27.8%

Total sales of the Kappa brand business, the core business of the Group, for the Reporting Period increased by RMB394 million to RMB1,782 million as compared to RMB1,388 million for the Comparing Period. The sales of kids' apparel business unit for the Reporting Period increased by RMB32 million as compared to that for the Comparing Period to RMB120 million.

In the Reporting Period, the Group continued to make dedicated efforts in consolidating the business models of "brand + product" and "brand + retail" in a bid to, on the one hand, further enhance our brand value and create our solid brand influence by continuous refining of our products with a brand-oriented principle, and, on the other hand, continue to optimise and improve the new operation model in control and management, optimise direct operation networking, enhance store efficiency and expand the e-commerce operations so that demands from end customers are better accommodated and satisfied. Meanwhile, the Group has continued to conduct adjustments and optimisation of its directly operated stores, resulting in 1,170 Kappa stores in total.

Sales of Kappa brand analysed by sales channels

	For the twelve months ended 31 March				
	2021		2020		
	Sales RMB million	**% of sales of Kappa brand**	Sales RMB million	% of sales of Kappa brand	**Change**
Non directly-operated	**753**	**42.3%**	601	43.3%	25.3%
Directly-operated	**1,029**	**57.7%**	787	56.7%	30.7%
Total of Kappa brand	**1,782**	**100.0%**	1,388	100.0%	28.4%

Note: Excluding Kappa Kids' apparel business.

Sales of Kappa brand via non directly-operated channel increased by RMB152 million to RMB753 million for the Reporting Period from RMB601 million for the Comparing Period, representing 42.3% of the total sales of Kappa brand business in China segment (Comparing Period: 43.3%).

As at 31 March 2021, the number of directly-operated retail and distribution stores under Kappa brand operated by our subsidiaries reached 575. Sales via directly operated channel increased by RMB242 million to RMB1,029 million for the Reporting Period from RMB787 million for the Comparing Period, representing 57.7% of the total sales of Kappa brand in China segment (Comparing Period: 56.7%).

Cost of Goods Sold and Gross Profit

Cost of goods sold of the Group increased by RMB160 million to RMB678 million for the Reporting Period (Comparing Period: RMB518 million). The increase in cost was mainly due to the increase in income from sales.

The gross profit of the Group before reversal of/(provision for) impairment of inventories increased by RMB269 million to RMB1,292 million (Comparing Period: RMB1,023 million). Our overall gross profit margin before reversal of/(provision for) impairment of inventories for the Reporting Period decreased by 0.8 percentage points to 65.6% from 66.4% for the Comparing Period. The decrease in gross profit margin was mainly attributable to an increase in discount for sales resulting from the promotion and clearance sales activities under the impact of the COVID-19 pandemic.

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

	For the twelve months ended 31 March		
	2021 Gross profit margin	2020 Gross profit margin	**Change** % pts
Kappa Brand:			
Apparel	**71.4%**	71.9%	−0.5
Footwear	**55.5%**	59.4%	−3.9
Accessories	**81.5%**	80.4%	1.1
Kappa Brand in total	**68.4%**	69.6%	−1.2
Kids' apparel business	**49.7%**	52.9%	−3.2
Others	**18.3%**	16.7%	1.6
OVERALL	**65.6%**	66.4%	−0.8

* Before reversal/(provision of) impairment loss of inventories

Gross profit margin of Kappa brand business for the Reporting Period decreased by 1.2 percentage points to 68.4% from 69.6% for the Comparing Period, such decrease in gross profit margin was principally due to an increase in retail discounts for promotional activities.

Net gain on financial assets and other investments

Net gain on financial assets and other investments for the Reporting Period was RMB2,115 million (Comparing Period: RMB626 million), which includes investment income of RMB2,095 million contributed by the investment segment as well as financial subsidies and other gains of RMB20 million.

Investment segment

Gain from investment segment of the Group for the Reporting Period was RMB2,095 million (Comparing Period: RMB567 million), of which gains from fair value change of financial assets amounting to RMB1,448 million, income from distribution of financial assets of RMB273 million, gain on disposal of partial financial assets of RMB310 million and interest income from external borrowings of RMB73 million.

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

	For the twelve months ended 31 March 2021	
Investments	**Gains from investment segment** RMB million	**In which: gains on change in fair value of financial instruments** RMB million
Equity	491	186
Private-equity funds	750	585
Equity funds	360	337
Single equity investments	327	313
Debts, bonds, debt funds	165	27
Others	2	—
Total	2,095	1,448

Distribution Expenses and Administrative Expenses

Distribution expenses and administrative expenses mainly comprised employee salaries and benefit expenses, advertising and selling expenses, logistic fees and design and product development expenses. Total distribution expenses and administrative expenses for the Reporting Period was RMB1,325 million (Comparing Period: RMB1,079 million), constituting 67.3% of the Group's total sales and representing 2.7 percentage points lower than that for the Comparing Period. The Group continued to further optimise various resource allocations and improve cost structure, in a bid to enhance production efficiency subject to the reasonable cost control. In order to minimise the existing and future potential pressure on the Group arising from the COVID-19 pandemic, the Group has strictly controlled various expenditures through effective management measures.

During the Reporting Period, internal organizational structure was optimised and adjusted, efficiency of all staff members was further enhanced. Staff costs increased by RMB5 million to RMB156 million for the Reporting Period over the same period last year (Comparing Period: RMB151 million).

In the Reporting Period, advertising and selling expenses of the Group increased by RMB200 million to RMB921 million from RMB721 million over the same period last year, which was principally due to an increase in the commission in line with satisfactory performance of the overall on-line and off-line channels during the COVID-19 pandemic.

In the Reporting Period, logistics fee increased by RMB7 million to RMB49 million (Comparing Period: RMB42 million) over the Comparing Period, which was principally due to an increase in the logistics fee in line with satisfactory performance of the overall on-line channels during the COVID-19 pandemic.

In the Reporting Period, the Group continued to take a more cautious but effective approach in investment in product development, our design and product development expenses increased by RMB2 million to RMB26 million (Comparing Period: RMB24 million) over the Comparing Period, which was principally due to the improvement in the R&D capacity.

Operating Profit

In the Reporting Period, operating profit of the Group was RMB2,070 million (Comparing Period: RMB530 million). The operating profit margin was 105.1% in the Reporting Period (Comparing Period: 34.4%).Operating profit excluding that of investment segment was RMB59 million (Comparing Period: loss of RMB18 million).

Finance Expenses, Net

In the Reporting Period, net finance cost of the Group amounted to RMB15 million (Comparing Period: RMB7 million), which mainly consisted of interest income from bank deposit of RMB4 million (Comparing Period: RMB9 million), interest expenses for loans of RMB9 million (Comparing Period: RMB14 million); interest expense of lease liabilities of RMB4 million (Comparing Period: RMB2 million) during the Reporting Period.

Taxation

In the Reporting Period, income tax expense of the Group amounted to RMB165 million (Comparing Period: RMB86 million). The effective tax rate was 8.1% (Comparing Period: 17.5%).

Operating Profit for Discontinued Operations

In the Reporting Period, the Japan segment of the Group was closed due to business contraction during the Reporting Period, which resulted in the loss of RMB55 million.

Profit Attributable to Owners of the Company and Net Profit Margin

Profit attributable to owners of the Company in the Reporting Period was RMB1,811 million (Comparing Period: RMB366 million), and the net profit margin was 91.9% (Comparing Period: 23.8%).

Earnings Per Share

The basic and diluted earnings per share for profit attributable to owners of the Company were both RMB30.88 cents in the Reporting Period, increased by 394.1% against the basic and diluted earnings per share of RMB6.25 cents in the Comparing Period.

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 in issue less shares held for restricted share award scheme during the period. As at 31 March 2021, the total number of shares of the Group was 5,886,221,025 shares.

Final Dividend and Final Special Dividend

The Company has paid an interim dividend for the six months ended 30 September 2020 of RMB5.69 cent per ordinary share, with a total amount of RMB335 million.

The Board of the Company has recommended the distribution of a final dividend and a final special dividend of RMB3.54 cents and RMB1.54 cents per ordinary share, respectively (totalling RMB5.08 cent per ordinary share) for the twelve months ended 31 March 2021.

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 18 August 2021, will be paid in Hong Kong Dollars based on the rate of HKD1.00 = RMB0.83220 being the official exchange rate of Hong Kong dollars against Renminbi as quoted by the People's Bank of China on 22 June 2021. The dividend will be paid on or about 8 September 2021 to shareholders whose names appear on the register of members of the Company on 27 August 2021.

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 25 August 2021 to 27 August 2021 (both days inclusive), for the purpose of determining shareholders' entitlements to the 2020/2021 final dividend and final special dividend. In order to qualify for the 2020/2021 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 24 August 2021.

Annual General Meeting ("AGM")

The AGM of the Company will be held in Beijing on 18 August 2021. 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 13 August 2021 to 18 August 2021 (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 12 August 2021.

Issue of New Shares to Management Personnel

To incentivize and ensure the long-term service of management personnel 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 subscription agreement with another management personnel, namely Mr. Yang Gang, on 11 April 2018 (the "April Subscription").

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. The net proceeds from Ms. Chen Chen as (after deducting all related expenses) received by the Company at completion was approximately HK$48 million, which for the twelve months ended 31 March 2020 had been utilised as general working capital as follows: (i) approximately HK$12 million interest payments for bank loans; (ii) approximately HK$11 million for legal consultancy fee; (iii) approximately HK$2.4 million for Hong Kong office rental expenses; and (iv) approximately HK$22.6 million for other administrative expenses. The net proceeds has been used out during the financial year ended 31 March 2020.

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 have been 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, the above loan agreements were assigned to Gaea Sports Limited a wholly-owned subsidiary of the Company.

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 in P. 60 to 61 of the Company's annual report for the twelve months ended 31 March 2021.

Restricted share award scheme

On 10 December 2010, the Company adopted the restricted share award scheme as an incentive to retain and encourage its employees for the continual operation and development of the Group. The Scheme has a term of 10 years and will end on 10 December 2020.

On 8 December 2020, the Board 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.

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 in P. 59 to 60 of the Company's annual report for the twelve months ended 31 March 2021.

FINANCIAL POSITION

Working capital efficiency ratios

Average trade receivable turnover days for the Reporting Period and the Comparing Period were 27 days and 30 days. Decrease in number of average trade receivable turnover days was mainly due to an increase in revenue from sales in the current period.

Average trade payable turnover days in the Reporting Period and the Comparing Period were 70 days and 91 days, respectively.

Average inventory turnover days in the Reporting Period and the Comparing Period were 194 days and 248 days respectively, the decrease in inventory turnover days was mainly due to an increase in operating cost.

Liquidity and financial resources

As at 31 March 2021, cash and bank balances of the Group amounted to RMB1,824 million, a decrease of RMB277 million as compared to a balance of RMB2,101 million as at 31 March 2020. This decrease was mainly due to:

1) Payment of dividends for the Reporting Period for an amount of equivalent to approximately RMB502 million;

2) Net cash inflow from operating activities of approximately RMB67 million;

3) Outflows from repayment of bank borrowings of an amount of RMB421 million and cash inflows from proceeds from bank borrowings of RMB320 million;

4) Cash outflows for loans to external parties and investment in other financial assets of approximately RMB5,203 million, cash inflow from partial disposal of financial assets of approximately RMB5,196 million and cash inflow from income distribution from financial assets acquired of RMB273 million;

5) Others of an aggregate outflows amount of RMB7 million.

As at 31 March 2021, net asset value attributable to owners of the Company was RMB11,533 million (31 March 2020: RMB10,612 million). The Group's current assets exceeded current liabilities by RMB5,764 million (31 March 2020: RMB5,943 million). The Group also had a very strong liquidity position. The current ratio as of 31 March 2021 was 9.0 times (31 March 2020: 8.5 times).

Investments in financial assets

As at 31 March 2021, the Group's current and non-current proportion of financial assets at fair value through profit or loss amounted to RMB8,409 million in aggregate, which includes the following:

Listed securities:

Name	Fair value as at 31 March 2021 RMB million	Fair value as at 31 March 2020 RMB million
Alibaba	**359**	1,166
Other listed securities	**711**	1,020
Total	**1,070**	2,186

Other unlisted investments:

Investment projects	Fair value as at 31 March 2021 RMB million	Fair value as at 31 March 2020 RMB million
CPE Greater China Enterprises Growth Fund	**661**	309
CITIC RMB PE Fund III	**493**	134
Yunfeng Fund USD II	**461**	424
Pingtao (Hong kong) Limited	**367**	174
Jiashi Investment Preferred Cornerstone	**353**	364
Pan Feng Value Private Equity Investment Fund Phase C	**329**	344
CPE Global Opportunities Fund, L.P	**291**	70
Yunfeng Fund RMB IV (Yunfeng Qitai)	**208**	196
Golden China Fund	**198**	132
CD Travel Investment Limited	**197**	—
Boyu Capital Offshore Fund	**193**	—
Yunfeng Fund RMB II (Yunfeng Xinchuang)	**193**	196
SCC GROWTH VI	**171**	—
Yunfeng Fund USD III	**142**	115
Others	**3,082**	2,302
Total	**7,339**	4,760

Pledge of assets

As at 31 March 2021, the Group had an equivalent value of approximately RMB130 million of assets held by banks as collateral for bank borrowings (as at 31 March 2020: equivalent value approximately RMB400 million of assets in banks as collateral for bank borrowings).

Capital commitments and contingent liabilities

In August 2017, the Group entered into a limited partnership agreement with Hangzhou Hanyun Xinling Investment LLP. (杭州瀚雲新領股權投資基金合夥企業(有限合夥)), with a total capital commitment of RMB300 million. As at 31 March 2021, the Group paid a capital contribution of RMB171 million with remaining balance of RMB129 million as capital commitments.

In January 2021, the Group entered into a limited partnership agreement with CPE Global Opportunities Fund II, with a total capital commitment of US$30 million. As at 31 March 2021, the Group paid a capital contribution of US$ 8 million with remaining balance of US$22 million (equivalent to approximately RMB142 million) as capital commitments.

In March 2021, the Group entered into a limited partnership agreement with Xiamen Yuanfeng Investment LLP., with a total capital commitment of RMB50 million. As at 31 March 2021, the Group has not made any capital contribution, with remaining capital commitment of RMB50 million.

In February 2021, the Group entered into a limited partnership agreement with Yunfeng Fund IV (雲鋒基金IV), with a total capital commitment of US$20 million. As at 31 March 2021, the Group paid a capital contribution of US$ 3 million with remaining balance of US$ 17 million (equivalent to approximately RMB110 million) as capital commitments.

In September 2020, the Group entered into a limited partnership agreement with Xiamen Yuanfeng Investment LLP., with a total capital commitment of RMB200 million. As at 31 March 2021, the Group paid a capital contribution of RMB90 million with remaining balance of RMB110 million as capital commitments.

Foreign Exchange Risk

The functional currency of the Group is US Dollars owing to the fact that its business is transacted in US Dollars. During the Global Offering in October 2007, the Group received its proceeds in HK Dollars. The proceeds were either deposited in bank accounts denominated in HK Dollars or converted into US Dollars and deposited in bank accounts denominated in US Dollars. As a result, the exchange differences arising from appreciation or depreciation of the US Dollars against the Group's HK Dollars bank deposits were recognised as exchange gains or losses in the Group's income statement. The exchange gains or losses were not significant because HK Dollars are pegged to US Dollars.

The financial statements expressed in US Dollars were translated into Renminbi for the Group's reporting and consolidation purposes. The foreign exchange differences from the translation of financial statements are not recognised in the income statement. Instead, it should be recognised as a separate component of equity of the Group. As the financial statements of the Group's Japan segment are measured in Japanese yen, and a larger proportion of the investment assets are measured in US Dollars or Hong Kong Dollars, fluctuations in the exchange rates of the US Dollar, Hong Kong Dollar and Japanese yen against Renminbi will make an impact to the Group's net assets, income and net profit. etc. The Group will closely monitor the trend of the relevant currency exchange rates and, if necessary, adopt reasonable measures to maintain exchange rate risk at an acceptable level.

Significant Investments and Acquisitions

As at 31 March 2021, the external investments were mainly the financial assets at fair value through profit or loss with a fair value of RMB8,409 million, amongst which the significant investments have been the shares in CPE Greater China Enterprises Growth Fund held by the Company, and the details are as follows:

	As at 31 March 2021				
Company name	**Number of share held**	**Shareholding percentage**	**Investment cost RMB million**	**Fair value RMB million**	**Percentage of fair value to assets of the Group in total**
CPE Greater China Enterprises Growth Fund	496,789.9	N/A	557	661	5.2%
Total	**496,789.9**		**557**	**661**	**5.2%**

CPE Greater China Enterprises Growth Fund is an exempted company incorporated in the Cayman Islands with limited liability, which is a regulated mutual fund and will be registered with the Monetary Authority under the Cayman Islands Mutual Funds Law. The investment goals of the fund is to achieve long-term capital appreciation through investing in securities listed on the Stock Exchange of Greater China, as well as various investment and asset classes such as debt instruments, bonds, convertible bonds, notes, structured products, unlisted securities and collective investment funds.

As at 31 March 2021, the fair value of CPE Greater China Enterprises Growth Fund held by the Group was RMB661 million, representing 5.2% of the Group's total assets. During the period, the Company recognised unrealised gains on changes in fair value of the fund amounting to RMB99 million and redeemed net gains of the fund amounting to RMB36 million.

Given the volatility of the capital market, the Group has made appropriate adjustments to the investment structure of the Company, sought investments in securities funds to reduce risks by diversifying investment subjects, improved the allocation efficiency of investment assets, and further enhanced investment returns while accommodating the liquidity, so as to make investment assets compatible with more reasonable investment goals. The Group is optimistic about its future development prospects and will continue to adopt a prudent and practical approach in the coming future to bring stable returns for its shareholders when ensuring the investment safety and effectiveness.

Save as disclosed above, the Group has made no other significant investment or any other material acquisition or disposal of subsidiaries for the twelve months ended 31 March 2021.

INVESTOR RELATIONS REPORT

Investor relations management represents an important task for the Company that requires long-term effort and systematic development. The Company's management and investor relations team have been committed to building strong bilateral communication channels with investors. On the one hand, we continue to facilitate investors' understanding of our Company through the provision of true, accurate, fair and timely disclosures of information on our financial and operational performances. On the other hand, we promote corporate integrity, self-discipline, and standardised operations in ongoing improvement of our Company's management and governance structure, in order to maximise corporate values and shareholders' interests.

The Company's achievements in investor relations during the Reporting Period are summarised in the following:

1・ Results Announcement and Investors' Summits:

The Company published its annual results announcement for FY2019/2020 and its interim results announcement for FY2020/2021 in June and November 2020, respectively. Immediately after the publication of the announcements, the Company announced its latest business performance, future developments and strategies in a timely manner. In addition, information in relation to its results was made available on the Company's website on the same day as the results announcement for investors' inspection. Moreover, the Company's management and investor relations team took part in investment summits hosted by securities firms to enhance engagement and communication with investors.

2・ Ongoing Daily Communication in Daily Operations:

In daily operation, the Company communicates with investors and analysts on an ongoing basis through multiple channels at various levels, primarily by way of face-to-face meetings and telephone conferences, store visits by investors, the Company's website and phone enquiry for investors and the media, among others.

3・ AGM:

In accordance with the Listing Rules of the Hong Kong Stock Exchange, an annual general meeting is convened regularly to discuss the Company's business strategies and investment plans with the shareholders in a fair and candid manner, in order to safeguard and honour the legal rights of all shareholders and, in particular, those of the minority shareholders.

4・ Prospects:

In future, the Company will continue to be engaged in proactive investor relations work under the leadership of its management and procure proper communication with shareholders, analysts, potential investors and the public, as well as disclosure of information on the Company's financial and operational performances in a true, accurate, fair and timely manner, with a view to further tapping the capital market and building a sustained and reasonable shareholder structure.

Meanwhile, all shareholders, analysts and potential investors are welcome to share with us their views and invaluable suggestions via written correspondence, e-mail and telephone, so that consistent improvements can be made to our operations and management.

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)	63	Chairman and Executive Director
Mr. Zhang Zhiyong (張志勇)	52	Chief Executive Officer, president and Executive Director
Ms. Chen Chen (陳晨)	34	Co-president and Executive Director
Mr. Lyu Guanghong (呂光宏)	42	Executive Director and Chief Financial Officer
Dr. Chen Guogang (陳國鋼)	61	Independent Non-Executive Director
Mr. Gao Yu (高煜)	47	Independent Non-Executive Director
Mr. Liu Xiaosong (劉曉松)	55	Independent Non-Executive Director

EXECUTIVE DIRECTORS

Mr. Chen Yihong (陳義紅), aged 63, 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.

Mr. Zhang Zhiyong (張志勇), aged 52, is the chief executive officer, president and the executive Director of the Company. Mr. Zhang joined the Company in October 2017. Mr. Zhang is responsible for company strategy and managing the overall operations (excluding the investment operations).

