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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)

2023/2024 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of China Dongxiang (Group) Co., Ltd. (the "Company") hereby presents the audited results of the Company and its subsidiaries (together referred to as the "Group") for the twelve months ended 31 March 2024. This announcement, containing the full text of the 2023/2024 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 2023/2024 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 12 July 2024.

DONGXIANG

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

2023/2024
ANNUAL REPORT

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Kappa

phenix

CONTENTS

MISSION

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

VISION

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


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2024.01.01
Kappa
Authentic
Sportswear Brand
Since 1967
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CORPORATE INFORMATION

Executive Directors	Mr. Chen Yihong (Chairman) Ms. Chen Chen (Chief Executive Officer, President and Co-Chairman) Mr. Lyu Guanghong (Chief Financial Officer)
Independent Non-Executive Directors	Dr. Chen Guogang Mr. Gao Yu Mr. Liu Xiaosong
Auditor	PricewaterhouseCoopers Certified Public Accountants and Registered Public Interest Entity Auditor
Legal Advisers	Norton Rose Fulbright Hong Kong Conyers Dill & Pearman (Cayman) Limited Zhong Lun (Shanghai) Law Firm, Beijing
Authorised Representatives	Mr. Gao Yu Ms. Wai Pui Man
Company Secretary	Ms. Wai Pui Man
Principal Share Registrar and Transfer Office	Suntera (Cayman) Limited Suite 3204, Unit 2A, Block 3, Building D, P.O. Box 1586, Gardenia Court, Camana Bay, Grand Cayman, KY1-1100, Cayman Islands
Hong Kong Branch Share Registrar and Transfer Office	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Registered Office	Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands
Principal Place of Business in Hong Kong	Office Unit 7, 13/F, Tower One, 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


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Kappa
ITALIA
Authentic Sportswear Brand
Since 1967

FIVE-YEAR FINANCIAL HIGHLIGHTS

(All amounts in Renminbi million unless otherwise stated)

	Note	For the twelve months ended 31 March 2024	For the twelve months ended 31 March 2023	For the twelve months ended 31 March 2022	For the twelve months ended 31 March 2021	For the twelve months ended 31 March 2020
Revenue		**1,744**	1,679	1,916	1,970	1,541
Operating (loss)/profit		**(778)**	138	(1,786)	2,030	556
(Loss)/profit before income tax		**(759)**	174	(1,800)	1,974	529
(Loss)/profit attributable to owners of the Company		**(639)**	115	(1,783)	1,755	403
Gross profit margin (%)		**68.3**	63.4	63.9	65.6	66.4
Net (loss)/profit margin (%)		**(36.6)**	6.8	(93.1)	89.1	28.7
(Losses)/earnings per share for (loss)/profit attributable to owners of the Company for the year — basic/diluted (RMB cents)		**(10.90)**	1.96	(30.41)	29.94	6.87

	Note	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021	As at 31 March 2020
Non-current assets		**5,253**	5,808	5,211	6,153	4,954
Current assets		**4,488**	4,769	5,274	6,485	6,735
Current liabilities		**498**	568	790	721	792
Net current assets		**3,990**	4,201	4,484	5,764	5,943
Total assets		**9,741**	10,577	10,485	12,638	11,689
Total assets less current liabilities		**9,243**	10,009	9,695	11,917	10,897
Equity attributable to owners of the Company		**9,075**	9,665	9,351	11,533	10,612
Total assets per share (RMB cents)	1	**166.10**	180.36	178.80	215.55	199.37
Net assets per share (RMB cents)	1	**154.74**	164.80	159.46	196.70	180.99
Debt to equity ratio	2	**0.07**	0.09	0.12	0.10	0.10

Notes:

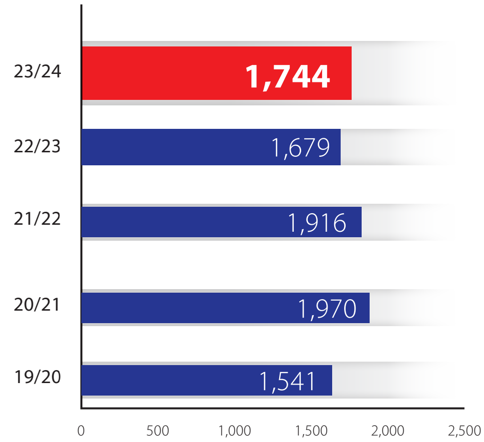
(1) The number of ordinary shares used in the calculation for the twelve months ended 31 March 2024, 2023, 2022, 2021 and 2020, are 5,864,511,000 shares, 5,864,511,000 shares, 5,864,168,000 shares, 5,863,072,000 shares, 5,863,071,000 shares, respectively which were the weighted average number of ordinary shares in issue less shares held for Restricted Shares Award Scheme for the respective periods.