Mr. Zhang, joined Beijing Li Ning Footwear Co., Ltd. (北京李寧鞋業有限公司) in October 1992 and had been in charge of its financial system and nationwide retail business system, before becoming the general manager of the company in February 2001, a position he held until June 2004. From the listing on the Main Board of the Stock Exchange of Li Ning Company Limited (Stock Code: 2331) in June 2004 to 3 July 2012, Mr. Zhang was chief executive officer and executive director of Li Ning Company Limited in charge of the overall strategy and implementation of the company. Mr. Zhang stepped down as chief executive officer and executive director of Li Ning Company Limited in July 2012 and October 2014, respectively.

Mr. Zhang has been engaged in the digitalisation of sports gear since October 2014. He has founded Beijing BMAI Sports Goods Co., Ltd. (北京必邁體育用品有限公司) with a proprietary brand name known as "BMAI" and has been the non-executive chairman of the company since then. He also holds the controlling interests in the company.

Mr. Zhang was president of LeSports from August 2016 to January 2017.

Mr. Zhang had resigned as independent non-executive director of C. banner International Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1028), with effect from 23 July 2019.

Mr. Zhang has been involved in China's sporting goods industry since 1992. With more than 20 years' marketing experience in the sector, he brings with him profound understanding of and practical experience in China's ever-changing consumer market, brand-building for sporting goods, digitalisation of the sporting industry, as well as the management of corporate reforms at Chinese companies.

Mr. Zhang holds a bachelor's degree from Beijing Institute of Economics (北京經濟學院) and an EMBA degree from Guanghua School of Management, Peking University.

Ms. Chen Chen (陳晨), aged 34, is the co-president 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 apparel design department and the vice president of the brand department in 2013. Ms. Chen obtained her bachelor's degree in Fashion Design Technology — Surface Textiles from University of the Arts — London College of Fashion, London, United Kingdom in 2010.

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

Mr. Lyu Guanghong (呂光宏), aged 42, has been appointed as an executive director and chief financial officer 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

Dr. Chen Guogang (陳國鋼), aged 61, is an independent non-executive director of the Company and joined the Company in June 2016. Dr. Chen is the independent non-executive director of Guotai Junan Securities Co. Ltd. (國泰君安證券股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 601211)). Dr. Chen had been appointed as the president of Shenzhen Qianhai Financial Assets Exchange Ltd. (深圳前海金融交易所有限公司) with effect from September 2018. Dr. Chen had also been appointed as the independence director of COFCO Trust Co., Ltd. (中糧信託有限責任公司) with effect from March 2018. Dr. Chen resigned as chairman of the board of directors of CMI Capital Company Limited with effect from 23 June 2017. Dr. Chen has resigned as an executive director and chairman of the board of China Minsheng Financial Holding Corporation Limited (中國民生金融控股有限公司) with effect from 17 August 2018. Besides, Dr. Chen has resigned as the vice president of China Minsheng Investment Corp., Ltd. (中國民生投資股份有限公司) since May 2018 and resigned as executive director of China Minsheng Asia Asset Management Co., Ltd. (中民投亞洲資產管理有限公司) since August 2018. Dr. Chen has resigned as an non-executive director of Far East Horizon Limited (遠東宏信有限公司) since July 2018. Dr. Chen has also resigned as an independent non-executive director of YTO Express Group Co., Ltd. (圓通速遞股份有限公司) since 16 October 2019.

Dr. Chen obtained a doctorate degree in economics from Xiamen University (廈門大學) in 1988. He is a senior accountant granted by the Ministry of Foreign Trade and Economic Cooperation in the People's Republic of China and a certified public accountant granted by the China Certified Public Accountant Association.

Dr. Chen joined New China Life Insurance Company Ltd. (新華人壽保險股份有限公司) (a company listed on the Stock Exchange, stock code: 1336) in April 2010 and served as the chief financial officer. He was subsequently appointed as the vice president and chief financial officer of New China Life Insurance Company Ltd. in July 2011. From 2005 to 2010, Dr. Chen served as a director of Sinofert Holdings Limited (中化化肥控股有限公司) (a company listed on the Stock Exchange, stock code: 297). He was a director of Sinochem International Corporation (中化國際 (控股) 股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600500) from 2000 to 2010. Dr. Chen also served as the chief financial officer of Sinochem Group (中國中化集團公司) from December 2000 to April 2010, general manager of the finance department of Sinochem Group from June 1999 to December 2000, deputy chief financial officer of Sinochem Group from February 1999 to June 1999, vice president of China International United Petroleum and Chemicals Co., Ltd. (中國國際石油化工聯合公司) from May 1997 to February 1999, vice director of the finance department of Sinochem Group from January 1995 to May 1997, general manager of the petroleum accounting department of Sinochem Group from March 1994 to January 1995, financial manager of its U.S. agrichemical subsidiary (中國中化集團公司美國農化公司) from July 1991 to March 1994. Prior to this, Dr. Chen served as deputy chief financial officer of Hino Company (香港鑫隆有限公司) in Hong Kong from July 1988 to July 1991 and was an assistant professor at Xiamen University from July 1984 to March 1985.

Mr. Gao Yu (高煜), aged 47, is the independent non-executive director of the Company and joined the Company in July 2007. He is currently the managing director of the Private Equity Division of Morgan Stanley Asia Limited, and he primarily focuses on private equity investment activities in China. He is an independent non-executive director of Sparkle Roll Group Ltd. (耀萊集團有限公司), China Feihe Limited (中國飛鶴有限公司) and Home Control International Limited's non-executive directors which are listed on the main board of Hong Kong Stock Exchange. He is also 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. Besides, Mr. Gao has been appointed as an independent director of AMTD International Inc. which is listed on New York Stock Exchange (NYSE: HKIB).

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 55, 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 is currently an executive director, the chairman and the chief executive officer of A8 New Media Group Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 00800.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.

SENIOR MANAGEMENT

The senior management of the Company is composed of all the executive Directors of the Company, namely, Mr. Chen Yihong, Mr. Zhang Zhiyong, 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 the code provisions set out in the CG Code as contained in Appendix 14 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 2021 ("twelve months Period"), except that:

Provision E.1.2 of the CG Code provides that the chairman of the board should attend the annual general meeting. Provision A.6.7 of the CG Code provides that independent non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Chen Yihong (chairman and executive director), Ms. Chen Chen (executive director), Mr. Liu Xiaosong (independent non-executive directors) could not attend the annual general meeting of the Company ("AGM") and the extraordinary general meetings of the Company ("EGM"), both held on 19 August 2020, due to important business appointments. However, Mr. Zhang Zhiyong and Mr. Lyu Guanghong, the executive directors, Dr. Chen Guogang and Mr. Gao Yu, the independent non-executive directors of the Company had attended the aforesaid AGM and EGM and had effective communication with the shareholders of the Company.

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 2021.

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 10 of the Listing Rules as the standard for securities transactions by directors. The Company has made enquiries of all the directors and all the directors confirmed that they have complied with the required standards for the twelve months ended 31 March 2021.

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 "comply or explain" provisions set out in Appendix 27 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 and the Company's website 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 in page 48 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.

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

Executive Directors:

Mr. Chen Yihong *(Chairman)*
Mr. Zhang Zhiyong *(Chief Executive Officer)*
Ms. Chen Chen
Mr. Lyu Guanghong *(Chief Financial Officer) (appointed and effective from 17 April 2020)*

Independent Non-Executive Directors:

Dr. Chen Guogang
Mr. Gao Yu
Mr. Liu Xiaosong

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.

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.

The Company has received confirmation from each independent non-executive Director about his independence under the Listing Rules, and continues to consider each of them to be independent.

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. Zhang Zhiyong, Ms. Chen Chen and Dr. Chen Guogang shall retire from the office by rotation and, being eligible, shall offer themselves for re-election at the forth coming Annual General Meeting ("AGM").

Mr. Chen Yihong (re-elected as an executive Director on 19 August 2020), Mr. Lyu Guanghong (re-elected as an executive Director on 19 August 2020). Mr. Gao Yu (re-elected as an independent non-executive director on 19 August 2020) and Mr. Liu Xiaosong (re-elected as an independent non-executive director) on 8 August 2019 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 Provision A.6.5 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.

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	√	√
Zhang Zhiyong	√	√
Chen Chen	√	√
Lyu Guanghong *(appointed and effective from 17 April 2020)*	√	√
Independent Non-executive Directors		
Chen Guogang	√	√
Gao Yu	√	√
Liu Xiaosong	√	√

BOARD AND COMMITTEES MEETINGS

During the twelve months Period, the Board held 21 meetings. The attendance of the directors at Board meetings, principal Board Committee meetings, Annual General Meeting ("AGM"), Extraordinary General Meeting ("EGM") on 19 August 2020 held is set out in the table below.

	Attendance of					
	Board meetings	**Audit committee meetings**	**Remuneration committee meeting**	**Nomination committee meeting**	**AGM***	**EGM**
Executive Directors						
Chen Yihong	21/21	N/A	2/2	2/2	0/1	0/1
Zhang Zhiyong	21/21	N/A	N/A	N/A	1/1	1/1
Chen Chen	21/21	N/A	N/A	N/A	0/1	0/1
Lyu Guanghong *(appointed and effective from 17 April 2020)*	18/18	N/A	N/A	N/A	1/1	1/1
Independent Non-Executive Directors						
Chen Guogang	21/21	3/3	2/2	N/A	1/1	1/1
Gao Yu	21/21	3/3	N/A	2/2	1/1	1/1
Liao Xiaosong	21/21	3/3	2/2	2/2	0/1	0/1

* 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: Dr. Chen Guogang (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.

The Audit Committee met 3 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 2020, interim financial statements for the six months ended 30 September 2020;

(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 PricewaterhouseCoopers for the audit during the twelve months Period; 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 Dr. Chen Guogang. 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 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, and reviewing and approving performance-based remuneration by reference to the Company's goals and objectives.

The Remuneration Committee met twice 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 ending 31 March 2021.

NOMINATION COMMITTEE

Members: Mr. Chen Yihong (chairman), Mr. Gao Yu and Mr. Liu Xiaosong. 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 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 or appoint as directors to fill casual vacancies.

Nomination Policy

The Board has adopted the Nomination Policy implemented by the Company' 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.

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.

EXECUTIVE COMMITTEE

Members: Mr. Chen Yihong (chairman), Mr. Zhang Zhiyong (chief executive officer), Ms. Chen Chen and Mr. Lyu Guanghong (chief financial officer) (appointed and effective from 17 April 2020).

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 Dr. Chen Guogang. Among the three members, Ms. Chen Chen and Mr. Lyu Guanghong are executive Directors and the remaining member is independent non-executive Directors.

The Environmental, Social and Governance Committee (the "ESG Committee"), established on 10 March 2021, will assist the Board to meet its oversight responsibilities in relation to the Company's environmental, social and governance policies and practices.

The duties of the ESG Committee include reviewing, and making recommendations to the Board on, the Company's policy and performance in relation to the environmental, social and governance relations.

Under its Terms of Reference, the principal responsibilities of the ESG Committee is to make recommendations to the Board regarding:

1) The Group's ESG-related risk and opportunities;

2) The appropriateness and effectiveness of the Group's ESG risk management and internal control systems;

3) The Group's ESG management approach, strategy, priorities and objectives;

4) Progress in achieving the Group's ESG-related goals and targets; and

5) Disclosures in the Group's ESG report.

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.

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 2021.

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 2021, the IAC implemented and completed 16 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 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. The identity of the whistle-blower and the relevant records of the whistle-blowing are strictly confidential.

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 2021, 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, qualifications, experience and training programs of the Group's internal audit staff and accounting and financial reporting staff 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 PricewaterhouseCoopers ("PwC") as its external auditor. In order to maintain PwC'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 PwC and discusses with PwC 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 Group's independent auditor, PricewaterhouseCoopers, and its affiliated firms, for services rendered is broken down below:

	RMB'000
Statutory audit	**4,300**
Non-audit services	**540**
Total	**4,840**

The non-audit services mainly comprised tax compliance and certain agreed upon procedure 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 68 to 73.

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 36 to provide a more comprehensive overview of the work performed by the IR Department during the twelve months Period.

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 Group confirmed that there was not any change on the Memorandum and Articles of Association of the Company during the twelves months Period.

REPORT OF THE DIRECTORS

The directors have the pleasure of presenting to the shareholders their report together with the audited consolidated financial statements for the twelve months ended 31 March 2021.

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 abroad. The principal activities and other particulars of the subsidiaries are set out on pages 139 to 141 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 35 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 PROFIT

The Group's profit for the twelve months ended 31 March 2021 is set out in the consolidated statement of profit or loss and other comprehensive income on page 74 to 75 of this annual report.

DIVIDENDS

An interim dividend of RMB5.69 cents, per ordinary share in respect of the six months ended 30 September 2020 were declared to Shareholders on 25 November 2020 and paid in December 2020.

The Board of the Company has recommended the distribution of a final dividend of RMB3.54 cents and final special dividend of RMB1.54 cents per ordinary share of the Company, amounting to approximately RMB208,372,000 and RMB90,648,000 respectively, subject to approval by the Shareholders of the Company at the AGM to be held on 18 August 2021 and are payable in Hong Kong Dollars based on the rate of HKD1.00 = RMB0.83220 being the official exchange rate of Hong Kong dollars against Renminbi as quoted by the People's Bank of China on 22 June 2021.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group during the year are set out in Note 13 to the consolidated financial statements.

BANK LOANS AND OTHER BORROWINGS

Movements in bank loans and other borrowings of the Company and the Group during the year are set out in Note 30 to the consolidated financial statements.

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 23 to the consolidated financial statements.

RESERVES

Movements in reserves of the Group and the Company during the year are set out in Note 25 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2021 amounted to approximately RMB10,613,516,000, which is the total of the share premium account and reserves of the Company calculated in accordance with Companies Law of the Cayman Islands.

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)*
Mr. Zhang Zhiyong *(Chief Executive Officer)*
Ms. Chen Chen
Mr. Lyu Guanghong *(Chief Financial Officer)(appointed and effective from 17 April 2020)*

Independent Non-Executive Directors:

Dr. Chen Guogang
Mr. Gao Yu
Mr. Liu Xiaosong

In accordance with Article 87 of the Company's articles of association, Mr. Zhang Zhiyong, Ms. Chen Chen and Dr. Chen Guogang shall retire from the office by rotation and, being eligible, shall offer themselves for re-election at the forth coming Annual General Meeting ("AGM").

Mr. Chen Yihong (re-elected as an executive Director on 19 August 2020), Mr. Lyu Guanghong (re-elected as an executive Director on 19 August 2020). Mr. Gao Yu (re-elected as an independent non-executive director on 19 August 2020) and Mr. Liu Xiaosong (re-elected as an independent non-executive director on 8 August 2019) shall hold office until they are required to retired 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 16 of the Listing Rules are set out in Note 39 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" below, 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 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 2021 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 2021, 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 37 to 40 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.

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.

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.

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 Scheme for another 10 years and the Scheme shall be valid and effective until 10 December 2030. Save as the aforesaid, all other material terms of the 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. 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.

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 twelve months ended 31 March 2021, 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 during the period. As at 31 March 2021, the number of Restricted Shares granted under the Scheme amounted to 7,081,000 shares, representing approximately 0.125% of the issued shares as at the Adoption Date. In 2016, 131,071 granted Restricted Shares was lapsed. As at 1 April 2020 and 31 March 2021, the number of restricted shares are 23,050,071 shares.

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.

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.

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.

The table below sets out the details of the movements in the share options granted to the Grantees under the Share Option Scheme for the financial year ended 31 March 2021:

	Number of share options							
Date of grant	**Outstanding as at 1 April 2020**	**Granted during the financial year ended 31 March 2021**	**Exercised during the financial year ended 31 March 2021**	**Lapsed during the financial year ended 31 March 2021**	**Outstanding as at 31 March 2021**	**Exercise period**	**Exercise price per share (HK$)**	**Vesting period**
16/09/2019[1]	18,300,000	—	100,000	1,520,000	16,680,000	16/09/2019— 15/09/2029	0.854	16/09/2019— 15/09/2029
07/01/2020[2]	1,560,000	—	—	480,000	1,080,000	07/01/2020— 06/01/2030	0.86	07/01/2020— 06/01/2030
01/04/2020[3]	—	2,400,000	—	—	2,400,000	01/04/2020— 31/03/2030	0.67	01/04/2020— 31/03/2030
01/09/2020[4]	—	1,200,000	—	—	1,200,000	01/09/2020— 31/08/2030	1.09	01/09/2020— 31/08/2030
Total	**19,860,000**	**3,600,000**	**100,000**	**2,000,000**	**21,360,000**			

* Further details of the share options are set out in note 26 to the consolidated financial statements on pages 160 to 163 of this annual report.

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. For the financial year ended 31 March 2021, no share option was exercised or cancelled. 2,000,000 share option have lapsed due to staff resignation.

6. On 15 April 2021, the Company granted an aggregate of 189,400,000 share options to certain employees and three executive directors of the Company. Among the said share options granted, 36,000,000, 23,000,000 and 6,000,000 share options were granted to Mr. Zhang Zhiyong, Ms. Chen Chen and Mr. Lyu Guanghong respectively. Please refer to the announcement of the Company dated 15 April 2021 for details.

RETIREMENT SCHEMES

Particulars of the retirement schemes operated by the Group are set out in Note 8 to the consolidated financial statements.

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

For the twelve months ended 31 March 2021, 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 8 and note 39 to the consolidated financial statements.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2021, 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: Long position	Number and class of securities: Short position	Approximate percentage of total issued Shares
Mr. Chen Yihong	Interest of a controlled corporation[1]	2,332,491,000 shares	—	39.63%
	Interest of a controlled corporation[3]	315,698,025 shares	—	5.36%
Mr. Zhang Zhiyong	Beneficial owner[3]	166,120,025 shares	—	2.82%
Ms. Chen Chen	Interest of a controlled corporation[2]	176,787,730 shares	—	3.00%
	Beneficial owner	21,500,000 shares	—	0.37%
Mr. Lyu Guanghong	Beneficial owner[3]	10,000,000 shares	—	0.17%

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) 315,698,025 shares (out of which 166,090,025 shares are held by Mr. Zhang Zhiyong and 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.

Save as disclosed above, as at 31 March 2021, 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 2021, 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:

		Number of Shares		Approximate percentage of
Name of Shareholders	**Nature of interest**	**Long position**	**Short position**	**shareholding**
Poseidon Sports Limited	Corporate interest	2,332,491,000	—	39.63%
	Interest in a controlled corporation(2)	315,698,025	—	5.36%
Harvest Luck Development Limited(1)	Interest in a controlled corporation	2,332,491,000	—	39.63%
	Interest in a controlled corporation(2)	315,698,025	—	5.36%

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) 315,698,025 shares (out of which 166,090,025 shares are held by Mr. Zhang Zhiyong and 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.

Save as disclosed above, as at 31 March 2021, 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 2021, 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 9 October 2018, Shanghai Kappa, an indirect wholly-owned subsidiary of the Company, entered into a renewed framework agreement (the "Renewed Framework Agreement") with Mai Sheng Yue He, for regulating the terms of supply of goods from Shanghai Kappa to Mai Sheng Yue He. As of 9 October 2018, Mai Sheng Yue He was owned by Shanghai Gabbana (an indirect wholly-owned subsidiary of the Company) as to 30% and Chen Co. as to 70%. Chen Co. was, at material time, a company owned by Mr. Chen Yiliang, Mr. Chen Yiyong and Mr. Chen Yizhong, each being a brother of Mr. Chen Yihong, the chairman and an executive Director of the Company. Therefore, Mai Sheng Yue He is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of it being an associate of Mr. Chen Yihong, and the transactions contemplated under the Renewed Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Renewed Framework Agreement expired on 31 March 2021 and the aggregate amount paid/to be paid by Mai Sheng Yue He to Shanghai Kappa for the supply of goods under the Renewed Framework Agreement for the three months ended 31 March 2019 the twelve months ended 31 March 2020 and the twelve months ending 31 March 2021 should not exceed RMB51,000,000, RMB228,000,000 and RMB285,000,000 (each the "Mai Sheng Yue He Annual Cap"), respectively. Please refer to the announcement of the Company dated 9 October 2018 and the circular of the Company dated 12 November 2018 for further details. For the financial year ended 31 March 2021, the transactions conducted pursuant to the arrangement under the Renewed Framework Agreement amounted to RMB64,679,000.

On 30 June 2020, 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, for regulating the terms of supply of goods from Shanghai Kappa to Mai Sheng Yue He. As of 30 June 2020, Mai Sheng Yue He was owned by Shanghai Gabbana (an indirect wholly-owned subsidiary of the Company) as to 30% and Chen Co. as to 70%. Chen Co. was, at material time, a company owned by Mr. Chen Yiliang, Mr. Chen Yiyong and Mr. Chen Yizhong, each being a brother of Mr. Chen Yihong, the chairman and an executive Director of the Company. Therefore, Mai Sheng Yue He is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of it being an associate of Mr. Chen Yihong, 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 expire on 31 March 2024 and the aggregate amount paid/to be paid by Mai Sheng Yue He to Shanghai Kappa for the supply of goods under the 2020 Renewed Framework Agreement for the twelve months ended 31 March 2022, twelve months ended 31 March 2023 and the twelve months ending 31 March 2024 shall not exceed RMB94,000,000, RMB113,000,000 and RMB130,000,000 (each the "2020 renewed Mai Sheng Yue He Annual Cap"), 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 11 January 2018, Shanghai Gabbana, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Tianjin Fushengbang Enterprise Management Consulting Co., Ltd. ("Tianjin Fushengbang"), an independent third party not connected with the Company or its connected persons.

Pursuant to the Sale and Purchase Agreement, Shanghai Gabbana agreed to purchase, and Tianjin Fushengbang agreed to sell, 47% equity interest in Tianjin Mai Sheng Yue He Sporting Goods Co., Ltd. (the "Tianjin Mai Sheng Yue He") for the consideration of RMB7,608,681.99 (the "Acquisition"). Please refer to the announcement of the Company dated 11 January 2018 for further details.

Upon completion of the Acquisition referred to above, Tianjin Mai Sheng Yue He would be owned by Shanghai Gabbana, Tianjin Fushengbang and Chen Co. as to 77%, 10% and 13%, respectively, and would be accounted for as a subsidiary of the Company. As of 11 January 2018, Chen Co. was owned as to 45%, 35% and 20%, respectively, by Mr. Chen Yiliang, Mr. Chen Yiyong and Mr. Chen Yizhong, each being a brother (and thus an associate) of Mr. Chen Yihong, an executive Director and the Chairman of the Company. Therefore, upon completion of the Acquisition, Tianjin Mai Sheng Yue He would become a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules.

On 11 January 2018, Shanghai Kappa, an indirect wholly-owned subsidiary of the Company, entered into a master supply agreement (the "Master Supply Agreement") with Tianjin Mai Sheng Yue He in relation to the supply and purchase of sport-related products from Shanghai Kappa to Tianjin Mai Sheng Yue He. As Tianjin Mai Sheng Yue He would become a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules upon completion of the Sale and Purchase Agreement, the transactions contemplated under the Master Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The annual aggregate amount paid/to be paid by Tianjin Mai Sheng Yue He to Shanghai Kappa for the supply of goods under the Master Supply Agreement for each of the years ended/ending 31 December 2018, 2019 and 2020 should not exceed RMB22,960,000, RMB25,260,000 and RMB27,780,000 (each the "Tianjin Mai Sheng Yue He Annual Cap"), respectively. Please refer to the announcement of the Company dated 11 January 2018 for further details. For the twelve months ended 31 December 2020, the transactions conducted pursuant to the arrangement under the Master Supply Agreement amounted RMB0. The Master Supply Agreement expired on 31 December 2020 and Tianjin Mai Sheng Yue He was dissolved on 11 September 2020.

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 Master Supply Agreement and the 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) have been conducted in accordance with the Master Supply Agreement and the Renewed Framework Agreement (as the case may be); (3) were in accordance with the pricing policies of the Company; and (4) did not exceed the Tianjin Mai Sheng Yue He Annual Cap for the twelve months ended 31 December 2020 and the Mai Sheng Yue He Annual Cap for the financial year ended 31 March 2021.

The related party transactions are set out in Note 36 to the consolidated financial statements. 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 2021, the purchases from the largest supplier and the aggregated purchases from the largest five suppliers amounted for 14% and 36% of the Group's total purchases, and the sales to the largest customer and the aggregated sales to the largest five customers amounted for 8% and 19% 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 2021.

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

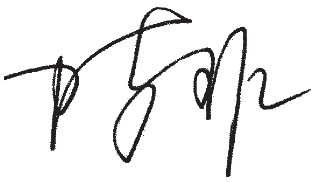
Throughout the twelve months ended 31 March 2021, the Company has complied with all the code provisions, except two deviations from code provisions E.1.2 and A.6.7 of the Corporate Governance Code contained in Appendix 14 to the Listing Rules. Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 41 to 55 of this report.

EVENTS SUBSEQUENT TO 31 MARCH 2021

There was no other significant event occurred subsequent to 31 March 2021 and up to the date of this report.

AUDITOR

PricewaterhouseCoopers 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 PricewaterhouseCoopers 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

23 June 2021

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

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

OPINION

What we have audited

The consolidated financial statements of China Dongxiang (Group) Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 74 to 176, which comprise:

- the consolidated balance sheet as at 31 March 2021;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

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 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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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 identified in our audit is related to the fair value determination of level 3 financial assets at fair value through profit or loss.

Key Audit Matter	**How our audit addressed the Key Audit Matter**
Fair value determination of level 3 Financial assets at fair value through profit or loss	
Refer to notes 3.3 and note 20 to the consolidated financial statements. The Group has invested in certain financial assets at fair value through profit or loss with fair value of RMB8,409 million as at 31 March 2021 and among which, amount of RMB7,297 million is classified as level 3 in fair value hierarchy. These level 3 financial assets represent 57.7% of the total assets value of the Group as at 31 March 2021. These level 3 financial assets at fair value through profit or loss include private equity fund investments, other unlisted investments and unlisted fixed coupon notes. The valuation for level 3 financial assets were not based on active market prices, nor based on observable market data. Instead, they were based on significant unobservable inputs.	On sample basis, our major procedures on the fair value determination of level 3 financial assets at fair value through profit or loss were as follows: 1. We understood and evaluated the relevant management's internal controls and valuation process in selecting the valuation techniques and determining the significant unobservable inputs for the fair value determination of level 3 financial assets at fair value through profit or loss, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud. 2. We assessed the appropriateness of the valuation techniques adopted for each type of level 3 financial assets at fair value through profit or loss by comparing with the industry practice.

Key Audit Matter	How our audit addressed the Key Audit Matter
Depending on the types of level 3 financial assets, the following valuation techniques and related key assumptions and judgements are adopted by the Group's management ("Management"): 1. For private equity fund investments, net asset value ("NAV") method is used. Under the NAV method, Management determines the fair valuation of the private equity fund investments 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; 2. For other unlisted investments, market approach is used, where valuation multiples (such as price to earnings/earnings before interest and tax multiple) of comparable companies and discount for lack of marketability ("DLOM") are used to determine the fair values of these unlisted investments; and for unlisted fixed coupon notes, prices provided by third parties (issuing banks of the fixed coupon notes) are used to determine the fair value, where Management assesses the reliability of the prices by comparing such prices to the outputs of valuation model prepared by Management. The fair value determination of level 3 financial assets at fair value through profit or loss was a key area of audit focus due to their significance together with the significant and critical judgements used in selection of valuation techniques and determination of significant unobservable inputs when performing the fair value assessment.	3. For private equity fund investments, we assessed the fair value determination by performing procedures, including but not limited to: a) evaluating the capability of the general partners of the funds, including the appropriateness of their valuation process of the fair value determination for the underlying portfolios of the funds; b) obtaining and assessing the consistency of the fair value information contained in the reports provided by the general partners (including the latest audited financial statements and/or unaudited management/capital accounts of the funds) with the data source contained in Management's fair value assessment documents; c) examining the investment agreements and obtaining direct confirmations from the general partners regarding the information about the Group's investments in the funds; and d) testing the numerical accuracy of the calculations in arriving at the fair value of the private equity fund investments, which are based on the reported net asset value of the funds. 4. For other unlisted investments and unlisted fixed coupon notes, we assessed the fair value determination by performing procedures, including but not limited to: a) examining the investment agreement and obtaining direct confirmations from the investees or the issuing banks regarding the information about the Group's investments in the investees or the fixed coupon notes; b) for other unlisted investments, evaluating the appropriateness of the selection of comparable companies by comparing the business profiles of the investees with those of the respective comparable companies, and assessing the reasonableness of DLOM adopted; c) for unlisted fixed coupon notes, evaluating the appropriateness of valuation model prepared by Management, and comparing the fair value used by Management with the prices contained in the statements provided by the issuing banks; and d) testing the numerical accuracy of the calculations in arriving at the fair value of other unlisted investments and unlisted fixed coupon notes. Based on the above procedures performed, we found the inputs and estimates used in Management's fair value determination of level 3 financial assets at fair value through profit or loss to be supported by available evidences and consistent with our understanding.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than 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 THE AUDIT COMMITTEE 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 IFRSs 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.

The Audit Committee is 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. We report our opinion solely to you, as a body, 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 scepticism 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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 the Audit Committee 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 the Audit Committee, 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 Ng Ping Fai.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Note	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 Restated RMB'000
Continuing operations			
Revenue	5	**1,969,607**	1,540,813
Cost of sales	7	**(678,246)**	(517,587)
Reversal of/(provision for) impairment of inventories — net	7	**27,660**	(15,010)
Gross profit		**1,319,021**	1,008,216
Distribution expenses	7	**(1,169,607)**	(933,358)
Administrative expenses	7	**(155,841)**	(145,317)
Provision for impairment of financial assets — net		**(38,519)**	(26,175)
Other gains — net	6	**2,114,872**	626,390
Operating profit		**2,069,926**	529,756
Finance income	9	**4,171**	9,634
Finance expenses	9	**(19,597)**	(17,179)
Finance expenses — net	9	**(15,426)**	(7,545)
Share of post-tax losses of joint ventures and associates accounted for using the equity method	12(c)	**(25,099)**	(30,432)
Profit before income tax		**2,029,401**	491,779
Income tax expense	10	**(165,373)**	(85,798)
Profit from continuing operations		**1,864,028**	405,981
Loss from discontinued operations	33	**(54,631)**	(46,234)
Profit for the year		**1,809,397**	359,747
Profit attributable to:			
— Owners of the Company		**1,810,545**	366,333
— Non-controlling interests		**(1,148)**	(6,586)
		1,809,397	359,747

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Note	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 Restated RMB'000
Profit for the year		**1,809,397**	359,747
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss			
— Currency translation differences on foreign operations of continuing operations		**(353,440)**	210,715
— Currency translation differences on foreign operations of discontinued operations		**21,022**	(16,873)
Items that may not be reclassified to profit or loss			
— Currency translation differences on foreign operations		**(55,213)**	36,725
Other comprehensive (loss)/income for the year, net of tax		**(387,631)**	230,567
Total comprehensive income for the year		**1,421,766**	590,314
Total comprehensive income for the year attributable to:			
— Owners of the Company		**1,421,083**	596,900
— Non-controlling interests		**683**	(6,586)
		1,421,766	590,314
Total comprehensive income for the year attributable to owners of the Company arises from:			
— Continuing operations		**1,452,144**	655,751
— Discontinued operations		**(31,061)**	(58,851)
		1,421,083	596,900
Earnings per share for profit from continuing operations attributable to owners of the Company for the year			
(expressed in RMB cents per share)			
— Basic earnings per share	11	**31.74**	6.97
— Diluted earnings per share	11	**31.74**	6.97
Earnings per share for profit attributable to owners of the Company for the year			
(expressed in RMB cents per share)			
— Basic earnings per share	11	**30.88**	6.25
— Diluted earnings per share	11	**30.88**	6.25

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

As at 31 March 2021

	Note	As at 31 March 2021 RMB'000	As at 31 March 2020 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	13	**77,335**	96,984
Right-of-use assets	15	**96,716**	100,161
Intangible assets	14	**182,716**	205,580
Investments accounted for using the equity method	12(c)	**94,656**	117,173
Financial assets at fair value through profit or loss	20	**4,938,828**	3,688,063
Deferred income tax assets	16	**142,771**	188,341
Other financial assets at amortised cost	19	**449,937**	442,058
Other assets	22	**169,513**	116,081
Total non-current assets		**6,152,472**	4,954,441
Current assets			
Inventories	17	**369,601**	457,417
Trade receivables	18	**180,950**	141,063
Other current assets	22	**41,892**	112,976
Financial assets at fair value through profit or loss	20	**3,470,575**	3,257,913
Other financial assets at amortised cost	19	**598,409**	664,798
Restricted cash	21	**134**	—
Term deposits with initial term over three months and within one year	21	**—**	37,738
Cash and cash equivalents	21	**1,823,757**	2,063,150
Total current assets		**6,485,318**	6,735,055
Total assets		**12,637,790**	11,689,496
Equity			
Equity attributable to owners of the Company			
Share capital and share premium	23	**1,090,096**	1,090,005
Shares held for employee share scheme	24	**(196)**	(196)
Reserves	25	**10,442,863**	9,521,841
Capital and reserves attributable to owners of the Company		**11,532,763**	10,611,650
Non-controlling interests		**3,162**	4,204
Total equity		**11,535,925**	10,615,854

CONSOLIDATED BALANCE SHEET

As at 31 March 2021

	Note	As at 31 March 2021 RMB'000	As at 31 March 2020 RMB'000
Liabilities			
Non-current liabilities			
Accruals and other payables	28	**—**	1,245
Lease liabilities	15	**41,641**	48,585
Deferred income tax liabilities	16	**338,966**	231,865
Total non-current liabilities		**380,607**	281,695
Current liabilities			
Derivatives	29	**35,403**	29,616
Deferred income tax liabilities	16	**577**	—
Contract liabilities	31	**9,738**	23,436
Lease liabilities	15	**47,967**	44,516
Borrowings	30	**126,630**	246,308
Trade payables	27	**125,779**	148,474
Accruals and other payables	28	**359,542**	257,426
Current income tax liabilities		**15,622**	42,171
Total current liabilities		**721,258**	791,947
Total liabilities		**1,101,865**	1,073,642
Total equity and liabilities		**12,637,790**	11,689,496

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The financial statements on pages 74 to 176 were approved by the Board of Directors on 23 June 2021 and were signed on its behalf.

CHEN YIHONG
Executive Director & Chairman

ZHANG ZHIYONG
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Note	Attributable to owners of the Company						Non-controlling interests	Total equity
		Share capital	Share premium account	Shares held for employee share scheme	Other reserves	Retained earnings	Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 April 2019		56,466	1,033,539	(196)	83,585	9,077,567	10,250,961	10,790	10,261,751
Comprehensive income									
Profit/(loss) for the year		—	—	—	—	366,333	366,333	(6,586)	359,747
Other comprehensive income									
Currency translation differences		—	—	—	230,567	—	230,567	—	230,567
Total comprehensive income		—	—	—	230,567	366,333	596,900	(6,586)	590,314
Transaction with owners									
Dividends declared and paid	32	—	—	—	—	(238,210)	(238,210)	—	(238,210)
Total contribution by and distribution to owners, recognised directly in equity		—	—	—	—	(238,210)	(238,210)	—	(238,210)
Appropriation to statutory reserves	25	—	—	—	30,304	(30,304)	—	—	—
Value of service provided under share option scheme	26	—	—	—	1,478	—	1,478	—	1,478
Disposal of a subsidiary		—	—	—	521	—	521	—	521
Total transactions with owners, recognised directly in equity		—	—	—	32,303	(268,514)	(236,211)	—	(236,211)
Balance at 31 March 2020		56,466	1,033,539	(196)	346,455	9,175,386	10,611,650	4,204	10,615,854

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Note	Attributable to owners of the Company							
		Share capital RMB'000	Share premium account RMB'000	Shares held for employee share scheme RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 April 2020		56,466	1,033,539	(196)	346,455	9,175,386	10,611,650	4,204	10,615,854
Comprehensive income									
Profit/(loss) for the year		—	—	—	—	1,810,545	1,810,545	(1,148)	1,809,397
Other comprehensive loss									
Currency translation differences		—	—	—	(389,462)	—	(389,462)	1,831	(387,631)
Total comprehensive income		—	—	—	(389,462)	1,810,545	1,421,083	683	1,421,766
Transaction with owners									
Issuance of new ordinary shares	23	1	90	—	—	—	91	—	91
Dividends declared and paid	32	—	—	—	—	(502,163)	(502,163)	—	(502,163)
Total contribution by and distribution to owners, recognised directly in equity		1	90	—	—	(502,163)	(502,072)	—	(502,072)
Appropriation to statutory reserves	25	—	—	—	239	(239)	—	—	—
Value of service provided under share option scheme	26	—	—	—	2,102	—	2,102	—	2,102
Disposal of a subsidiary		—	—	—	—	—	—	(1,725)	(1,725)
Total transactions with owners, recognised directly in equity		1	90	—	2,341	(502,402)	(499,970)	(1,725)	(501,695)
Balance at 31 March 2021		56,467	1,033,629	(196)	(40,666)	10,483,529	11,532,763	3,162	11,535,925

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Note	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
Cash flows from operating activities			
Cash generated from operations	34	**100,256**	22,422
Interest received		**4,177**	8,587
Income tax paid		**(37,697)**	(141,048)
Net cash inflow/(outflow) from operating activities		**66,736**	(110,039)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(3,503)**	(3,018)
Purchase of intangible assets		**(459)**	(764)
Decrease in term deposits with initial terms over three months and within one year		**37,738**	67,166
Proceeds from disposal of property, plant and equipment and intangible assets		**97,497**	7,957
Investment in financial assets at fair value through profit or loss		**(4,848,350)**	(5,199,893)
Proceeds from disposal of other financial assets		**253,617**	274,171
Proceeds from disposal of financial assets at fair value through profit or loss		**4,942,809**	6,542,927
Increase in loans receivables		**(355,000)**	(192,511)
Interest received from other financial assets at amortised cost		**69,829**	77,816
Dividend and investment income from financial assets at fair value through profit or loss		**272,759**	93,225
Disposal of joint ventures and associates		**39,000**	22,056
Payments for acquisition of a joint venture		**(30,000)**	—
Net cash inflow from investing activities		**475,937**	1,689,132

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Note	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
Cash flows from financing activities			
Dividends paid		**(502,163)**	(238,210)
Proceeds from borrowings		**320,186**	413,890
Repayments of borrowings		**(420,866)**	(723,282)
Interest paid		**(8,787)**	(14,392)
Payments for lease liabilities	15(iii)	**(61,568)**	(48,672)
Decrease in restricted cash		**—**	285,581
Net cash outflow from financing activities		**(673,198)**	(325,085)
Net (decrease)/increase in cash and cash equivalents		**(130,525)**	1,254,008
Cash and cash equivalents at the beginning of the year		**2,063,150**	766,722
Effects of exchange rate changes on cash and cash equivalents		**(108,868)**	42,420
Cash and cash equivalents at end of the year	21	**1,823,757**	2,063,150

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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 Mainland of the People's Republic of China (the "PRC"), and abroad.

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 ("HKSE") since 10 October 2007.

The outbreak of COVID-19 has resulted in a significant decrease in Japan-Apparel segment operating results during 2020/2021 financial year and constituted a triggering event of impairment tests of certain assets of the Group and the discontinuation of the Japan-Apparel segment.

These financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

These financial statements have been approved for issue by the Board of Directors on 23 June 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the year presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(i) Compliance with IFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board ("IASB") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

During the year ended 31 March 2021, the Group discontinued the business of Japan-Apparel segment (Note 33). Accordingly, the related revenue, expenses, and other operating results of the Japan-Apparel segment are presented as a single amount as "loss from discontinued operations" in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2021. Comparative figures for the year ended 31 March 2020 are also reclassified for consistent presentation purpose.

(ii) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss which are carried at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2020:

- Definition of Material — amendments to IAS 1 and IAS 8
- Definition of a Business — amendments to IFRS 3
- Interest Rate Benchmark Reform — amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

The Group also elected to adopt the following amendments early:

- Annual Improvements to IFRS Standards 2018–2020 Cycle
- Covid-19-Related Rent Concessions — amendments to IFRS 16
- Interest Rate Benchmark Reform — amendments to IFRS 9, IAS 39 and IFRS 7

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods, except for the Amendment to IFRS 16 set out in Note 2.2 below.

(iv) New standards, amendments and revised conceptual framework not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2021 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies

The Group has early adopted Amendment to IFRS 16 -Covid-19-Related Rent Concessions retrospectively from 1 April 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions totalling approximately RMB2,272,000 have been accounted for as negative variable lease payments and recognised in distribution and selling expenses and general and administrative expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2021, with a corresponding adjustment to the lease liability. There is no impact on the opening balance of equity at 1 April 2020.

2.3 Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.4).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and balance sheet respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Principles of consolidation and equity accounting (Continued)

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Investments in associates in the form of ordinary shares are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

Investments in associates in the form of ordinary shares with preferential rights are accounted as financial assets measured at fair value through profit or loss (Note 2.12).

(iii) Joint arrangements

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group only has joint ventures.

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.10.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Principles of consolidation and equity accounting (Continued)

(v) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.4 Business combinations

The acquisition method of accounting is used to account for the all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Business combinations (Continued)

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity.