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

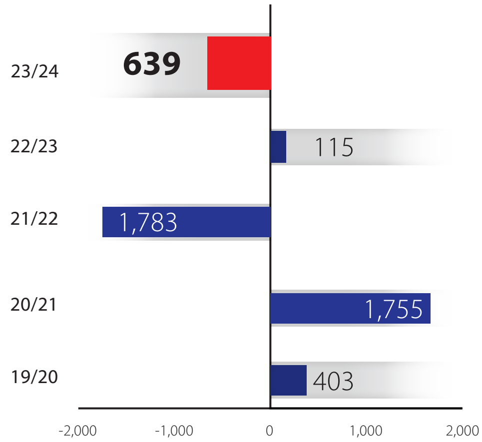
FIVE-YEAR FINANCIAL HIGHLIGHTS

(All amounts in Renminbi million unless otherwise stated)

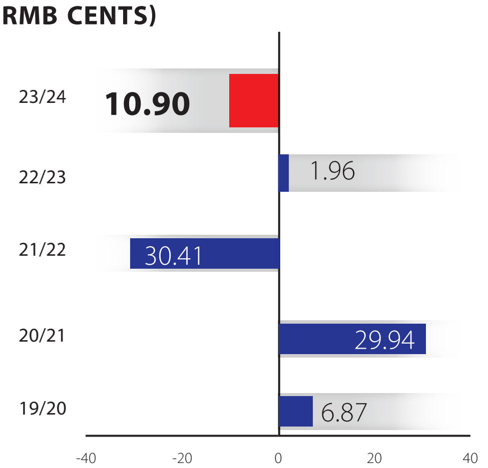
REVENUE



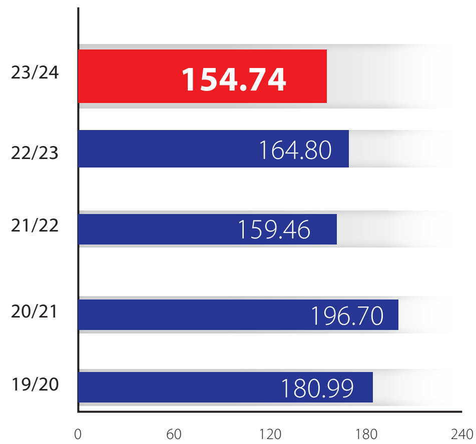
(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY



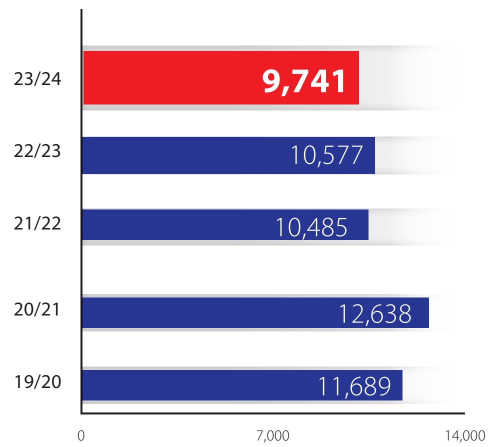
(LOSSES)/EARNINGS PER SHARE — BASIC (RMB CENTS)



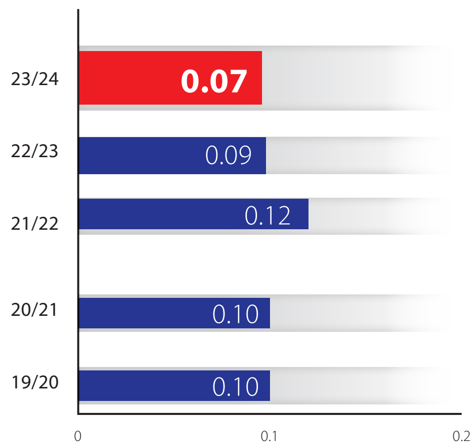
NET ASSETS PER SHARE (RMB CENTS)



TOTAL ASSETS



DEBT TO EQUITY RATIO (TIMES)



Note: 23/24, 22/23, 21/22, 20/21 and 19/20 are the financial data for the 12 months ended 31 March.