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.5 Separate financial statements

Investments in subsidiaries (including controlled structured entities) are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Company is United States Dollars ("USD") and the functional currency of most of its subsidiaries is Renminbi ("RMB") or Japanese Yen ("JPY"). The consolidated financial statements are presented in RMB, which is the presentation currency of the financial statements of the Company and the Group.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to cash and cash equivalents and borrowings are presented in the consolidated statement of profit or loss and other comprehensive income, within finance income — net. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income on a net basis within "other gains/(losses) — net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each consolidated statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Foreign currency translation (Continued)

(iii) Group companies (Continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the group's ownership interest in associates or joint ventures that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Freehold land 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.

Construction-in-progress represents buildings, plant and machinery under construction or pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction and acquisition. No provision for depreciation is made on construction-in-progress until such time the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment (Continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

—	Buildings	20–35 years
—	Office furniture and equipment	2–15 years
—	Vehicles	5 years
—	Leasehold improvements	2–5 years or over lease term

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Construction-in-progress represents buildings, plant and/or machinery under construction or pending installation and is stated at cost less accumulated impairment losses. Cost includes the costs of construction of buildings, the costs of plant and machinery, installation, testing and other direct costs. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Intangible assets

(i) Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(ii) Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 2 to 5 years.

(iii) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Trademark — 40 years
- Computer software — 2–5 years

2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11 Discontinued operations

A discontinued operation is a component of the entity that has been disposed of and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the consolidated statement of profit or loss and other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are presented in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Investments and other financial assets (Continued)

(iii) Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss and presented in "other gains/(losses) — net", together with foreign exchange gains and losses, when the asset is derecognized. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other gains/(losses) — net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains/(losses) — net" and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss and presented net within "other gains/(losses) — net" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as "other gains/(losses) — net" when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in "other gains/(losses) — net" in the statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Investments and other financial assets (Continued)

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1(b) and Note 18 for further details.

Impairment on other financial assets at amortised cost including loans receivables and others is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk or credit impaired since initial recognition. See Note 3.1(b) for details.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.14 Derivative financial instrument

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group does not designate any derivatives as hedging instruments.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. It excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are generally due for settlement within 90 days and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance. See Note 18 for further information about the Group's accounting for trade receivables and Note 3.1 for a description of the Group's impairment policies.

2.17 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.18 Share capital and shares held for employee share scheme

Ordinary shares are classified as equity (Note 23).

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, and is included in equity attributable to the owners of the Company.

Shares held by BOCI-Prudential Trustee Limited ("Trustee") are disclosed as treasury shares and deducted from contributed equity.

2.19 Trade payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.21 Borrowings cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.22 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Current and deferred income tax (Continued)

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.23 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Employee benefits (Continued)

(ii) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Past-service costs are recognised immediately in the consolidated statement of profit or loss and other comprehensive income.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(iv) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Share-based payments

(i) Employee share scheme

The Group operates a number of equity-settled, share-based compensation plans. These plans comprise share option schemes and a share award scheme. The fair value of the employee services received in exchange for the grant of the options or shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the restricted shares granted as at date of grant, including any market performance conditions, excluding the impacts of any service and non-market performance vesting conditions as well as including any non-vesting conditions, when applicable. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

For the Company's separate financial statements, fair value of the options and shares granted to its subsidiaries' employees is recognised as increase in investment in subsidiaries and equity.

At the end of each period, the Group revises its estimates of the number of options and shares that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

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.

2.25 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Revenue recognition

(a) Sales of goods — wholesale

The Group manufactures and sells a range of sport-related apparels, footwears and accessories to its distributors in China and Japan. 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.

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 45–60 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 and Japan. Revenue from the sale of goods is recognised when the Group sells a product to the customer. Retail sales are usually in cash or by credit cards or through on-line payment platforms.

(c) Sales of goods — online sales

Revenue from the sale of goods on the internet is recognised when the control of the products has transferred, which is the point of acceptance by the customers. Transactions are settled by cash, credit card 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 — 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Revenue recognition (Continued)

(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.

A contract liability is recognised until the points are redeemed or expired.

(g) Royalty income

Royalty income is recognised in the consolidated statement of profit or loss and other comprehensive income on an accrual basis in accordance with the substance of the relevant agreements.

2.27 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares,

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.28 Dividend income

Dividends are received from financial assets measured at fair value through profit or loss (FVPL). Dividends are recognised as "other gains/(losses) — net" the consolidated statement of profit or loss and other comprehensive income when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.29 Leases

Leases (including lease prepayments) are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.29 Leases (Continued)

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Group has chosen not to revalue its right-of-use assets.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2.30 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.31 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of profit or loss and other comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.32 Interest income

Interest income from financial assets at FVPL is included in "other gains/(losses) — net", see Note 6 below.

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the consolidated statement of profit or loss and other comprehensive income as part of "other gains/(losses) — net".

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 9 below. Any other interest income is included in "other gains/(losses) — net".

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3. FINANCIAL RISK MANAGEMENT

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current period profit and loss information has been included where relevant to add further context.

Risk	Exposure arising from	Measurement
Market risk — foreign exchange	Recognised financial assets and liabilities denominated in foreign currency different from its functional currency	Cash flow forecasting Sensitivity analysis
Market risk — interest rate	Short-term borrowings at variable rates	Sensitivity analysis
Market risk — security prices	Investments in equity securities	Sensitivity analysis
Credit risk	Cash and cash equivalents, term deposits with initial term over three months and within one year, restricted cash, trade receivables, other financial assets at amortised cost and certain debt investments measured at fair value through profit or loss	Aging analysis Credit ratings
Liquidity risk	Borrowings, derivatives and other liabilities	Rolling cash flow forecasts

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in the PRC and Japan with most of the transactions denominated and settled in RMB and JPY, while limited purchases are from overseas (other than Japan) that are settled mainly in USD. Foreign exchange risk arises from recognised assets and liabilities and net investments in foreign operations. The Group did not enter into any forward contract to hedge its exposure to foreign currency risk for the year ended 31 March 2021.

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in RMB, was as follows:

	31 March 2021			31 March 2020		
	USD	**HKD**	**JYP**	USD	HKD	JYP
	RMB'000	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000
Deposits	**47,204**	**33,867**	**20,312**	307,502	169,418	1,218
Trade Receivables	**—**	**—**	**—**	—	—	24,743
Bank loans	**—**	**(99,685)**	**—**	—	(160,577)	(36,071)
Trade Payables	**—**	**—**	**—**	(609)	—	(11,831)

The aggregate net foreign exchange gains/losses recognised in profit or loss were:

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
Net foreign exchange (losses)/gains included in other gains — net	**(30,865)**	2,581
Exchange (losses)/gains on foreign currency borrowing included in finance expenses — net	**(6,370)**	2,894
Total net foreign exchange (losses)/gains recognised in profit before income tax for the year	**(37,235)**	5,475
— Continuing operations	**(37,981)**	3,639
— Discontinued operations	**746**	1,836

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

Sensitivity

As shown in the table below, the Group is primarily exposed to changes in USD/RMB and HKD/RMB exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from the deposits denominated in Hong Kong Dollars ("HKD") and USD in the PRC subsidiaries, the functional currency of which is RMB, and the deposits and bank loans denominated in HKD in the Company and overseas subsidiaries of which the functional currency is USD.

	Impact on post tax profit	
	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
USD/RMB exchange rate — increase 5%	**1,770**	11,508
USD/RMB exchange rate — decrease 5%	**(1,770)**	(11,508)
HKD/RMB exchange rate — increase 5%	**(2,468)**	332
HKD/RMB exchange rate — decrease 5%	**2,468**	(332)

(ii) Cash flow interest rate risk

The Group's main interest rate risk arises from short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group currently does not hedge its exposure to interest rate risk. For the year ended 31 March 2021 and for the year ended 31 March 2020, the Group's borrowings at variable rate were mainly denominated in USD and HKD.

The Group's borrowings are carried at amortised cost. The borrowings are quarterly contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Cash flow interest rate risk (Continued)

The exposure of the group's borrowings to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows:

	31 March 2021 RMB'000	**% of total loans**	31 March 2020 RMB'000	% of total loans
Variable rate borrowings	**126,630**	**100%**	196,647	80%
Fixed rate borrowings — repricing or maturity dates:				
Less than 1 year	**—**	**0%**	49,661	20%
	126,630	**100%**	246,308	100%

An analysis by maturities is provided in note 3.1(c). The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

	Impact on post tax profit	
	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
Interest rates — increase by 50 basis points (50 bps)	**(633)**	(983)
Interest rates — decrease by 50 basis points (50 bps)	**633**	983

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Price risk

The Group's exposed to equity securities price risk because of certain listed equity investments held by the Group and classified on the consolidated balance sheet as at FVPL. 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 2021, 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 2021 would have increased/decreased by approximately RMB99,379,000 (As at 31 March 2020, post-tax profit would have increased/decreased by approximately RMB173,864,000).

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, term deposits with initial term over three months and within one year, restricted cash, trade receivables, other financial assets at amortised cost and certain debt investments measured at FVPL (including investments in wealth management products ("WMPs"), investments in private equity funds and other unlisted investments). The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) Risk management

To manage risk arising from cash and cash equivalents, term deposits with initial term over three months and within one year, restricted cash and investments in WMPs, 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, management considers that the credit risk is very minimal.

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 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.

For other financial assets at amortised cost, 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 other financial assets at amortised cost mainly include loans receivables (including loans to third parties, loans to related parties and loans to management personnel and employees). Further details of the impairment assessment on loans receivables are given in Note 3.1(b)(ii) below.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets

The Group has two types of financial assets that are subject to expected credit loss model:

- trade receivables, and
- other financial assets at amortised cost.

While cash and cash equivalents, term deposits with initial term over three months and within one year and restricted cash are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

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. The Group has identified the GDP to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in this factor.

On that basis, the loss allowance as at 31 March 2021 and 31 March 2020 was determined as follows for trade receivables:

31 March 2021	**0–30 days**	**30–180 days**	**Over 180 days**	**Total**
Provision on collective basis				
Lifetime expected credit loss rate	1%	5%	100%	
Gross carrying amount	99,667	86,861	3,733	190,261
Loss allowance	(897)	(4,681)	(3,733)	(9,311)
Total loss allowance	(897)	(4,681)	(3,733)	(9,311)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

31 March 2020	0–30 days	30–180 days	Over 180 days	Total
Provision on individual basis				
Gross carrying amount of certain debtors	652	4,044	—	4,696
Loss allowance of certain debtor(s)	(652)	(4,044)	—	(4,696)
Provision on collective basis				
Lifetime expected credit loss rate	1%	14%	100%	
Gross carrying amount excluding certain debtors	67,222	86,783	21,825	175,830
Loss allowance excluding certain debtor(s)	(470)	(12,472)	(21,825)	(34,767)
Total loss allowance	(1,122)	(16,516)	(21,825)	(39,463)

The loss allowances for trade receivables as at 31 March reconcile to the opening loss allowances as follows:

	As at 31 March 2021 RMB'000	As at 31 March 2020 RMB'000
Opening loss allowance at 1 April	**39,463**	28,090
Increase in loss allowance recognised in profit or loss during the year	**9,810**	17,343
Receivables written off during the year as uncollectible	**(10,033)**	(3,411)
Reversal of impairment losses	**(29,929)**	(2,559)
Closing loss allowance at 31 March	**9,311**	39,463

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Loan receivables (including loans to third parties, loans to related parties and loans to management personnel and employees)

To manage risk arising from loans receivables, the Group performs standardised credit management procedures. The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The Group measures credit risk using Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD") defined as below:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

- The EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

- The LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of EAD. LGD is calculated on a 12-month or lifetime basis.

The Group makes credit analysis, assessment of collectability of borrowers, possibility of misconduct and fraudulent activities.

Expected credit loss model for loans receivables, as summarised below:

- The loans receivables that are not credit-impaired on initial recognition are classified in 'Stage 1' and have their credit risk continuously monitored by the Group. The expected credit loss is measured on a 12-month basis.

- If a significant increase in credit risk (as defined below) since initial recognition is identified, the financial instrument is moved to 'Stage 2'. The expected credit loss is measured on lifetime basis.

- If the financial instrument is credit-impaired (as defined below), the financial instrument is then moved to 'Stage 3'. The expected credit loss is measured on lifetime basis.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Loan receivables (including loans to third parties, loans to related parties and loans to management personnel and employees) (Continued)

- In Stages 1 and 2, interest income is calculated on the gross carrying amount (without deducting the loss allowance). If a financial asset subsequently becomes credit-impaired (Stage 3), the Group is required to calculate the interest income by applying the effective interest method in subsequent reporting periods to the amortised cost of the loans receivables (the gross carrying amount net of loss allowance) rather than the gross carrying amount.

The impairment of loans receivables was provided based on the 'three-stages' model by referring to the changes in credit quality since initial recognition.

The key judgments and assumptions adopted by the Group in addressing the requirements of the standard are discussed below:

(1) Significant increase in credit risk (SICR)

The Group considers loans receivables to have experienced a SICR if the borrower meets one or more of the following criteria:

- 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

For the debtor's contractual payments (including principal and interest) that more than 30 days past due, but within 90 days (inclusive), the Group considers a loan receivable to have experienced a SICR, and classifies it into Stage 2.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Loan receivables (including loans to third parties, loans to related parties and loans to management personnel and employees) (Continued)

(2) 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. This has been applied to all loan receivables held by the Group.

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;

(3) Forward-looking information incorporated in the ECL models

The Group has performed historical analysis and identified the key economic variables impacting credit risk and ECL. The impact of these economic variables on the PD and LGD was determined by the Group with reference to external experts' judgement considering the possibility of upside and downside scenarios. Following this assessment, the Group measures ECL as either a 12 month ECL (Stage 1) or a lifetime ECL (Stages 2 and 3).

Credit loss allowance

The credit loss allowance recognised in the year is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to loans receivables experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the year, and the subsequent "step up" (or "step down") between 12-month and Lifetime ECL. Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the year, arising from regular refreshing of inputs to models;
- Additional allowances for new financial instruments recognised, as well as releases for loans receivables derecognised in the year;
- Loan receivables derecognised and write-offs of allowances related to assets that were written off during the year.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Credit loss allowance (Continued)

The gross carrying amount of the loan receivables, loan to related parties and loan to management personnel and employees and thus the maximum exposure to loss, is as follows:

	Stage1 12 months expected credit loss RMB'000	Stage 2 Lifetime expected credit loss RMB'000	Stage 3 Lifetime expected credit loss RMB'000	Total RMB'000
Total gross carrying amount as of 1 April 2020	**635,840**	**307,657**	**86,293**	**1,029,790**
Transfers				
Transfer from Stage 1 to Stage 2	**(50,062)**	**50,062**	**—**	**—**
Transfer from Stage 2 to Stage 3	**—**	**(307,657)**	**307,657**	**—**
Derecognised during the year	**(197,288)**	**—**	**(80,129)**	**(277,417)**
New originated	**268,067**	**—**	**21,135**	**289,202**
Total gross carrying amount as of 31 March 2021	**656,557**	**50,062**	**334,956**	**1,041,575**

	Stage1 12 months expected credit loss RMB'000	Stage 2 Lifetime expected credit loss RMB'000	Stage 3 Lifetime expected credit loss RMB'000	Total RMB'000
Total gross carrying amount as of 1 April 2019	1,081,044	14,167	321,624	1,416,835
Transfers				
Transfer from Stage 1 to Stage 2	(307,592)	307,592	—	—
Transfer from Stage 2 to Stage 3	—	(14,167)	14,167	—
Derecognised during the year	(322,213)	—	(249,937)	(572,150)
New originated	184,601	65	439	185,105
Total gross carrying amount as of 31 March 2020	635,840	307,657	86,293	1,029,790

There is no originated credit-impaired loan receivables of the Group during the year ended 31 March 2021 and during the year ended 31 March 2020.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Credit loss allowance (Continued)

A significant portion of loans receivables has sufficiently low "loan to value ratio" (i.e. sufficient collateral), which results in no provision being recognised. As at 31 March 2021, the carrying amount of such loans receivables with sufficient collateral is RMB812,779,000 (As at 31 March 2020: RMB1,010,184,000).

The following tables explain the changes in the credit loss allowance for loans receivables between the beginning and the end of the year due to these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

	Stage 1 12 months expected credit loss RMB'000	**Stage 2 Lifetime expected credit loss RMB'000**	**Stage 3 Lifetime expected credit loss RMB'000**	**Total RMB'000**
Loss allowance as of 1 April 2020	**—**	**—**	**19,606**	**19,606**
Changes in PDs/LGDs/EADs	**—**	**—**	**45,379**	**45,379**
Derecognized during the year	**—**	**—**	**(255)**	**(255)**
New originated	**—**	**—**	**14,974**	**14,974**
Loss allowance as of 31 March 2021	**—**	**—**	**79,704**	**79,704**

	Stage 1 12 months expected credit loss RMB'000	Stage 2 Lifetime expected credit loss RMB'000	Stage 3 Lifetime expected credit loss RMB'000	Total RMB'000
Loss allowance as of 1 April 2019	—	4,167	5,000	9,167
Transfers				
Transfer from Stage 2 to Stage 3	—	(4,167)	4,167	—
Changes in PDs/LGDs/EADs	—	—	10,000	10,000
New loans receivables originated	—	—	439	439
Loss allowance as of 31 March 2020	—	—	19,606	19,606

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Collateral and other credit enhancements

The Group uses a series specific policies and practice to reduce credit risk, among which the mostly widely use is collateral. The following table contains an analysis of collaterals for the gross carrying amount of the loan receivables:

	As at 31 March 2021			
	Current RMB'000	**Overdue 1–90 days RMB'000**	**Overdue over 91 days RMB'000**	**Total RMB'000**
Unsecured	**—**	**—**	**14,606**	**14,606**
Secured by collateral	**656,557**	**50,062**	**320,350**	**1,026,969**
	656,557	**50,062**	**334,956**	**1,041,575**

	As at 31 March 2020			
	Current RMB'000	Overdue 1–90 days RMB'000	Overdue over 91 days RMB'000	Total RMB'000
Unsecured	—	—	14,606	14,606
Secured by collateral	635,840	307,657	71,687	1,015,184
	635,840	307,657	86,293	1,029,790

As at 31 March 2021 and 2020, the Group's loans receivables were secured by various collaterals such as equity interest in certain companies, investment return under private equity funds, real estates as well as shares of the Company subscribed by the borrowers (Note 19).

The Group's policy regarding obtaining collateral has not significant changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period. As at 31 March 2021 and 2020, the fair value of collateral held for loans receivables is RMB949 million and RMB1,098 million respectively.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Other financial assets at amortised cost (other than loans receivables)

For other financial assets at amortised cost such as deposits and advances to employees have a low risk of default, management assessed credit loss and forward-looking. The loss allowance for other financial assets at amortised cost as at 31 March reconciles to the opening loss allowance as follows:

	Other receivables RMB'000
Opening loss allowance as at 1 April 2019	121
Increase in the allowance recognised in profit or loss during the period	1,195
Closing loss allowance as at 31 March 2020	**1,316**
Decrease in the allowance recognised in profit or loss during the period	**(671)**
Closing loss allowance as at 31 March 2021	**645**

Write-off policy for trade receivables and loans receivables

The Group writes off trade receivables and loans receivables, in whole or in part, 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.

Net impairment losses on financial assets recognised in profit or loss.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Write-off policy for trade receivables and loans receivables (Continued)

During the year, the following gains/(losses) were recognised in profit or loss in relation to impaired financial assets:

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
Impairment losses		
Impairment losses on trade receivables	**(9,810)**	(17,343)
Impairment losses on other financial assets at amortised cost	**(60,353)**	(10,439)
Reversal of impairment losses on trade receivables	**29,929**	3,754
Reversal of impairment losses on other financial assets at amortised cost	**926**	—
Net impairment losses on financial assets at amortised cost	**(39,308)**	(24,028)
— Continuing operations	**(38,519)**	(26,175)
— Discontinued operations	**(789)**	2,147

(iii) Financial assets at fair value through profit or loss

The Group is also exposed to credit risk in relation to debt investments that are measured at fair value through profit or loss, which represent investments in WMPs, private equity fund investments and certain other unlisted investments. The maximum exposure at the end of the reporting period is the carrying amount of these investments.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

The Group has significant cash and bank balances and investments in treasury products 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, which are generated mainly from the operating and investing cash flow.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Since the Group's financial liabilities are the contractual amounts to be exchanged in derivative financial instruments for which gross net cash flows are exchanged and gross loan commitments, the amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total contractual cash flows RMB'000	Carrying amount RMB'000
At 31 March 2021					
Non-derivatives					
Borrowings including interest payable	**126,630**	**—**	**—**	**126,630**	**126,630**
Trade payables (Note 27)	**125,779**	**—**	**—**	**125,779**	**125,779**
Accruals and other payables	**309,874**	**—**	**—**	**309,874**	**309,874**
Lease liabilities	**50,245**	**37,568**	**8,509**	**96,322**	**89,608**
Total Non-derivatives	**612,528**	**37,568**	**8,509**	**658,605**	**651,891**
Derivatives	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total contractual cash flows RMB'000	Carrying amount RMB'000
At 31 March 2020					
Non-derivatives					
Borrowings including interest payable	246,318	—	—	246,318	246,318
Trade payables (Note 27)	148,474	—	—	148,474	148,474
Accruals and other payables	204,215	98	1,147	205,460	205,460
Lease liabilities	47,956	26,455	20,229	94,640	93,101
Total Non-derivatives	646,963	26,553	21,376	694,892	693,353
Derivatives	N/A	N/A	N/A	N/A	N/A

As disclosed in Note 29, as at 31 March 2021, the Group had 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 HKSE 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 2021.

In accordance with the price of listed shares in contracts, the maximum possible amount to settle derivatives is Nil as at 31 March 2021 (As at 31 March 2020: Nil), though the final pay-out may not be to such extent.

3.2 Capital management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

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.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. As at 31 March 2021 and 31 March 2020, the Group has no net debt.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation

(a) Financial assets and liabilities

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

At 31 March 2021	**Level 1 RMB'000**	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Financial assets				
Financial assets at fair value through profit or loss (FVPL)				
— Private equity fund investments	**—**	**—**	**6,760,999**	**6,760,999**
— Other unlisted investments	**—**	**41,582**	**470,033**	**511,615**
— Listed equity securities — stock	**993,794**	**—**	**—**	**993,794**
— Listed perpetual bonds	**53,984**	**—**	**—**	**53,984**
— Listed debt securities	**23,103**	**—**	**—**	**23,103**
— Unlisted fixed coupon notes	**—**	**—**	**65,908**	**65,908**
Total financial assets	**1,070,881**	**41,582**	**7,296,940**	**8,409,403**
Financial liabilities				
Derivatives	**—**	**—**	**(35,403)**	**(35,403)**

At 31 March 2020	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at fair value through profit or loss (FVPL)				
— Private equity fund investments	—	—	4,314,726	4,314,726
— Other unlisted investments	—	—	181,912	181,912
— Listed equity securities — stock	1,738,637	—	—	1,738,637
— Listed preference shares and perpetual bonds	418,669	—	—	418,669
— Listed debt securities	29,113	—	—	29,113
— WMPs	—	244,919	18,000	262,919
Total financial assets	2,186,419	244,919	4,514,638	6,945,976
Financial liabilities				
Derivatives	—	—	(29,616)	(29,616)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

(i) Fair value hierarchy (Continued)

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period. For transfers in and out of level 3 measurements see 3.3(a)(ii) below.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

- Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

  As at 31 March 2021 and 2020, the Group's financial assets that are measure at fair value using level 1 inputs mainly include:

  (i) Listed equity securities — stock, representing investments in ordinary shares of certain US listed companies and Hong Kong listed companies, of which the fair values are determined based on the quoted closing stock prices (level 1: quoted price (unadjusted) in active markets) in the respective stock exchanges where such shares are publicly traded, without any deduction for transaction costs; and

  (ii) Listed perpetual bonds and listed debt securities, representing investments in perpetual bonds and senior notes that are listed on the HKSE or the Singapore Exchange Securities Trading Limited, of which the fair values are determined based on the quoted prices in the respective markets that the Group can access at the reporting date.

- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

  As at 31 March 2021, the Group's financial assets that are measured at fair value using level 2 inputs represent investments in unlisted fund established in Luxembourg that are redeemable on demand and with quoted price published by the management company of the fund on a daily basis. Although the quoted price of the fund is considered observable, they are included in level 2 as such unlisted fund is not traded in an active market.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

(i) Fair value hierarchy (Continued)

- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for private equity fund investments, other unlisted investments, unlisted fixed coupon notes and other derivative products.

  Further details of the Group's financial assets and financial liabilities that are measure at fair value using level 3 inputs are given in Note 3.3(a)(iii) below.

(ii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the year ended 31 March 2021 and the year ended 31 March 2020:

	Financial assets at fair value through profit or loss RMB'000	**Derivatives** RMB'000	**Total** RMB'000
Opening balance 1 April 2019	4,810,794	(41,591)	4,769,203
Acquisitions	3,040,273	14,170	3,054,443
Disposals	(3,464,536)	(14,170)	(3,478,706)
Other gains — net*	78,702	13,795	92,497
Currency translation difference	49,405	(1,820)	47,585
Closing balance 31 March 2020	4,514,638	(29,616)	4,485,022
Opening balance 1 April 2020	**4,514,638**	**(29,616)**	**4,485,022**
Acquisitions	**2,730,849**	**—**	**2,730,849**
Disposals	**(1,042,181)**	**—**	**(1,042,181)**
Other gains/(losses) — net*	**1,225,367**	**(8,348)**	**1,217,019**
Currency translation difference	**(131,733)**	**2,561**	**(129,172)**
Closing balance 31 March 2021	**7,296,940**	**(35,403)**	**7,261,537**

* includes unrealised gains or (losses) recognised in profit or loss attributable to balances held at the end of the reporting period

Year ended 31 March 2021	**1,225,367**	**(8,348)**	**1,217,019**
Year ended 31 March 2020	78,702	13,795	92,497

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

(iii) Valuation techniques, valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements (see (iii) above for the valuation techniques adopted):

Description	Fair value at 31-March 2021 RMB'000	Fair value at 31-March 2020 RMB'000	Valuation Technique	Significant unobservable inputs*	Range of inputs As at 31 March 2021	Range of inputs As at 31 March 2020	Relationship of unobservable inputs to fair value
Financial assets							
Private equity fund investments	**6,760,999**	4,314,726	Net asset value	N/A as quantitative unobservable inputs are not developed by the Group	**N/A**	N/A	N/A
Other unlisted investments (Note 2)	**470,033**	181,912	Market approach	PS PE EV/EBIT DLOM	**PS: 2.04–10.56 EV/EBIT: 28.03 DLOM: 13%–22%**	PE: 15 EV/EBIT: 15.7 DLOM: 20%	Increased or decreased PS or EV/EBIT by 1 would increase or decrease FV by RMB19,767,000 (31 March 2020: RMB11,635,000). Increased or decreased DLOM by 10% would decrease or increase FV by RMB58,650,000 (31 March 2020: RMB22,536,000).
Unlisted fixed coupon notes (Note 3)	**65,908**	–	N/A, prices provided by third parties (issuing banks of the fixed coupon notes) are used	N/A as quantitative unobservable inputs are not developed by the Group	**N/A**	N/A	N/A
WMPs	**–**	18,000	Discounted cash flow	Expected rate of return	**N/A**	2.0%–2.8%	Increased or decreased expected rate of return by 1% would increase or decrease FV by RMB8,000 at 31 March 2020.
Total financial assets	**7,296,940**	4,514,638					
Financial liabilities							
Derivatives (Note 4)	**(35,403)**	(29,616)	N/A as valuation technique is not developed by the Group	N/A as quantitative unobservable inputs are not developed by the Group	**N/A**	N/A	N/A

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

(iii) Valuation techniques, valuation inputs and relationships to fair value (Continued)

There were no significant inter-relationship between unobservable inputs that materially affect fair values.

Notes:

(1) The Group determines the fair valuation of its private equity fund investments 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.

(2) For other unlisted investments, the fair values are determined by using the market approach and the significant unobservable inputs include the valuation multiples (such as PE or EV/EBIT ratio) and DLOM. Management determines the valuation multiples with reference to the respective multiples of comparable companies, as adjusted by the lack of marketability that market participants would consider when estimating the fair value of these investments.

(3) The amount represents the Group's short-term investments in fixed coupon notes with the maturity of no more than 12 months, which are issued by reputable multinational banks such as JPMorgan Chase Bank. The principals and returns on these fixed coupon notes are not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, they are measured at fair value through profit or loss. As at 31 March 2021, management determines the fair value of these fixed coupon notes based on the statements provided by the respective issuing banks. The related valuation technique and valuation inputs are also developed by the issuing banks which are not reasonably available to the Group.

(4) The amount recognised is to reflect the derivative agreements entered into between the Group and certain reputable multinational banks such as Morgan Stanley and Bank Julius Baer with a contract term of no more than 12 months. According to the derivative agreements, certain quantities of the underlying securities listed on the New York Stock Exchange and The Stock Exchange of Hong Kong Limited are agreed to be settled between the Group and the issuing banks at an agreed price when certain agreed events occurred. These investments are designated as derivatives and stated at fair value through profit or loss. As at 31 March 2021, management determines the fair value of these derivatives based on the statements provided by the respective issuing banks. The related valuation technique and valuation inputs are also developed by the issuing banks which are not reasonably available to the Group.

(iv) Valuation processes

The Group has a team of personnel who performs valuation on these level 3 instruments for financial reporting purposes. The team determines the fair value 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 banks of the unlisted fixed coupon notes and other derivative products as well as the banks sponsoring and managing the WMPs, etc), at least twice every financial year, which coincides with the Group's semi-annually reporting dates.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experiences and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4.1 Fair value of financial assets and derivatives

The fair value of financial instruments and derivatives that are not traded in active markets is determined using valuation techniques. These techniques include the use of the net assets value provided by the respective private equity funds, price of recent investments, discounted cash flow model, etc. To the extent practical, models use observable data. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The estimated fair value of the Group's financial assets may not be equal to the related actual results. It may cause adjustments to the fair value of the Group's financial assets.

4.2 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 2021, the Group made a provision for impairment loss of out-season inventories of RMB85,754,000 (As at 31 March 2020: RMB150,734,000) (Note 17).

4.3 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 each balance sheet date 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 public information and market volatility that might bear a significant impact but might not be easily ascertained. As at 31 March 2021, the Group made a provision for impairment of trade receivables and other financial assets at amortised cost of RMB89,660,000 (As at 31 March 2020: RMB60,386,000) (Note 3.1(b), 18, 19).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.4 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 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. SEGMENT INFORMATION

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

The Board of Directors reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The chief operating decision maker considers and assesses the performance of the investment activities and sportswear business separately.

- China Apparel: includes distribution and retail of sport apparel under Kappa brand and other brands and international business which includes the provision of Kappa brand products in other countries.

- Investment: includes investment in kinds of financial assets and treasury products issued by commercial banks.

During the year ended 31 March 2021, the Group discontinued the business in Japan-Apparel segment. Accordingly, certain comparative segment information related to the Japan-Apparel segment is classified as "loss from discontinued operations" in the consolidated statement of profit or loss and other comprehensive income. The impact of the abovementioned changes in the Group's reportable operating segment for the year ended 31 March 2020 is considered retrospectively and the Group's operating segment information is restated as if the Group had reallocated the resources in that period.

Sales between segments are carried out on terms set out in agreements governing the transactions. The revenue from external customers, segment operating profit/(loss) and segment profit/(loss) reported to the chief operating decision maker are measured in a manner consistent with that presented in the consolidated statement of profit or loss and other comprehensive income.

5. SEGMENT INFORMATION (CONTINUED)

The segment results and other items included in the consolidated statement of profit or loss and other comprehensive income provided to the chief operating decision maker for the reportable segments for the year ended 31 March 2021 and the year ended 31 March 2020, respectively are as follows:

	Continuing operations			Discontinued operations	
	China — Apparel RMB'000	Investment RMB'000	Subtotal RMB'000	Japan — Apparel RMB'000	Total RMB'000
Year ended 31 March 2021					
Total revenue before inter-segment elimination	2,036,662	—	2,036,662	188,276	2,224,938
Inter-segment revenue	(67,055)	—	(67,055)	(15,491)	(82,546)
Revenue from external customers	1,969,607	—	1,969,607	172,785	2,142,392
Cost of sales	(678,246)	—	(678,246)	(213,022)	(891,268)
Reversal of impairment of inventories — net	27,660	—	27,660	35,742	63,402
Segment gross profit/(loss)	1,319,021	—	1,319,021	(4,495)	1,314,526
Other gains, net	20,290	2,094,582	2,114,872	73,671	2,188,543
Segment operating profit/(loss)	58,688	2,011,238	2,069,926	(54,687)	2,015,239
Finance income	2,335	1,836	4,171	6	4,177
Finance expenses	(12,734)	(6,863)	(19,597)	(927)	(20,524)
Share of loss of investments accounted for using the equity method	(2,358)	(22,741)	(25,099)	—	(25,099)
Profit/(loss) before income tax	45,931	1,983,470	2,029,401	(55,608)	1,973,793
Income tax (expense)/benefit	(36,170)	(129,203)	(165,373)	977	(164,396)
Profit/(loss) for the year	9,761	1,854,267	1,864,028	(54,631)	1,809,397
Material items of income and expense					
Depreciation and amortisation	64,774	—	64,774	16,545	81,319
Reversal of impairment losses of inventories — net	(27,660)	—	(27,660)	(35,742)	(63,402)
(Reversal of)/provision for impairment losses on financial assets — net	(21,580)	60,099	38,519	789	39,308
Selling and advertising expenses	921,143	—	921,143	20,905	942,048

5. SEGMENT INFORMATION (CONTINUED)

	Continuing operations China — Apparel RMB'000	Investment RMB'000	Subtotal RMB'000	Discontinued operations Japan — Apparel RMB'000	Total RMB'000
Year ended 31 March 2020 (Restated)					
Total revenue before inter-segment elimination	1,599,374	—	1,599,374	308,418	1,907,792
Inter-segment revenue	(58,561)	—	(58,561)	(7,974)	(66,535)
Revenue from external customers	1,540,813	—	1,540,813	300,444	1,841,257
Cost of sales	(517,587)	—	(517,587)	(185,867)	(703,454)
Provision for impairment of inventories — net	(15,010)	—	(15,010)	(13,975)	(28,985)
Segment gross profit	1,008,216	—	1,008,216	100,602	1,108,818
Other gains, net	59,417	566,973	626,390	24,720	651,110
Segment operating (loss)/profit	(18,455)	548,211	529,756	(46,135)	483,621
Finance income	8,211	1,423	9,634	1,847	11,481
Finance expenses	(3,348)	(13,831)	(17,179)	(1,694)	(18,873)
Share of gain/(loss) of investments accounted for using the equity method	3,196	(33,628)	(30,432)	(349)	(30,781)
(Loss)/profit before income tax	(10,396)	502,175	491,779	(46,331)	445,448
Income tax (expense)/benefit	(30,370)	(55,428)	(85,798)	97	(85,701)
(Loss)/profit for the year	(40,766)	446,747	405,981	(46,234)	359,747
Material items of income and expense					
Depreciation and amortisation	51,451	—	51,451	23,691	75,142
Provision for impairment losses of inventories — net	15,010	—	15,010	13,975	28,985
Provision for/(reversal of) impairment losses on financial assets — net	26,175	—	26,175	(2,147)	24,028
Selling and advertising expenses	720,737	—	720,737	46,912	767,649

5. SEGMENT INFORMATION (CONTINUED)

The segment assets and liabilities and reconciliations to the Group's total assets and total liabilities are as follows:

	Continuing operations			Discontinued operations	
	China — Apparel RMB'000	Investment RMB'000	Subtotal RMB'000	Japan — Apparel RMB'000	Total RMB'000
As at 31 March 2021					
Cash and cash equivalents	241,521	1,569,885	1,811,406	12,351	1,823,757
Restricted cash	134	—	134	—	134
Investments accounted for using the equity method	50,345	44,311	94,656	—	94,656
Financial assets at fair value through profit or loss	—	8,409,403	8,409,403	—	8,409,403
Deferred income tax assets	127,947	14,824	142,771	—	142,771
Right-of-use assets	96,716	—	96,716	—	96,716
Other assets	660,531	1,093,297	1,753,828	74,543	1,828,371
Total assets before inter-segment elimination	1,177,194	11,131,720	12,308,914	86,894	12,395,808
Inter-segment elimination	290,745	—	290,745	(48,763)	241,982
Segment assets	1,467,939	11,131,720	12,599,659	38,131	12,637,790
Deferred income tax liabilities	4,464	334,502	338,966	577	339,543
Current income tax liabilities	15,622	—	15,622	—	15,622
Lease liabilities	89,608	—	89,608	—	89,608
Other liabilities	412,157	279,256	691,413	321,416	1,012,829
Total liabilities before inter-segment elimination	521,851	613,758	1,135,609	321,993	1,457,602
Inter-segment elimination	(48,756)	—	(48,756)	(306,981)	(355,737)
Segment liabilities	473,095	613,758	1,086,853	15,012	1,101,865

5. SEGMENT INFORMATION (CONTINUED)

	Continuing operations			Discontinued operations	
	China — Apparel	Investment	Subtotal	Japan — Apparel	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 March 2020 (Restated)					
Cash and cash equivalents	199,432	1,825,589	2,025,021	38,129	2,063,150
Investments accounted for using the equity method	47,562	69,611	117,173	—	117,173
Financial assets at fair value through profit or loss	—	6,945,976	6,945,976	—	6,945,976
Deferred income tax assets	177,117	11,224	188,341	—	188,341
Right-of-use assets	65,992	—	65,992	34,169	100,161
Other assets	1,342,984	1,121,053	2,464,037	194,152	2,658,189
Total assets before inter-segment elimination	1,833,087	9,973,453	11,806,540	266,450	12,072,990
Inter-segment elimination	(373,910)	—	(373,910)	(9,584)	(383,494)
Segment assets	1,459,177	9,973,453	11,432,630	256,866	11,689,496
Deferred income tax liabilities	1,166	227,285	228,451	3,414	231,865
Current income tax liabilities	40,599	—	40,599	1,572	42,171
Lease liabilities	57,293	—	57,293	35,808	93,101
Other liabilities	471,400	190,192	661,592	439,670	1,101,262
Total liabilities before inter-segment elimination	570,458	417,477	987,935	480,464	1,468,399
Inter-segment elimination	(30,569)	—	(30,569)	(364,188)	(394,757)
Segment liabilities	539,889	417,477	957,366	116,276	1,073,642

As at 31 March 2021, the total non-current assets other than financial assets and deferred tax assets located in the PRC amounted to RMB483,412,000 (As at 31 March 2020: RMB534,400,000) and those located in other countries and regions amounted to RMB6,097,000 (As at 31 March 2020: RMB65,276,000).

6. OTHER GAINS — NET

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 Restated RMB'000
Change in fair value of financial instruments at fair value through profit or loss	**1,447,614**	378,027
Gain on disposal of financial assets at fair value through profit or loss	**309,825**	25,121
Investment income from financial assets at fair value through profit or loss	**272,759**	93,225
Investment income from loans receivables	**72,937**	59,894
Government subsidy income	**16,600**	50,336
Gain on disposal of a joint venture	**12,664**	791
Foreign exchange (losses)/gains	**(31,611)**	2,581
Others — net	**14,084**	16,415
	2,114,872	626,390

7. EXPENSES BY NATURE

The expenses included in cost of sales, (reversal of)/provision for impairment of inventories — net, distribution expenses and administrative expenses are analysed as follows:

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 Restated RMB'000
Cost of inventories recognised as cost of sales (Note 17)	**678,246**	516,561
Selling and advertising expenses	**921,143**	720,737
Employee salary and benefit expenses (Note 8)	**156,187**	150,846
Logistic fees	**49,048**	42,012
Depreciation of right-of-use assets (Note 15)	**49,634**	35,757
Expenses relating to short-term leases and variable leases (Note 15)	**38,861**	32,223
(Reversal of)/provision for impairment of inventories (Note 17)	**(27,660)**	15,010
Product design and development expenses	**26,452**	24,012
Professional expenses	**11,270**	5,133
Amortisation of intangible assets (Note 14)	**8,723**	9,211
Travelling expenses	**7,189**	12,151
Depreciation of property, plant and equipment (Note 13)	**6,417**	6,483
Auditor's remuneration	**4,840**	5,586
— Audit services	**4,300**	4,800
— Non-audit services	**540**	786
Others	**45,684**	35,550
	1,976,034	1,611,272

8. EMPLOYEE SALARY AND BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 Restated RMB'000
Wages and salaries	**104,554**	87,663
Pension costs (Note (a))	**2,545**	7,859
Termination benefits	**2,375**	10,829
Share-based compensation expenses (Note 26(b))	**2,102**	1,478
Other benefits	**44,611**	43,017
	156,187	150,846

Notes:

(a) Pensions — defined contribution plans

The employees of the Group in the PRC (including Hong Kong) participate in defined contribution retirement benefit plans organised by the relevant local governments. The Group is required to make monthly defined contributions to these plans at rates ranging from 0% to 16% (Year ended 31 March 2020: 13% to 20%) in the PRC of the employees' basic salaries for the year, depending upon the applicable local regulations.