Authentic Sportswear Brand
SINCE 1967

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 2024 (the "Reporting Period").

During the Reporting Period, the global economy was struggling, and the geopolitical environment continued to be volatile with frequent regional conflicts. The world faced multiple challenges such as severe inflation, high interest rate environment, abnormal fluctuations in financial markets and intensified extreme weather. The economic growth momentum has been slowing, and unstable, uncertain and unpredictable factors have increased. The global economy remains at risk in 2024. The World Bank forecasts global growth to continue to slow to 2.4% in 2024. However, in the new year, the Federal Reserve's expectation of interest rate cuts, stabilised inflation, and the slow recovery of economic data and stock markets have brought a glimpse of hope to the global economy. Developing countries and emerging economies represented by China have huge development potential and promising future. As the world's second-largest economy, China remains the largest engine of global economic growth. The Chinese government has set a GDP growth target of 5% this year. Driven by the central government's policies to stabilise expectations, growth, and employment, the per capita disposable income of residents in China increased by 6.2% year-on-year in the first quarter of 2024, which continued to outpace the economic growth, and consumption will continue to return to a normalised level, with the overall economy showing an upward trend.

During the 2023/24 financial year, with the recovery of China's economy, the sports consumption market also showed a positive trend of recovery and growth. The continuous promotion of the government's consumption promotion policies has created favorable conditions for the development of the industry. Moreover, local governments further improved the construction of urban sports facilities while hosting sports events, which stimulated consumers' demand for sporting goods. The growing popularity of fitness-for-all philosophy has boosted the sports consumer market, which is conducive to the long-term development of sports enterprises. With more and more vibrant and innovative minority sports becoming known by the general public, the domestic sports market has shown a blooming development trend in various segments, and the development momentum continues to improve. Against the policy background of developing new quality productive forces to promote high-quality development, the demand for sports ecosystem and sustainable development has set higher standards for industry innovation. Consumers have become more aware of green products and environmental protection technologies, promoting the pace of sustainable development of Chinese sportswear enterprises, and leading the industry to move forward.

As a leading fashion sports brand, China Dongxiang Group keeps abreast of the sports consumption trends of consumers and continuously optimises its products and services to meet the changing consumer needs. The Group's core brands, KAPPA and PHENIX, emphasise brand philosophy and product quality, and strive to create fashionable and unique products to satisfy consumers' needs. 2024 is a "big year for sports", in which the world's top sport events will be staged one after another, let alone the Paris Olympic Games. Driven by the central government's policies, the development of the sporting goods industry will continue to unleash consumption potential and expand the scale of consumption. China Dongxiang is well prepared to continue to be innovation-driven, adhere to sustainable development, seize the opportunities of the times, comprehensively enhance the market influence of core brands, lead the high-quality development of the industry, and create more value for consumers.

During the Reporting Period, the Group recorded revenue of RMB1,744 million, a year-on-year increase of 3.9%. Amid the current highly challenging market environment, the Group's China apparel segment has shown a strong recovery momentum, with a significant year-on-year growth of 14% in offline business of the KAPPA brand, and the gross margin has also increased by 2.1 percentage points to 69.4%. This achievement is due to the comprehensive improvement of key indicators, including the stability of product discounts at store level, the increase in average transaction value, the rise in the rate of linked sales, and the increase in the proportion of new products. Although the Group recorded a net loss attributable to equity holders of RMB639 million, a decrease from the profit of RMB115 million in the same period last year, the operating profit of the China Apparel segment has turned from a loss to a profit, reaching RMB106 million. This turning point has greatly boosted the Group's overall performance and has provided strong evidence of our resilience and recovery ability in adversity. The strong performance of the China Apparel segment has not only had a positive impact on the Group but also indicates our continuous progress and growth potential in market competition. In appreciation of the shareholders' enduring support for the Group, the Board of Directors has recommended the distribution of a final special dividend of RMB0.51 cent per share for the twelve months ended 31 March 2024.