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.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 March 2021 include three (Year ended 31 March 2020: three) directors whose emoluments are reflected in the analysis shown in Note 39. The emoluments payable to the remaining two (Year ended 31 March 2020: two) individuals during the year are as follows:

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 Restated RMB'000
Salaries and others	**3,951**	3,341
Pension costs	**147**	122
	4,098	3,463

8. EMPLOYEE SALARY AND BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS (CONTINUED)

Notes: (Continued)

(b) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	Number of individuals	
	For the year ended 31 March 2021	For the year ended 31 March 2020 Restated
Emolument bands:		
HKD1,500,001 to HKD2,000,000	**1**	2
HKD2,000,001 to HKD2,500,000	**1**	—

9. FINANCE EXPENSES — NET

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 Restated RMB'000
Finance income:		
— Foreign exchange gains	**—**	1,058
— Interest income	**4,171**	8,576
	4,171	9,634
Finance expenses:		
— Foreign exchange losses	**(6,370)**	—
— Interest cost	**(8,690)**	(14,271)
— Interest of lease liabilities	**(4,042)**	(2,473)
— Others	**(495)**	(435)
	(19,597)	(17,179)
Finance expenses — net	**(15,426)**	(7,545)

10. INCOME TAX EXPENSE

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 Restated RMB'000
Current income tax		
— PRC corporate income tax ("CIT")	**3,964**	20,827
— Withholding and remit tax recognised	**7,184**	33,815
— Taxation in Japan	**—**	—
Deferred income tax (Note 16)	**153,248**	31,059
	164,396	85,701
Income tax expense/(benefit) is attributable to:		
— Continuing operations	**165,373**	85,798
— Discontinued operations	**(977)**	(97)

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 and Singapore profits tax have not been provided as there are no estimated assessable profits arising in or derived from Hong Kong and Singapore during the year ended 31 March 2021 (Year ended 31 March 2020: Nil).

Provision for the PRC corporate income tax is calculated based on the statutory tax rate of 25% (Year ended 31 March 2020: 25%) on the assessable income of the group companies, except for Group's subsidiaries incorporated in Tibet Autonomous Region which is subject to preferential tax rate of 15% (Year ended 31 March 2020: 15%).

According to the PRC New Corporate Income Tax Law ("New CIT Law"), distribution of profits earned by PRC companies since 1 January 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies. As at 31 March 2021, the Group had provided a deferred tax liability amounting to RMB185,983,000 (As at 31 March 2020: RMB148,568,000) in relation to the profit of the Group's PRC subsidiaries that will be distributed in the future (Note 16).

10. INCOME TAX EXPENSE (CONTINUED)

The subsidiary incorporated in Japan is subject to income tax and local inhabitant tax. The corporate income tax rate for the year ended at 31 March 2021 applicable to this subsidiary was 15% for the taxable income part less than JPY8,000,000 and 23.4% for the taxable income part over JPY8,000,000 (During the year ended 31 March 2020: 15% or 23.4%) of the assessable profit. The inhabitant tax is determined based on the taxpayer's share capital, operating locations and number of employees and rates on the taxpayer's income tax payable, subject to a certain minimum payment. As there was no assessable profit derived during the year ended at 31 March 2021 (Year ended 31 March 2020: Nil), the subsidiary was subject to the minimum inhabitant tax payments.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to profits of the consolidated companies as follows:

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 Restated RMB'000
Profit from continuing operations before income tax expense	**2,029,401**	491,779
Loss from discontinued operations before income tax expense	**(55,608)**	(46,331)
	1,973,793	445,448
Tax calculated at applicable tax rates of 25%	**493,448**	111,362
Tax effects of		
— Tax losses and temporary differences for which no deferred income tax asset was recognised	**42,471**	41,091
— Provision for withholding income tax on profits of PRC subsidiaries to be distributed to foreign investors (Note 16)	**37,416**	190
— Expenses or losses not deductible for tax purpose	**1,454**	1,256
— Impact on share of results of joint ventures and associates	**(577)**	2,448
— Utilised previously unrecognized tax losses	**(4,661)**	(5,801)
— Impact of different tax rate	**(412,339)**	(98,660)
— Withholding and remit tax recognized during current year	**7,184**	33,815
	164,396	85,701

11. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue less shares held for Restricted Share Award Scheme during the year.

	For the year ended 31 March 2021	For the year ended 31 March 2020 Restated
Profit from continuing operations attributable to owners of the Company (RMB'000)	**1,860,797**	408,311
Loss attributable to owners of the Company from discontinued operations (RMB'000)	**(50,252)**	(41,978)
Profit attributable to owners of the Company (RMB'000)	**1,810,545**	366,333
Weighted average number of ordinary shares in issue less shares held for Restricted Share Award Scheme (thousands)	**5,863,072**	5,863,071
Basic earnings per share for profit from continuing operations (RMB cents per share)	**31.74**	6.97
Basic loss per share for loss from discontinued operations (RMB cents per share)	**(0.86)**	(0.72)
Total basic earnings per share (RMB cents per share)	**30.88**	6.25

11. EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group's dilutive potential shares comprise only share option scheme. In relation to shares issued under share option schemes, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the year) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	For the year ended 31 March 2021	For the year ended 31 March 2020 Restated
Profit from continuing operations attributable to owners of the Company (RMB'000)	**1,860,797**	408,311
Loss attributable to owners of the Company from discontinued operations (RMB'000)	**(50,252)**	(41,978)
Profit attributable to equity holders of the Company	**1,810,545**	366,333
Weighted average number of ordinary shares in issue less shares held for Restricted Share Award Scheme (thousands)	**5,863,072**	5,863,071
Adjustment for share options (thousands)	**265**	—
Weighted average number of ordinary shares in issue for diluted earnings per share (thousands)	**5,863,337**	5,863,071
Diluted earnings per share for profit from continuing operations (RMB cents per share)	**31.74**	6.97
Diluted loss per share for loss from discontinued operations (RMB cents per share)	**(0.86)**	(0.72)
Total diluted earnings per share (RMB cents per share)	**30.88**	6.25

12. SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(a) Subsidiaries

The following is a list of the principal subsidiaries at 31 March 2021:

Name of entity	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 2021 %	Ownership interest held by the Group As at 31 March 2020 %	Ownership interest held by non-controlling interests As at 31 March 2021 %	Ownership interest held by non-controlling interests As at 31 March 2020 %
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%	–	–
光景集團有限公司 Brilliant King Group Ltd	British Virgin Island, limited liability company	US$1	Investment holding, British Virgin Island	100%	100%	–	–
明泰企業有限公司 Bright Pacific Enterprises Limited	British Virgin Island, limited liability company	US$100	Investment holding, British Virgin Island	100%	100%	–	–
Phenix Ski Europe S.A	Swit, limited liability company	CHF 105,000	Retail company for Phenix	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%	–	–
北京動向體育發展有限公司 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%	–	–
上海卡帕體育用品有限公司 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%	–	–
上海泰坦體育用品有限公司 Shanghai Taitan Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB1,500,000	Design, production and sales of sport-related footwear, apparel and accessories, PRC	100%	100%	–	–
考伊斯體育用品商貿(上海) 有限公司 Coeus Sporting Goods Trading (Shanghai) Co., Ltd.	The PRC, limited liability company	USD23,900,000	Sales of sport-related footwear, apparel and accessories, PRC	100%	100%	–	–
上海嘉班納體育用品有限公司 Shanghai Gabbana Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB120,000,000	Design and consulting services, PRC	100%	100%	–	–
上海克瑞斯體育用品有限公司 Shanghai Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB42,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	100%	100%	–	–
哈爾濱克瑞斯體育用品有限公司 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%	–	–
Japan Dongxiang Co., Ltd. (i)	Japan, limited liability company	JPY1,000,000	Investment holding, Japan	100%	–	–	–
Phenix Co., Ltd.	Japan, limited liability company	JPY99,000,000	Brand development, design and sales of sport-related apparel, Japan	91%	91%	9%	9%
北京快樂運動體育用品有限公司 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%	–	–
大連克瑞斯體育用品有限公司 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%	–	–

12. SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(a) Subsidiaries (Continued)

				Ownership interest held by the Group		Ownership interest held by non-controlling interests	
Name of entity	Place of incorporation and kind of legal entity	Particulars of issued/ registered capital	Principal activities and place of operation	As at 31 March 2021 %	As at 31 March 2020 %	As at 31 March 2021 %	As at 31 March 2020 %
深圳克瑞斯特體育用品有限公司 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%	–	–
鄭州克瑞斯體育用品有限公司 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%	–	–
武漢克瑞斯體育用品有限公司 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%	–	–
湖南克瑞斯體育用品有限公司 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%	–	–
上海動向體育用品有限公司 Shanghai Dongxiang Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB20,000,000	Design, sales of sports-related products, apparel and accessories, imports and exports, PRC	100%	100%	–	–
杭州克雷斯體育用品有限公司 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%	–	–
天津克瑞斯體育用品有限公司 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%	–	–
南京克瑞特斯體育用品有限公司 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%	–	–
北京克瑞特斯體育用品有限公司 Beijing Curetes Sporting Goods Co., Ltd. (i)	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	100%	100%	–	–
太倉泰坦體育用品有限公司 Taicang Taitan Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB106,000,000	Design, production and sales of sports-related footwear, apparel and accessories, PRC	100%	100%	–	–
上海卡帕動力兒童體育用品有限公司 Shanghai Kappa Kinetic Kids Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB1,000,000	Design, sales of children's clothing	100%	100%	–	–
西藏普魯都斯投資管理有限公司 Tibet Plutus Investment Management Co., Ltd.	The PRC, limited liability company	RMB10,000,000	Investment	100%	100%	–	–
西藏佑德投資管理有限公司 (iii) Tibet Youde Investment Management Co., Ltd.(iii)	The PRC, limited liability company	RMB2,000,000	Investment	100%	100%	–	–
西藏雷澤資本投資有限公司 (iii) Tibet Leize Capital Investment Co., Ltd.(iii)	The PRC, limited liability company	RMB10,000,000	Investment	100%	100%	–	–
西藏瑞亞體育用品有限公司 Tibet Rhea Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB5,000,000	Purchase for children's garments	100%	100%	–	–
西藏赫拉體育用品有限公司 Tibet Hera Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB2,000,000	Purchasing company	100%	100%	–	–
上海特提斯體育用品有限公司 Shanghai Tethys Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB20,000,000	Sales company	100%	100%	–	–
天津邁盛悅合體育用品有限公司 (ii) Tianjin Mai Sheng Yue He Sporting Goods Co., Ltd.(ii)	The PRC, limited liability company	RMB5,000,000	Retail sales of sports-related products, apparel and accessories, PRC	–	77%	–	23%
昆明赫提體育用品有限公司 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%	–	–

12. SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(a) Subsidiaries (Continued)

Name of entity	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		Ownership interest held by non-controlling interests	
				As at 31 March 2021 %	As at 31 March 2020 %	As at 31 March 2021 %	As at 31 March 2020 %
蘭州克瑞斯體育用品有限公司 (i) 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%	–	–	–
上海鎔富投資管理中心 (有限合夥) Shanghai Rongfu Investment	The PRC, limited partnership	RMB780,000,000	Investment	100%	100%	–	–
CPE Assets Allocation Fund D, L.P.	Cayman Islands, limited partnership	USD157,026,929	Investment	100%	100%	–	–

Note:

(i) These group entities are newly established during the year ended 31 March 2021.

(ii) This group entity was deregistered on 11 September 2020.

(iii) The Company 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 presented as structured entities of the Company.

(b) Non-controlling interests

The total non-controlling interests as at 31 March 2021 amounted to RMB3,162,000 (As at 31 March 2020: RMB4,204,000). No subsidiary has non-controlling interests that are material to the Group.

12. SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(c) Investments accounted for using the equity method

(i) Interests in associates and joint ventures accounted for using the equity method

Set out below are the associates and joint ventures of the Group as at 31 March 2021 which, in the opinion of the directors, are immaterial to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/ country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Carrying amount	
		As at 31 March 2021 %	As at 31 March 2020 %			**As at 31 March 2021 RMB'000**	As at 31 March 2020 RMB'000
Mai Sheng Yue He Sporting Goods Co., Ltd Group ("MSYH")	PRC	**30%**	30%	Joint Venture	Equity method	**46,704**	47,562
Shanghai Shengyong Enterprise Management Partnership (Limited Partnership) ("Shanghai Shengyong") (i)	PRC	**—**	49%	Joint Venture	Equity method	**—**	26,863
Tianjin Ganquan Yijia Investment Partnership (Limited Partnership) ("Tianjin Ganquan") (ii)	PRC	**39%**	—	Joint Venture	Equity method	**22,523**	—
Boundary Bay Investment LLC	US	**35%**	35%	Associate	Equity method	**21,789**	38,784
Yueshang (Tianjin) Apparel Co., Ltd.	PRC	**25%**	25%	Associate	Equity method	**3,640**	3,964
Total equity accounted investments						**94,656**	117,173

(i) Pursuant to the partner's resolution passed on 31 March 2021, Shanghai Shengyong was early liquidated and the Group received a capital return of RMB39,000,000 with a gain on disposal of RMB12,664,000 recognised (Note 6).

(ii) Pursuant to a limited partnership agreement, the Group, as a limited partnership, made capital contribution of RMB30,000,000 to Tianjin Ganquan (a limited partnership established in the PRC of which the principal activity is investment holding).

12. SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(c) Investments accounted for using the equity method (Continued)

(i) Interests in associates and joint ventures accounted for using the equity method (Continued)

The Group uses the equity method to account for these investments. The table below provides the aggregate carrying amount information.

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
At beginning of the year	**117,173**	151,680
Addition	**30,000**	—
Disposal	**(26,336)**	(8,603)
Share of loss for the year	**(25,099)**	(30,781)
Elimination of unrealised profit	**1,176**	3,087
Currency translation difference	**(2,258)**	1,790
At ending of the year	**94,656**	117,173

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Buildings RMB'000	Office furniture and equipment RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Construction in-progress RMB'000	Total RMB'000
At 1 April 2019							
Cost	27,123	75,367	69,328	1,692	20,317	24,066	217,893
Accumulated depreciation	—	(41,067)	(55,994)	(1,220)	(8,544)	—	(106,825)
Net book amount	27,123	34,300	13,334	472	11,773	24,066	111,068
For the year ended 31 March 2020							
Opening net book amount	27,123	34,300	13,334	472	11,773	24,066	111,068
Changes in accounting policies	—	—	—	—	(3,729)	—	(3,729)
Transfer	2,700	22,832	—	—	—	(25,532)	—
Additions	—	—	1,839	—	969	210	3,018
Disposals	(5,979)	—	(765)	(2)	(376)	—	(7,122)
Depreciation	—	(3,176)	(4,763)	(151)	(2,553)	—	(10,643)
Currency translation difference	1,393	322	516	—	905	1,256	4,392
Closing net book amount	25,237	54,278	10,161	319	6,989	—	96,984
At 31 March 2020							
Cost	25,237	98,748	68,330	1,650	17,429	—	211,394
Accumulated depreciation	—	(44,470)	(58,169)	(1,331)	(10,440)	—	(114,410)
Net book amount	25,237	54,278	10,161	319	6,989	—	96,984
For the year ended 31 March 2021							
Opening net book amount	**25,237**	**54,278**	**10,161**	**319**	**6,989**	**—**	**96,984**
Additions	**—**	**—**	**3,495**	**8**	**—**	**—**	**3,503**
Disposals	**—**	**—**	**(4,606)**	**(7)**	**(3,785)**	**—**	**(8,398)**
Depreciation	**—**	**(4,562)**	**(2,864)**	**(130)**	**(1,593)**	**—**	**(9,149)**
Impairment	**—**	**(202)**	**(55)**	**—**	**(523)**	**—**	**(780)**
Currency translation difference	**(1,759)**	**(2,035)**	**(494)**	**—**	**(537)**	**—**	**(4,825)**
Closing net book amount	**23,478**	**47,479**	**5,637**	**190**	**551**	**—**	**77,335**
At 31 March 2021							
Cost	**23,478**	**96,226**	**56,289**	**1,431**	**3,379**	**—**	**180,803**
Accumulated depreciation and impairment	**—**	**(48,747)**	**(50,652)**	**(1,241)**	**(2,828)**	**—**	**(103,468)**
Net book amount	**23,478**	**47,479**	**5,637**	**190**	**551**	**—**	**77,335**

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation expenses have been charged to the consolidated statement of profit or loss and other comprehensive income as follows:

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
Administrative expenses	**4,828**	5,207
Manufacturing overheads included in cost of goods sold	**967**	970
Distribution expenses	**3,354**	4,466
	9,149	10,643
— Continuing operations	**6,417**	6,483
— Discontinued operations	**2,732**	4,160

There is no pledge of property, plant and equipment of the Group as at 31 March 2021 and at 31 March 2020.

The Group owns freehold land and buildings located in Japan and the US.

The Group also owns buildings on land with land use right term within 50 years located in Beijing and Jiangsu province, the PRC.

14. INTANGIBLE ASSETS

	KAPPA trademarks RMB'000	Phenix trademark RMB'000	Computer software RMB'000	Total RMB'000
At 1 April 2019				
Cost	386,537	8,605	76,430	471,572
Accumulated amortisation	(185,112)	(1,917)	(70,659)	(257,688)
Net book amount	201,425	6,688	5,771	213,884
For the year ended 31 March 2020				
Opening net book amount	201,425	6,688	5,771	213,884
Additions	—	—	764	764
Amortisation charge	(7,567)	(215)	(2,347)	(10,129)
Currency translation difference	1,037	—	24	1,061
Closing net book amount	194,895	6,473	4,212	205,580
At 31 March 2020				
Cost	386,537	8,605	77,194	472,336
Accumulated amortisation	(191,642)	(2,132)	(72,982)	(266,756)
Net book amount	194,895	6,473	4,212	205,580
For the year ended 31 March 2021				
Opening net book amount	**194,895**	**6,473**	**4,212**	**205,580**
Additions	**—**	**—**	**459**	**459**
Disposal (a)	**(13,524)**	**—**	**(117)**	**(13,641)**
Amortisation charge	**(7,268)**	**(216)**	**(1,925)**	**(9,409)**
Currency translation difference	**(238)**	**—**	**(35)**	**(273)**
Closing net book amount	**173,865**	**6,257**	**2,594**	**182,716**
At 31 March 2021				
Cost	**373,013**	**8,605**	**77,536**	**459,154**
Accumulated amortisation	**(199,148)**	**(2,348)**	**(74,942)**	**(276,438)**
Net book amount	**173,865**	**6,257**	**2,594**	**182,716**

14. INTANGIBLE ASSETS (CONTINUED)

Amortisation expenses have been charged to the consolidated statement of profit or loss and other comprehensive income as follows:

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
Administrative expenses	**2,081**	2,326
Distribution expenses	**7,328**	7,803
	9,409	10,129
— Continuing operations	**8,723**	9,211
— Discontinued operations	**686**	918

The KAPPA trademarks represent the perpetual rights of the use of KAPPA trademarks in the PRC, Macau and Japan. The KAPPA trademarks for the PRC and Macau were purchased by the Group from a third party in 2006 at a consideration of USD35,000,000 (equivalent to approximately RMB280,994,000). The Phenix trademark for Japan were obtained in the acquisition of Phenix Co., Ltd. ("Phenix") in April 2008. The KAPPA and Phenix trademarks are subject to amortisation on a straight-line basis over an estimated useful life of 40 years.

Amortisation expenses in relation to trademarks have been charged to distribution expenses and those in relation to computer software have been charged to administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

(a) In July 2020, the Group entered into an agreement with Basic Trademark S.r.l con socio unico, a third party, to dispose the registered trademarks of "Kappa" and "Robe di Kappa" and intellectual property rights in connection with such registered trademarks used in Japan Business ("Kappa Japan Trademarks") and other intellectual properties owned by the Group and used in the Japan Business, including copyrights on marketing materials, domain names and digital assets, products specifications and design rights on products and goodwill in relation to the Japan Business ("IP Miscellaneous Assets") with a total consideration of USD13 million (equivalent to approximately RMB88,902,000).

The Kappa Japan Trademarks and the IP Miscellaneous Assets are used by the Group to conduct the business of manufacturing, purchasing, selling, promoting and distributing products under the Kappa Japan Trademarks in Japan.

As a result of the above disposal, the Group derecognised intangible assets with net book value of RMB13,524,000 and recognised a gain of RMB75,378,000 for the current reporting period in discontinued operations (Note 34).

15. LEASES

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	As at 31 March 2021 RMB'000	As at 31 March 2020 RMB'000
Right-of-use assets		
Lease prepayments	**9,938**	10,224
Restoration costs	**—**	2,703
Properties and warehouses	**86,778**	87,234
	96,716	100,161
Lease Liabilities		
Current	**47,967**	44,516
Non-current	**41,641**	48,585
	89,608	93,101

Movements on the Group's right-of-use assets are as follow:

	Year ended 31 March	
	2020 RMB'000	2019 RMB'000
At 1 April		
Cost	**155,933**	96,418
Accumulated depreciation	**(55,772)**	—
Opening net book amount	**100,161**	96,418
Year ended 31 March		
Opening net book amount	**100,161**	96,418
Additions	**84,152**	61,910
Depreciation charge	**(62,761)**	(54,370)
Impairment	**(6,383)**	—
Disposal	**(3,795)**	(7,502)
Lease modification	**(12,164)**	—
Currency translation difference	**(2,494)**	3,705
Closing net book amount	**96,716**	100,161
At 31 March		
Cost	**173,379**	155,933
Accumulated depreciation	**(76,663)**	(55,772)
Closing net book amount	**96,716**	100,161

15. LEASES (CONTINUED)

(ii) Amounts recognised in the statement of profit or loss and other comprehensive income

The consolidated financial statements show the following amounts relating to leases:

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
Depreciation charge of right-of-use assets		
— for continuing operations		
Lease prepayments	**285**	285
Restoration costs	**—**	1,026
Properties and warehouses	**49,349**	34,446
	49,634	35,757
— for discontinued operations	**13,127**	18,613
	62,761	54,370
— for continuing operations		
Interest of lease liabilities (included in finance expense — net) (Note 9)	**4,042**	2,473
Expense relating to short-term leases not included in lease liabilities (included in distribution expenses and administrative expenses)	**33,477**	31,213
Expense relating to variable leases not included in lease liabilities (included in distribution expenses)	**5,384**	1,010
	42,903	34,696
— for discontinued operations	**6,172**	2,943
	49,075	37,639

(iii) Amounts recognised in the statement of cashflow

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
The cash outflow for leases as operating activities	**47,853**	34,804
The cash outflow for leases as financing activities	**61,568**	48,672

15. LEASES (CONTINUED)

(iv) Variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 100% of lease payments are on the basis of variable payment terms with percentages ranging from 3% to 27% of sales. 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 RMB538,000 for the year ended 31 March 2021 (for the year ended 31 March 2020: RMB250,000).

16. DEFERRED INCOME TAX

a. Deferred tax assets

The balance comprises temporary differences attributable to:

	As at 31 March 2021 RMB'000	As at 31 March 2020 RMB'000
Provision for impairment of trade receivables and other financial assets at amortised cost	**24,476**	15,195
Provision for impairment of inventories	**21,439**	24,920
Provision for sales returns/rebates	**3,820**	5,391
Tax losses	**66,082**	91,631
Elimination for inventory	**24,795**	47,922
Lease liabilities	**12,824**	14,251
Other accrued expenses	**1,715**	2,902
Total deferred tax assets	**155,151**	202,212
Set-off of deferred tax liabilities pursuant to set-off right-of-use assets	**(12,380)**	(13,871)
Net deferred tax assets	**142,771**	188,341

16. DEFERRED INCOME TAX (CONTINUED)

a. Deferred tax assets (Continued)

Movements	Provision for sales returns/ rebates RMB'000	Provision for impairment of inventories RMB'000	Provision for impairment of trade receivables and other financial assets at amortised cost RMB'000	Fair value changes of investments in financial assets RMB'000	Elimination for inventory RMB'000	Lease liabilities RMB'000	Other accrued expenses RMB'000	Tax losses RMB'000	Total RMB'000
At 1 April 2019	7,980	21,412	13,138	—	84,961	—	10,841	114,354	252,686
(Charged)/credited to profit or loss (Note 10)	(2,589)	3,508	2,057	—	(37,039)	14,251	(7,939)	(22,723)	(50,474)
At 31 March 2020	5,391	24,920	15,195	—	47,922	14,251	2,902	91,631	202,212
(Charged)/credited to profit or loss (Note 10)	(1,571)	(3,481)	9,281	—	(23,127)	(1,427)	(1,187)	(25,549)	(47,061)
At 31 March 2021	**3,820**	**21,439**	**24,476**	**—**	**24,795**	**12,824**	**1,715**	**66,082**	**155,151**

As at 31 March 2021, deferred income tax assets of RMB42,471,000 (As at 31 March 2020: RMB41,091,000) have not been recognised in respect of the tax losses amounting to RMB169,884,000 (As at 31 March 2020: RMB164,364,000) which can be carried forward against future taxable income. The tax losses mainly resulted from accumulated operating losses of the subsidiaries of the Group.

b. Deferred tax liabilities

The balance comprises temporary differences attributable to:

	As at 31 March 2021 RMB'000	As at 31 March 2020 RMB'000
Withholding income tax on profit distribution of PRC subsidiaries	**185,983**	148,568
Fair value changes of investments in financial assets	**148,517**	78,736
Right-of-use assets	**12,920**	13,871
Others	**4,503**	4,561
Total deferred tax liabilities	**351,923**	245,736
Set-off of deferred tax liabilities pursuant to set-off right-of-use assets	**(12,380)**	(13,871)
Net deferred tax liabilities	**339,543**	231,865

16. DEFERRED INCOME TAX (CONTINUED)

b. Deferred tax liabilities (Continued)

Movements	Withholding income tax on profit distribution of PRC subsidiaries	Fair value changes of investments in financial assets	Right-of-use assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2019	148,378	110,612	—	6,161	265,151
Charged/(credited) to profit or loss (Note 10)	190	(31,876)	13,871	(1,600)	(19,415)
At 31 March 2020	148,568	78,736	13,871	4,561	245,736
Charged/(credited) to profit or loss (Note 10)	37,415	69,781	(951)	(58)	106,187
At 31 March 2021	**185,983**	**148,517**	**12,920**	**4,503**	**351,923**

According to the New CIT Law, distribution of profits earned by PRC companies since 1 January 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies. During the year ended 31 March 2021, the Group anticipated to distribute the profit of the PRC subsidiaries in the future to foreign investors. Therefore, deferred tax liabilities in respect of those profits of RMB37,416,000 (Year ended 31 March 2020: RMB190,000) were recognised.

17. INVENTORIES

	As at 31 March 2021 RMB'000	As at 31 March 2020 RMB'000
Finished goods	**445,109**	589,531
Raw materials	**1,407**	2,914
Work in progress	**8,839**	15,706
Less: provision for inventories	**(85,754)**	(150,734)
	369,601	457,417

The cost of inventories recognised as cost of sales amounted to approximately RMB678,246,000 (Year ended 31 March 2020: RMB516,561,000) (Note 7) for the year ended 31 March 2021.

For the year ended 31 March 2021, the Group reversed impairment losses of inventories of RMB63,402,000, of which a reversal of impairment losses of inventories of RMB27,660,000 was made for continuing operations (Year ended 31 March 2020: provision for impairment losses of inventories of RMB28,985,000, of which RMB15,010,000 was made for continuing operations).

18. TRADE RECEIVABLES

	As at 31 March 2021 RMB'000	As at 31 March 2020 RMB'000
Trade receivables		
— Third parties	**163,021**	146,623
— Related parties (Note 36(b))	**27,240**	33,903
	190,261	180,526
Less: provision for impairment	**(9,311)**	(39,463)
Trade receivables, net	**180,950**	141,063

The Group's sales are mainly made on credit limits and the Group would deny credit sales to customers if the trade receivables of these customers exceeded their credit limits. Customers are normally granted credit terms within 30–45 days. The aging analysis of trade receivables as at 31 March 2021 and 31 March 2020 was as follows:

	As at 31 March 2021 RMB'000	As at 31 March 2020 RMB'000
Within 30 days	**99,667**	67,874
31 to 180 days	**86,861**	90,827
Over 180 days	**3,733**	21,825
	190,261	180,526

The trade receivables were mainly denominated in RMB and JPY. Due to the short-term nature of the current receivables, their carrying amounts approximated their fair values as at the balance sheet dates.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Note 3.1(b) provides for details about the calculation of the allowance.

Information about the impairment of trade receivables and the Group's exposure to credit risk and foreign currency risk can be found in Note 3.1.

19. OTHER FINANCIAL ASSETS AT AMORTISED COST

	As at 31 March 2021 RMB'000	As at 31 March 2020 RMB'000
Current portion:		
Loans receivable (a)	**577,032**	573,126
Loans to related parties (Note 36(b))	**14,606**	14,606
Others	**87,120**	97,988
Less: provision for impairment	**(80,349)**	(20,922)
— Stage 1	**(645)**	(1,316)
— Stage 2	**—**	—
— Stage 3	**(79,704)**	(19,606)
	598,409	664,798
Non-current portion:		
Loans receivable (a)	**171,200**	97,954
Loans to management personnel (b)	**278,737**	344,104
	449,937	442,058

Notes:

a. Due to the short-term nature of the other current receivables, their carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values also reasonably approximate their carrying amounts.

As at 31 March 2021, loans receivables due from third parties summed up to RMB748,232,000 (As at 31 March 2020: 671,080,000) with the interest rate in the range of 8% to 16% (As at 31 March 2020: 8% to 15%) per annum. The amount of each loan receivables varies from RMB4,745,000 to RMB201,761,000 (As at 31 March 2020: RMB5,000,000 to RMB204,214,000).

The maturity period of each loan receivables varies with the range from 6 to 60 months. Majority of these loan receivables were secured by the respective pledge. Detail of the credit risk assessment of loan receivables is disclosed in Note 3.1.

b. Pursuant to the subscription agreement on 19 January 2018 and 11 April 2018, the Company allotted and issued 211,310,000 new ordinary shares with nominal value of HKD0.01 each at a price of HKD1.35 per share (for 202,310,000 shares) and HKD1.29 per share (for the remaining 9,000,000 shares) to directors and management personnel of the Company, on 27 April 2018. The total gross proceeds from the issue were approximately HKD284,729,000 (equivalent to approximately RMB228,840,000).

Ms. Chen Chen has paid all of her consideration and other subscribers' consideration was settled through a loan from Bright Pacific, a wholly-owned subsidiary of the Company, to the subscribers with the interest rate of one month HIBOR plus 1% per annum and a maturity of 5 years. All the shares subscribed and acquired were pledged as the collateral of these loans.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(i) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost or FVOCI,
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Financial assets mandatorily measured at FVPL include the following:

	As at 31 March 2021 RMB'000	As at 31 March 2020 RMB'000
Non-current portion		
— Private equity fund investments	**4,414,811**	3,058,369
— Listed perpetual bonds	**53,984**	418,669
— Other unlisted investments	**470,033**	181,912
— Listed debt securities	**—**	29,113
	4,938,828	3,688,063
Current portion		
— Private equity fund investments	**2,346,188**	1,256,357
— Listed equity securities — stock	**993,794**	1,738,637
— Listed debt securities	**23,103**	—
— Unlisted fixed coupon notes	**65,908**	—
— Other unlisted investments	**41,582**	—
— WMPs	**—**	262,919
	3,470,575	3,257,913

Further details of financial assets at FVPL are given in Note 3.3.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(ii) Amounts recognised in profit or loss

During the year, the following gains were recognised in profit or loss:

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
Fair value gains on private fund investments	**1,220,382**	214,846
Fair value gains on listed equity securities — stock	**522,696**	283,473
Fair value gains/(losses) on other unlisted investments	**226,839**	(50,618)
Fair value gains on listed perpetual bonds	**43,673**	21,351
Fair value gains/(losses) on listed debt securities	**8,747**	(15)
Fair value gains on unlisted fixed coupon notes	**5,212**	—
Fair value gains on WMPs	**10,997**	13,449
	2,038,546	482,486

21. CASH AND BANK BALANCES

	As at 31 March 2021 RMB'000	As at 31 March 2020 RMB'000
Restricted cash — Restricted bank deposits (a)	**134**	—
Term deposits with initial term over three months and within one year	**—**	37,738
Cash and cash equivalents (b)	**1,823,757**	2,063,150
	1,823,891	2,100,888

Notes:

a. The restricted bank deposits represent balance of the bank account of legally liquidated subsidiary of the Group, which is restricted by the bank.

b. Cash and cash equivalents include current deposits and term deposits with initial term within three months.

21. CASH AND BANK BALANCES (CONTINUED)

Notes: (Continued)

c. As at 31 March 2021 and 31 March 2020, the cash and bank balances were denominated in the following currencies

	As at 31 March 2021 RMB'000	As at 31 March 2020 RMB'000
RMB	**636,720**	676,982
USD	**1,119,426**	1,227,320
HKD	**33,867**	169,571
JPY	**30,141**	21,119
Others	**3,737**	5,896
	1,823,891	2,100,888

RMB is currently not a freely convertible currency in the international market. The conversion of RMB into foreign currency and remittance of RMB out of the PRC are subject to the rules and regulations of exchange controls promulgated by the PRC authorities.

22. OTHER ASSETS

	As at 31 March 2021 RMB'000	As at 31 March 2020 RMB'000
Current portion:		
Prepayments	**29,484**	55,967
Value added tax recoverable	**9,246**	42,495
Right to returned goods	**782**	4,519
Others	**2,380**	9,995
	41,892	112,976
Non-current portion:		
Prepayments (a)	**158,643**	106,958
Others	**10,870**	9,123
	169,513	116,081

(a) As at 31 March 2021, the amount of non-current prepayments mainly include prepayment for private equity fund investment of RMB131,426,000 (as at 31 March 2020: prepayments for other unlisted investment of RMB62,610,000 and prepayment for private equity fund investment of RMB11,834,000).

23. SHARE CAPITAL AND SHARE PREMIUM

	Number of issued ordinary shares at par of each value	Nominal value of issued ordinary shares	Equivalent nominal value of issued ordinary shares	Share premium account	Total
	HKD'0.01	HKD'000	RMB'000	RMB'000	RMB'000
As at 1 April 2019 and 31 March 2020	5,886,121,025	58,862	56,466	1,033,539	1,090,005
As at 1 April 2020	5,886,121,025	58,862	56,466	1,033,539	1,090,005
Issuance of ordinary shares (Note 26(b))	100,000	1	1	90	91
As at 31 March 2021	**5,886,221,025**	**58,863**	**56,467**	**1,033,629**	**1,090,096**

24. SHARES HELD FOR EMPLOYEE SHARE SCHEME

	As at 31 March 2021 Number of shares	At as 31 March 2020 Number of shares	**As at 31 March 2021 RMB'000**	At as 31 March 2020 RMB'000
Shares held for employee share scheme	**23,050,071**	23,050,071	**196**	196

These shares are held by the Group's Trust for the purpose of issuing shares under the Group's employee share scheme (see Note 26 for further information). Shares issued to employees are recognised on a first-in-first-out basis.

25. RESERVES

The following table shows a breakdown of the balance sheet line item 'reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	Capital reserve (note a) RMB'000	Share-based compensation reserve RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Shares held for Restricted Share Award Scheme RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 April 2019	283,522	9,021	62,017	(204,220)	(66,755)	9,077,567	9,161,152
Profit for the year	—	—	—	—	—	366,333	366,333
Foreign currency translation reserve (Note (b))	—	—	—	230,567	—	—	230,567
Dividends declared and paid (Note 32)	—	—	—	—	—	(238,210)	(238,210)
Appropriation to statutory reserves (Note (c))	—	—	30,304	—	—	(30,304)	—
Disposal of a subsidiary	—	—	521	—	—	—	521
Value of service provided under share option scheme	—	1,478	—	—	—	—	1,478
At 31 March 2020	283,522	10,499	92,842	26,347	(66,755)	9,175,386	9,521,841

	Capital reserve (note a) RMB'000	**Share-based compensation reserve RMB'000**	**Statutory reserve RMB'000**	**Exchange reserve RMB'000**	**Shares held for Restricted Share Award Scheme RMB'000**	**Retained earnings RMB'000**	**Total RMB'000**
At 1 April 2020	**283,522**	**10,499**	**92,842**	**26,347**	**(66,755)**	**9,175,386**	**9,521,841**
Profit for the year	**—**	**—**	**—**	**—**	**—**	**1,810,545**	**1,810,545**
Foreign currency translation reserve (Note (b))	**—**	**—**	**—**	**(389,462)**	**—**	**—**	**(389,462)**
Dividends declared and paid (Note 32)	**—**	**—**	**—**	**—**	**—**	**(502,163)**	**(502,163)**
Appropriation to statutory reserves (Note (c))	**—**	**—**	**239**	**—**	**—**	**(239)**	**—**
Value of service provided under share option scheme	**—**	**2,102**	**—**	**—**	**—**	**—**	**2,102**
At 31 March 2021	**283,522**	**12,601**	**93,081**	**(363,115)**	**(66,755)**	**10,483,529**	**10,442,863**

Notes:

(a) 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 common control combination upon group reorganisations in the year 2007.

(b) Foreign currency translation reserve represents the difference arising from the translation of the financial statements of companies within the Group that have a functional currency different from the presentation currency of RMB for the financial statements of the Company and the Group.

(c) The Company's subsidiaries incorporated in the PRC are required to make appropriations to statutory reserves from their profit 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 reserve are determined according to the relevant regulations in the PRC, and further appropriation is optional when the accumulated fund is 50% or more of the registered capital of the subsidiaries.

26. SHARE BASED COMPENSATION SCHEMES

(a) Restricted Share Award Scheme

The Company adopted the Restricted Share Award Scheme (Note 2.18) 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 year ended 31 March 2021, no shares were granted to senior management under the Restricted Share Award Scheme (Year ended 31 March 2020: Nil).

(b) 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"). On 16 September 2019, 7 January 2020, 1 April 2020 and 1 September 2020, the Group granted 18,300,000 share options, 1,560,000 share options, 2,400,000 share options and 1,200,000 share options respectively to management and employees. The 2019 Share Option Scheme will remain in force for a period of 10 years commencing from 16 September 2019, 7 January 2020, 1 April 2020 and 1 September 2020. The vesting period for the options granted during the year is 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.

26. SHARE BASED COMPENSATION SCHEMES (CONTINUED)

(b) The 2019 share option scheme (Continued)

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.

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 HKSE.

The fair values of the options granted pursuant to the 2019 Share Option Scheme during the year ended 31 March 2021 are as below:

Grant date	Fair value RMB'000
1 April 2020	384
1 September 2020	324
	708

26. SHARE BASED COMPENSATION SCHEMES (CONTINUED)

(b) The 2019 share option scheme (Continued)

The fair value of options granted during the year ended 31 March 2021 determined using the Binomial model was HK$0.175 and HK$0.306 per option for management personnel. The subjectivity and uncertainty of the values of options are subject to a number of assumptions and the limitation of the model. The significant inputs into the model were spot price of HK$0.670 and HK$1.090 at the grant date, exercise price of HK$0.670 and HK$1.090, volatility of 38% to 41%, expected dividend yield of 5.26%, a contractual option life of ten years, and an annual risk-free interest rate of 0.62% to 1.66%.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the estimates during the vesting period, if any, is recognised in the consolidated statement of profit or loss and other comprehensive income, with a corresponding adjustment to the share option reserve.

For the year ended 31 March 2021, value of employee services provided under the 2019 Share Option Scheme recognised in the consolidated statement of profit or loss and other comprehensive income was RMB2,102,000 (Year ended 31 March 2020: RMB1,478,000).

Movements in the number of share options outstanding during the year ended 31 March 2020 under this scheme and their weighted average exercise prices are as follows:

	Year ended 31 March 2021		Year ended 31 March 2020	
	Weighted average exercise price (per share) HK$	**Number of share options (thousands)**	Weighted average exercise price (per share) HK$	Number of share options (thousands)
As at 1 April	**0.854**	**19,860**	—	—
Granted during the year	**0.810**	**3,600**	0.854	19,860
Exercised during the year	**0.854**	**(100)**	—	—
Forfeited during the year	**0.855**	**(2,000)**	—	—
As at 31 March	**0.847**	**21,360**	0.854	19,860
Vested and exercisable as at 31 March	**0.833**	**7,000**	—	—

No options expired during the periods covered by the above tables.

26. SHARE BASED COMPENSATION SCHEMES (CONTINUED)

(b) The 2019 share option scheme (Continued)

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Expiry date	Exercise price	**Share options (thousands) 31 March 2021**	Share options (thousands) 31 March 2020
16 September 2019	15 September 2029	HKD0.854	**16,680**	18,300
7 January 2020	6 January 2030	HKD0.860	**1,080**	1,560
1 April 2020	31 March 2030	HKD0.670	**2,400**	—
1 September 2020	31 August 2030	HKD1.090	**1,200**	—
Total			**21,360**	19,860
Weighted average remaining contractual life of options outstanding at end of period			**8.60 years**	9.49 years

27. TRADE PAYABLES

The ageing analysis of trade payables based on goods receipt date as at 31 March 2021 and 31 March 2020 was as follows:

	As at 31 March 2021 RMB'000	As at 31 March 2020 RMB'000
Within 30 days	**70,271**	76,338
31 to 180 days	**43,498**	61,738
Over 180 days	**12,010**	10,398
	125,779	148,474

The trade payables are mainly denominated in RMB. The carrying amounts of trade payables approximated their fair values as at the balance sheet dates.

28. ACCRUALS AND OTHER PAYABLES

	As at 31 March 2021 RMB'000	As at 31 March 2020 RMB'000
Current portion:		
Deposits of loan receivables (a)	**98,570**	—
Suppliers' deposits	**73,547**	73,087
Other taxes and levies payable	**22,204**	9,215
Payables for marketing expenses	**34,246**	38,286
Amounts due to related parties (Note 36(b))	**26,769**	37,620
Salary and welfare payable	**26,000**	19,615
Deposits of investment in FVPL	**18,000**	—
Payables for logistics fees	**11,723**	12,205
Payables for professional and legal fees	**7,116**	5,842
Refund liabilities	**1,464**	24,371
Others	**39,903**	37,185
	359,542	257,426
Non-current portion:		
Other payables	**—**	1,245
	359,542	258,671

The carrying amounts of accruals and other payables approximated their fair values as at the balance sheet dates.