CONSOLIDATION OF RETAIL NETWORK AND SUPPLY CHAIN MECHANISM

Adhering to the long-term omni-channel development strategy, the Group focuses on the optimisation of the quasi-direct operation model and the single-store efficiency. Through real-time inventory management and multi-dimensional terminal sales data monitoring, the KAPPA brand accelerates the efficient distribution of goods, and combines the efficient feedback of flexible supply chains to meet the personalised needs of consumers and achieve accurate product and service matching. This not only brings consumers an efficient and convenient shopping experience, but also further optimises operational efficiency, reduces operating costs, and enhances the Group's competitiveness in the sports apparel market in China.

As at 31 March 2024, the Group had a total of 1,012 Kappa stores (excluding KAPPA Kid's stores), representing a net decrease of 11 stores as compared to the same period of 2023.

ENHANCEMENT OF BRAND FAVORABILITY WITH KAPPA'S BRAND PHILOSOPHY

The Group continued to strengthen the market competitiveness of its core brand KAPPA, deeply cultivated its brand philosophy of being "passionate, sexy and vanguard", and tried to adopt a marketing strategy of de-advertising. By focusing on the target consumers of the brand and building a brand media position with content, the connection between the brand and consumers was enhanced. During the Reporting Period, KAPPA learned about the lifestyle mentality of young people, closely followed market trends, focused on consumer experience and interactive design, and created a powerful offline activity with emotional marketing as the core and New Year clothing products, so that young people continued to pay attention to the brand. At the same time, KAPPA actively sought cross-sector cooperation and became the apparel sponsor of the popular variety show called "We Never Stop". With the celebrities and fitness influencers wearing our products, it triggered extensive discussions during the broadcast of the show, and significantly increased the exposure and attention of the KAPPA brand. In the future, the Group will continue to optimise its brand strategy, co-create and increase interaction with consumers, deepen market presence, and inherit the brand vanguard spirit.

SHOWCASE OF KAPPA'S UNIQUE BRAND STYLE THROUGH RETRO FASHION TREND

During the Reporting Period, the Group conducted extensive consumer research with a view to achieving precise positioning of its product series. These research results helped the full upgrade of KAPPA's product line, including the launch of the KAPPA 1916 series, which inherits brand classics and retro sporting elements, integrates Italian elements and historical brand styles, and reinvents the classic football jersey of history, heralding a fashion trend of retro sportswear mix-and-match. Targeting at new-generation trendy consumers, the KAPPA Player series integrates the current popular fashionable sports culture with the long history of the brand, interpreting the style of combining fashion and street sports, highlighting the individuality of young consumers and showing the characteristics of the KAPPA brand. Further, the KAPPA Gara series combines fashionable sports with technological functions, and provides high-quality and textured sports products through technological elements, demonstrating the high quality of KAPPA.

As the Group's high-end professional ski brand, PHENIX continues to consolidate its leading position in the market segment and is committed to providing avid skiers with a more comfortable functional apparel experience. During the Reporting Period, PHENIX joined hands with NIO, a new energy vehicle brand, to design exclusive co-branded ski clothing for its lifestyle product line NIO life, achieving the cross-sectoral collaboration of new energy and ski sectors. At the same time, PHENIX also reached a cooperation with East Buy team on the provision of skiing equipment for team anchors. The head anchors wore PHENIX ski clothing and continued to show on the we-media platform, greatly increasing the online exposure and search index. In addition, the Group actively expanded offline channels and established in-depth cooperation with Wanlong Ski Resort in Chongli to create exclusive service facilities for avid skiers, which further improved the brand experience.

CREATION OF A GREEN SPORTING ENVIRONMENT FOR SUSTAINABLE DEVELOPMENT

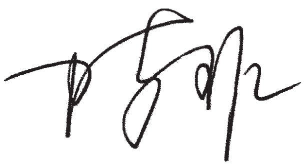
Being a responsible corporate citizen, China Dongxiang attaches great importance to the sustainable development of environmental, social and corporate governance (ESG), promotes green development, actively participates in the construction of green supply chain, and endeavors to establish a sound governance structure. The Group integrates ESG sustainable development strategies into its daily operations and business development to reward the society whilst delivering long-term value for the Group. During the Reporting Period, the Group continued to optimise its production processes and actively adopted cutting-edge green materials to make its products recyclable and reduce carbon emissions. In addition, the Group also actively organised and participated in sports-for-all events to stimulate the interest of young people in sports. In the future, the Group will continue to deepen its ESG practices, contribute to the building of a sustainable society, and actively convey the concept of a green planet to consumers. The Group will continue to invest in social welfare undertakings and promote the sustainable and healthy development of the sports industry in a bid to reward the society.

PRUDENT INVESTMENT STRATEGY AMIDST GLOBAL ECONOMIC VOLATILITY

During the 2023/24 financial year, major stock markets were experiencing significant volatility amid global economic slowdown, in particular, the stock markets in Europe, the United States and Asia rebounded while the stock markets in China and Hong Kong were weak. The Group's investments include mainly equity investment, stock investment, fixed income and cash management. The diversity in investment distribution affords strong resilience against risks and ensures the safety and effectiveness of investment. As at 31 March 2024, the Group reported a net asset value of RMB8,268 million for its investment segment, representing a year-on-year decline of 5.4%. The Group will continue to optimise its investment asset portfolio, strengthen close cooperation with its investment project managers, advance new project investment in a prudent manner and facilitate timely and reasonable divestments of invested projects to generate long-term and stable return for shareholders.

APPRECIATION

Finally, the Group wishes to take this opportunity to express its sincere gratitude to all the Directors, staff and stakeholders. The Group's achievements are inseparable from the continuous efforts of the management and staff, the trust of partners, and the long-term support of shareholders. Looking ahead, despite the challenges in 2024, the Group will adhere to its core philosophy, maintain the open-minded and sharing spirit, and move forward steadily to bring stable and long-term return to shareholders. We firmly believe that with unremitting efforts, the Group can achieve a broader goal and continue to compose a new glorious chapter for China Dongxiang.



Chen Yihong
Chairman

26 June 2024

BRAND PORTFOLIO

DONGXIANG

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

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

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

Kappa

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

phenix

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

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO-ECONOMIC REVIEW

In 2023, the overall economy showed a weak recovery trend in the aftermath of the pandemic. Financial market turmoil, weak trade, intensified geopolitical conflicts, complex changes in the international situation, and high inflation in many countries have posed significant challenges to economic growth. In a tight monetary cycle, the economic growth of countries around the world has been slow and uneven, and the global economic divergence has accelerated. In particular, the economic growth of the United States was beyond expectations, but it was facing the risk of recession and decline. The European Central Bank maintained its pace of tightening, and the economy was also under pressure from rising interest rates. According to the World Bank's 2024 Global Economic Prospects research report, global growth is expected to slow for a third year in a row to 2.4% in 2024. The global economy recovery was weak amid widening regional divergences.

China was facing more uncertainties and instabilities externally, where indicators such as exports, investments (especially in real estate), and prices were still declining or at a low level. In terms of domestic demand, the momentum of consumption recovery in China also slowed down. Nevertheless, driven by the increasing demand for services, the resilience of investment in manufacturing sector and the stimulus for public infrastructure, China's economic activities were picking up steadily and market confidence was growing. According to the National Bureau of Statistics of China, China's gross domestic product (GDP) reached 5.2% in 2023; and the preliminary GDP grew by 5.3% year-on-year in the first quarter of 2024, which was beyond the market expectation. The data reflected a sound first quarter for China's economic performance.