(a) The amount represents a deposit of USD15,000,000 as collateral pledged for loan receivable of RMB103,921,000 from a third party.

29. DERIVATIVES

	As at 31 March 2021 RMB'000	As at 31 March 2020 RMB'000
Derivatives	**35,403**	29,616

During the year ended 31 March 2021, the Group entered certain derivative agreements with investment banks, of which certain quantities of the underlying securities listed on the NYSE and HKSE 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 2021.

30. BORROWINGS

	As at 31 March 2021 RMB'000	As at 31 March 2020 RMB'000
Bank Loans		
— Pledged (a)	**126,630**	196,647
Loans from a company		
— Unsecured and interest free (b)	**—**	49,661
	126,630	246,308

Notes:

a. As at 31 March 2021, the outstanding loans due to Morgan Stanley Asia International Limited at the prevailing interest rate were HKD117,961,000 (equivalent to approximately RMB99,685,000) and USD4,100,000 (equivalent to approximately RMB26,945,000), which was secured by an equivalent value of assets held by banks as collateral.

b. The balance represented the loans due to a third party, Forchn International Co., Ltd., which is unsecured, interest free and was fully paid off during the year ended 31 March 2021.

As at 31 March 2021, the Group's borrowings were repayable as follows:

	Bank loans		Other loans	
	As at 31 March 2021 RMB'000	As at 31 March 2020 RMB'000	As at 31 March 2021 RMB'000	As at 31 March 2020 RMB'000
Within 1 year	**126,630**	196,647	**—**	49,661

Bank borrowings mature until 2022 and bear floating interest rate based on one month Hibor and one month Libor with adjustments (2020: one month Hibor and one month Libor with adjustments).

31. CONTRACT LIABILITIES

	As at 31 March 2021 RMB'000	As at 31 March 2020 RMB'000
Advance from customers	**9,738**	23,436

31. CONTRACT LIABILITIES (CONTINUED)

(i) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	**18,919**	25,755

32. DIVIDENDS

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
Interim dividend paid of RMB5.69 cent (2020: RMB0.96 cent) per share	**344,763**	56,507
Interim special dividend paid of RMB0 cent (2020: RMB0.65 cent) per share	**—**	38,260
Proposed final dividend of RMB3.54 cent (2020: RMB0.91 cent) per share	**208,372**	53,564
Proposed final special dividend of RMB1.54 cent (2020: RMB1.84 cent) per share	**90,648**	108,305
	643,783	256,636

The total dividends paid for the year ended 31 March 2021 amounted to RMB504,079,000 or RMB8.44 cents per share (Year ended 31 March 2020: RMB238,977,000 or RMB4.06 cents per share) comprising final and final special dividends of RMB159,316,000 for the year ended 31 March 2020 and interim dividends of RMB344,763,000 for the six months ended 30 September 2020, of which RMB1,916,000 (Year ended 31 March 2020: RMB767,000) were paid to the shares held for Restricted Share Award Scheme.

Pursuant to a resolution passed on 23 June 2021, the board of directors of the Company proposed a final dividend and final special dividend of RMB3.54 cents and RMB1.54 cents per ordinary share of the Company, amounting to RMB208,372,000 and RMB90,648,000 for the year ended 31 March 2021 from the Company's retained earnings account, respectively. The final dividend and final special dividend are to be proposed for approval by the shareholders of the Company at the annual general meeting to be held on 18 August 2021.

The aggregate amounts of the dividends paid for the year ended 31 March 2021 and the year ended 31 March 2020 have been disclosed in the consolidated statement of changes in equity in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

33. DISCONTINUED OPERATIONS

(a) Description

In August 2020, the Group decided to wind down the Group's retail operation in Japan (the "Japan-Apparel segment") considering that it was not optimistic about the near term prospect of the Japan-Apparel segment and the cessation of Japan-Apparel segment operation could enable the Group to better utilise its resources in its other segments. As at 31 March 2021, all retail shops in Japan had ceased operation and no operating revenue would be generated from then on. The Japan-Apparel segment was thus classified as discontinued operations and no longer included in the note for operating segment information (Note 5).

(b) Financial performance and cash flow information

Financial information relating to the discontinued operations for the years ended 31 March 2021 and 2020 is set out below.

	Note	For the year ended 31 March	
		2021	2020
		RMB'000	RMB'000
Revenue		**172,785**	300,444
Expenses		**(300,354)**	(373,446)
Provision/(reversal of) for impairment of financial assets — net		**(789)**	2,147
Other gains		**73,671**	24,720
Finance (expenses)/income — net		**(921)**	153
Share of post-tax loss of associates accounted for using the equity method		**—**	(349)
Loss before income tax		**(55,608)**	(46,331)
Income tax benefit		**977**	97
Loss from discontinued operations		**(54,631)**	(46,234)
Currency translation differences of discontinued operations		**21,022**	(16,873)
Other comprehensive income/(loss) from discontinued operations		**21,022**	(16,873)
Net cash (outflow)/inflow from operating activities		**(106,888)**	35,808
Net cash inflow from investing activities		**97,565**	19,231
Net cash outflow from financing activities		**(14,093)**	(38,289)
Exchange (losses)/gains on cash and cash equivalents		**(2,362)**	2,093
Net (decrease)/increase in cash generated by the segment		**(25,778)**	18,843
		Cents	Cents
Basic loss per share from discontinued operations	11	**(0.86)**	(0.72)
Diluted loss per share from discontinued operations	11	**(0.86)**	(0.72)

34. CASH GENERATED FROM OPERATIONS

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
Profit/(loss) before income tax for the year from		
Continuing operations	**2,029,401**	491,779
Discontinued operations	**(55,608)**	(46,331)
Profit before income tax including discontinued operations	**1,973,793**	445,448
Adjustments for:		
— Depreciation of property, plant and equipment (Note 13)	**9,149**	10,643
— Gain on disposal of property, plant and equipment	**(80)**	(835)
— Gain on disposal of intangible assets (Note 14(a))	**(75,378)**	—
— Amortisation of right-of-use assets (Note 15)	**62,761**	33,383
— Amortisation of intangible assets (Note 14)	**9,409**	10,129
— (Reversal of)/provision for impairment losses of inventories	**(63,402)**	28,985
— Provision for impairment of financial assets — net	**39,308**	24,028
— Share of loss of joint ventures and associates (Note 12)	**25,099**	30,781
— Elimination of unrealised profit of joint ventures	**(1,176)**	(3,087)
— Interest income from bank deposits	**(4,177)**	(8,587)
— Interest expenses on borrowings	**8,787**	14,392
— Investment income from financial assets through profit or loss	**(272,759)**	(93,225)
— Interest from other financial assets at amortised cost	**(72,937)**	(59,894)
— Foreign exchange (losses)/gains, net (Note 3.1(a))	**6,370**	(2,894)
— Share option scheme	**2,102**	1,478
— Loss from disposal of subsidiaries	**—**	521
— Gain from disposal of joint ventures	**(12,664)**	(17,159)
— Impairment on long-term assets	**7,163**	—
— Gain from lease modification and lease disposal	**(2,520)**	—
— Gain on disposal of financial assets at fair value through profit or loss	**(309,825)**	(25,121)
— Change in fair value of financial instruments at fair value through profit or loss	**(1,447,614)**	(378,027)
	(118,591)	10,959
Changes in working capital:		
— Decrease/(increase) in inventories	**151,218**	(31,038)
— Decrease in trade receivables, other financial assets at amortised cost and other assets	**30,400**	15,696
— Increase in trade payables, provisions, contract liabilities and accruals and other payables	**37,363**	26,805
— Restricted bank balances	**(134)**	—
Cash generated from operations	**100,256**	22,422

34. CASH GENERATED FROM OPERATIONS (CONTINUED)

In the consolidated statement of cash flows, the proceeds from sales of property, plant and equipment comprise:

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
Net book amount (Note 13)	**8,398**	7,122
Gain on disposal of property, plant and equipment	**80**	835
Proceeds from disposal of property, plant and equipment	**8,478**	7,957

Non-cash investing and financing activities are set below:

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
Acquisition of right-of-use assets (Note 15)	**84,152**	61,910

This section sets out an analysis of net cash and the movements in net cash for each of the years presented.

Net cash	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
Cash and cash equivalents (Note 21)	**1,823,757**	2,063,150
Liquid investments (i)	**1,016,897**	1,738,637
Lease liabilities	**(89,608)**	(93,101)
Borrowings — repayable within one year (Note 30)	**(126,630)**	(246,308)
Net cash	**2,624,416**	3,462,378
Cash and liquid investments	**2,840,654**	3,801,787
Gross debt — fixed interest rates	**(89,608)**	(142,762)
Gross debt — variable interest rates	**(126,630)**	(196,647)
Net cash	**2,624,416**	3,462,378

34. CASH GENERATED FROM OPERATIONS (CONTINUED)

	Other assets		Liabilities from financing activities		
	Cash and cash equivalents	**Liquid investments (i)**	**Borrowings due within 1 year**	**Lease liabilities**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net cash as at 1 April 2019	766,722	2,173,186	(527,636)	—	2,412,272
Recognised on adoption of IFRS 16	—	—	—	(75,767)	(75,767)
Cash flows	1,254,008	(843,199)	309,393	48,672	768,874
Acquisition — lease	—	—	—	(63,506)	(63,506)
Foreign exchange adjustments	42,420	120,798	(28,065)	(2,500)	132,653
Other non-cash movements	—	287,852	—	—	287,852
Net cash as at 31 March 2020	2,063,150	1,738,637	(246,308)	(93,101)	3,462,378
Cash flows	**(130,525)**	**(875,003)**	**100,680**	**61,568**	**(843,280)**
Acquisition — lease	**—**	**—**	**—**	**(80,471)**	**(80,471)**
Foreign exchange adjustments	**(108,868)**	**(88,372)**	**18,998**	**1,230**	**(177,012)**
Other non-cash movements	**—**	**241,635**	**—**	**21,166**	**262,801**
Net cash as at 31 March 2021	**1,823,757**	**1,016,897**	**(126,630)**	**(89,608)**	**2,624,416**

a. Liquid investments comprise current investments that are traded in an active market, being the current portion of the Group's level 1 financial assets held at fair value through profit or loss.

35. COMMITMENTS

Capital commitment

In August 2017, the Group entered into a limited partnership agreement with Hangzhou Hanyun Xinling Investment LLP. (杭州瀚雲新領股權投資基金合夥企業(有限合夥)), with a total capital commitment of RMB300 million. As at 31 March 2021, the Group paid a capital contribution of RMB171 million with remaining balance of RMB129 million unpaid.

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 capital commitment of RMB200 million. As at 31 March 2021, the Group paid a capital contribution of RMB90 million with remaining balance of RMB110 million as capital commitments.

In January 2021, the Group entered into a limited partnership agreement with CPE Global Opportunities Fund II, with a total capital commitment of USD30 million. As at 31 March 2021, the Group paid a capital contribution of USD8 million with remaining balance of USD22 million (equivalent to approximately RMB142 million) unpaid.

In February 2021, the Group entered into a limited partnership agreement with Yunfeng Fund IV (雲鋒基金 IV), with a total capital commitment of USD20 million. As at 31 March 2020, the Group paid a capital contribution of USD3 million with remaining balance of USD17 million (equivalent to approximately RMB110 million) unpaid.

In March 2021, the Group entered into a limited partnership agreement with Xiamen Yuanfeng Investment LLP., with a total capital commitment of RMB50 million. As at 31 March 2021, the Group has not made any capital contribution, with remaining capital commitment of RMB50 million.

36. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control or jointly control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The ultimate controlling party of the Group is Mr. Chen Yihong, the Chairman and Executive director of the Company. 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.

a) Transactions with related parties

During the year ended and as at 31 March 2021 and the year ended and as at 31 March 2020, in addition to those disclosed elsewhere in the financial statements, the Group had the following transactions and balances with related parties:

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
Sales of goods to:		
— Joint ventures of the Group	**8,029**	7,240
Interest income:		
— Joint ventures of the Group	**—**	318
— Management personnel	**4,106**	15,448
Commissions on consignment sales:		
— Joint ventures of the Group	**98,791**	82,331
Loans granted to and repaid by:		
— Joint ventures of the Group	**15,000**	—

36. RELATED PARTY TRANSACTIONS (CONTINUED)

b) Balances with related parties

	As at 31 March 2021 RMB'000	As at 31 March 2020 RMB'000
Trade receivables (Note 18):		
— Joint ventures of the Group	**27,240**	33,903
Other financial assets at amortised cost (Note 19)		
Current portion		
— Joint ventures of the group	**14,606**	14,606
— Provision	**(14,606)**	(14,606)
Non-current portion		
— Management personnel	**278,737**	344,104
Accruals and other payables (Note 28)		
— Joint ventures of the Group	**26,769**	37,620

Notes:

i. The transactions with related companies are conducted based on mutual agreements.

ii. The above balances with related parties except loans to management personnel as mentioned in Note 19(b) were unsecured, non-interest bearing and collectable per demand.

c) Key management compensation

	For the year ended 31 March 2021 RMB'000	For the year ended 31 March 2020 RMB'000
Salaries, bonus and other welfares	**12,061**	11,496
Pension — defined contribution plans	**67**	181
	12,128	11,677

37. EVENTS OCCURRING AFTER THE REPORTING PERIOD

a. Grant of share options

On 15 April 2021, pursuant to the "2019 Share Option Scheme", the Group granted 189,400,000 share options to certain employees and three executive directors with an exercise price at HK$0.940. The vesting period for the options granted is from 15 April 2021 to 31 March 2023.

These options are subject to a vesting scale in tranches of one-third each on 14 April 2022, 14 April 2023 and 14 April 2024 respectively with their respective fair values charged to the consolidated statement of profit or loss and other comprehensive income over the above vesting period.

38. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance Sheet of the Company

	As at 31 March 2021 RMB'000	As at 31 March 2020 RMB'000
ASSETS		
Non-current assets		
Interests in subsidiaries	**10,232,790**	10,232,790
Financial assets at fair value through profit or loss	**87,275**	69,722
	10,320,065	10,302,512
Current assets		
Trade receivables	**32,972**	33,805
Other financial assets at amortised cost	**739**	787
Amounts due from subsidiaries	**670,899**	459,335
Cash and cash equivalents	**37,674**	438,415
	742,284	932,342
Total assets	**11,062,349**	11,234,854
EQUITY		
Share capital (Note 23)	**1,090,096**	1,090,005
Reserves (Note (a))	**9,579,887**	9,704,614
Total equity	**10,669,983**	10,794,619
LIABILITIES		
Current liabilities		
Borrowings	**—**	36,070
Amounts due to subsidiaries	**390,450**	402,180
Accruals and other payables	**1,916**	1,985
Total liabilities	**392,366**	440,235
Total equity and liabilities	**11,062,349**	11,234,854

The balance sheet of the Company was approved by the Board of Directors on 23 June 2021 and was signed on its behalf:

CHEN YI HONG	**ZHANG ZHIYONG**
Executive Director & Chairman	*Executive Director*

38. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Note (a) Reserve movement of the Company

	Capital reserves	Share-based compensation reserve	Exchange reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2019	10,056,741	1,342	(540,306)	451,004	9,968,781
Profit for the period	—	—	—	(67,002)	(67,002)
Foreign currency translation reserve	—	—	36,726	—	36,726
Dividends received from restricted shares	3,200	—	—	—	3,200
Share option scheme	—	1,119	—	—	1,119
Dividend paid	—	—	—	(238,210)	(238,210)
At 31 March 2020	10,059,941	2,461	(503,580)	145,792	9,704,614
At 1 April 2020	**10,059,941**	**2,461**	**(503,580)**	**145,792**	**9,704,614**
Profit for the period	**—**	**—**	**—**	**433,357**	**433,357**
Foreign currency translation reserve	**—**	**—**	**(55,214)**	**—**	**(55,214)**
Share option scheme	**—**	**1,209**	**—**	**—**	**1,209**
Dividend paid	**—**	**—**	**—**	**(504,079)**	**(504,079)**
At 31 March 2021	**10,059,941**	**3,670**	**(558,794)**	**75,070**	**9,579,887**

39. BENEFIT AND INTERESTS OF DIRECTORS

a. Directors' emoluments

The remuneration of each director of the Company is set out below:

For the year ended 31 March 2021:

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking.

Name of Director	Fees RMB'000	Salary RMB'000	Discretionary bonuses (ii) RMB'000	Estimated money value of other benefits RMB'000	Employer's contributions to a retirement benefit scheme RMB'000	Remuneration paid or receivable in respect of accepting office as director Total RMB'000
Year ended 31 March 2021						
Mr. Chen Yihong	**170**	**1,826**	**354**	**—**	**—**	**2,350**
Ms. Chen Chen	**170**	**1,505**	**336**	**73**	**13**	**2,097**
Mr. Zhang Zhiyong	**170**	**2,928**	**360**	**—**	**16**	**3,474**
Mr. Lyu Guanghong (i)	**163**	**840**	**100**	**73**	**13**	**1,189**
Mr. Chen Guogang	**193**	**—**	**—**	**—**	**—**	**193**
Mr. Gao Yu	**193**	**—**	**—**	**—**	**—**	**193**
Mr. Liu Xiaosong	**193**	**—**	**—**	**—**	**—**	**193**
	1,252	**7,099**	**1,150**	**146**	**42**	**9,689**

Name of Director	Fees RMB'000	Salary RMB'000	Discretionary bonuses (ii) RMB'000	Estimated money value of other benefits RMB'000	Employer's contributions to a retirement benefit scheme RMB'000	Remuneration paid or receivable in respect of accepting office as director Total RMB'000
Year ended 31 March 2020						
Mr. Chen Yihong	177	2,325	59	673	—	3,234
Ms. Chen Chen	177	1,495	49	76	43	1,840
Mr. Zhang Zhiyong	177	2,894	54	—	16	3,141
Mr. Chen Guogang	201	—	—	—	—	201
Mr. Gao Yu	201	—	—	—	—	201
Mr. Liu Xiaosong	201	—	—	—	—	201
	1,134	6,714	162	749	59	8,818

39. BENEFIT AND INTERESTS OF DIRECTORS (CONTINUED)

a. Directors' emoluments (Continued)

Notes:

i. Mr. Lyu Guanghong ("Mr. Lyu") has been appointed as an executive director and chief financial officer of the Company with effect from 17 April 2020.

ii. Discretionary bonuses paid for the year ended 31 March 2021 represent the amounts in connection with the performance bonuses for the year 31 March 2021.

iii. No directors of the Company waived any emoluments and no emoluments were paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as a compensation for loss of office as director.

b. Directors' retirement benefits

No retirement benefits were paid in the year ended 31 March 2021 to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking (Year ended 31 March 2020: Nil).

c. Directors' termination benefits

No payment was made to directors as compensation for the early termination of the appointment during the year ended 31 March 2021 (Year ended 31 March 2020: Nil).

d. Consideration provided to third parties for making available directors' services

No payment was made to the former employer of directors for making available the services of them as a director of the Company during the year ended 31 March 2021 (Year ended 31 March 2020: Nil).

e. Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There is a loan in favour of Mr. Zhang Zhiyong, the CEO, during the year ended 31 March 2021 and the year ended 31 March 2020 respectively.

f. Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the year ended 31 March 2021 (Yea ended 31 March 2020: Nil).

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

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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 2021.

Final Dividend and Final Special Dividend

The Company has paid an interim dividend for the six months ended 30 September 2020 of RMB5.69 cent per ordinary share, with a total amount of RMB335 million.

The Board of the Company has recommended the distribution of a final dividend and a final special dividend of RMB3.54 cents and RMB1.54 cents per ordinary share, respectively (totalling RMB5.08 cent per ordinary share) for the twelve months ended 31 March 2021.

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 18 August 2021, will be paid in Hong Kong Dollars based on the rate of HKD1.00 = RMB0.83220 being the official exchange rate of Hong Kong dollars against Renminbi as quoted by the People's Bank of China on 22 June 2021. The dividend will be paid on or about 8 September 2021 to shareholders whose names appear on the register of members of the Company on 27 August 2021.

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 25 August 2021 to 27 August 2021 (both days inclusive), for the purpose of determining shareholders' entitlements to the 2020/2021 final dividend and final special dividend. In order to qualify for the 2020/2021 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 24 August 2021.

Annual General Meeting ("AGM")

The AGM of the Company will be held in Hong Kong on 18 August 2021. 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 13 August 2021 to 18 August 2021 (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 12 August 2021.

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

23 June 2021

As at the date of this announcement, the executive directors of the Company are Mr. Chen Yihong, Mr. Zhang Zhiyong, Ms. Chen Chen and Mr. Lyu Guanghong; and the independent non-executive directors of the Company are Dr. Chen Guogang, Mr. Gao Yu and Mr. Liu Xiaosong.