The International Monetary Fund (IMF) forecasted a steady but slow global recovery and further revised up its estimate of global growth this year at 3.2%. Global headline inflation is also expected to fall annually from an annual average of 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025. The State Council of China set a target of GDP growth of approximately 5% for 2024, and issued the decision-making deployment on promoting stable economic development, which further strengthened the implementation of policies and continued to increase market confidence and economic operation momentum. With the stable consumption in the physical market, the strong consumption in the online market and the enhanced green consumption concept supporting the overall domestic economic growth, coupled with the increase in residents' income and the improvement in employment, the domestic economy is expected to maintain a stable and positive trend.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1. KAPPA and Lingnan Lion Dance Troupe
2. KAPPA and female players of Rongjiang Team in Village Super League
3. KAPPA offline flash mob event at Shenzhen coastline
4. KAPPA sponsoring a competitive variety show called "We Never Stop"
5. Alpine slalom event at PHENIX Brothers Skiing Cup
6. PHENIX x chicamp freestyle training camp
7. PHENIX x NIO Life co-branded cooperation
8. KAPPA sponsoring ski clothing to Altay Vocational and Technical College for the winter games


7.


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INDUSTRY REVIEW

In 2023, China's sporting goods enterprises strived ahead amid the economic slowdown. In the face of challenges such as supply chain, industry inventory and weak consumer market, the favorable policies introduced by the Chinese government have provided significant support for the sporting goods industry in China. In September 2023, the General Administration of Sport of China issued the "Notice on Organizing and Carrying out Sports Consumption Promotion Activities Taking Major Sports Events as an Opportunity", proposing to encourage localities to establish a regular sports consumption promotion mechanism and introduce measures to benefit the public such as sports fee vouchers according to local conditions. Also, qualified regions are encouraged to establish electronic maps for sports consumption and online trading platforms for sports consumption, so as to provide smart support for sports consumption and enable citizens to participate in sports activities.

According to the "Notice on the Work Plan for the Restoration and Expansion of Sports Consumption" issued by the General Administration of Sport of China, 16 measures to stimulate and restore sports consumption were listed, including increasing the supply of high-quality sports products and services, enriching sports consumption scenarios and consolidating the foundation of sports consumption. The rising health awareness of mainland residents and their increasing focus on sports and exercise have led to an increase in the demand for sporting goods in mainland China. According to the National Bureau of Statistics of China, in 2023, the total retail sales of consumer goods amounted to RMB47,150 billion, up by 7.2% year-on-year. In particular, the retail sales of sporting goods, including clothing, shoes and hats, and needle textiles, reached RMB1,410 billion, representing a year-on-year increase of 12.9%. Total sales amount of sports products for the first three months of 2024 reached RMB370 billion, representing a year-on-year increase of 2.5%.

In 2023, outdoor sports emerged rapidly, becoming a new blue ocean for industrial development. In October 2023, the National Development and Reform Commission, the General Administration of Sports and other departments issued the "Action Plan for Promoting the Construction of Outdoor Sports Facilities and Service Improvement (2023–2025)", proposing to promote the total scale of outdoor sports industry to reach RMB3 trillion by 2025. It is expected that favorable policies will be introduced in succession to promote the vigorous development of outdoor sports. On the other hand, the Beijing Winter Olympics in 2022 and the perfect ending of the 14th Winter Games of China in 2024 have opened up a new era of winter sports in China. Winter sports and events have received more attention from consumers, setting a trend for the ice-and-snow economy, which is conducive to the accelerated development of winter sports brands.

McKinsey and the World Federation of the Sporting Goods Industry (WFSGI) published the industry report entitled "Sporting Goods 2024: Time to move", stating that the sporting ecosystems and the demands of sustainability offer potential for innovation in the sporting goods industry. In recent years, China's sporting goods enterprises have also increased their focus on sustainability and applied environmentally friendly technologies and materials in product innovation and design, so as to achieve sustainable production and respond to the changes in public consumption patterns. These reforms are deepening and leading the industry forward.

2024 is a "big year for sports", in which the world's top sport events will be staged one after another, let alone the Paris Olympic Games. The improved market environment and new consumer preferences will bring new opportunities to the sporting goods industry. After the partial recovery in 2023, the industry and market will face challenges, but also opportunities to achieve continuous growth in 2024. According to the 2024 Government Work Report, as a key area of digital consumption, green consumption and health consumption, sports consumption will fully tap the potential of the sports industry, vigorously expand the "sports+" and "+sports" models, and add new momentum to economic and social development. Under the favorable policy environment and in line with the trend of sports for all, the development of the sporting goods industry will continue to release consumption potential and expand the scale of consumption.

BUSINESS REVIEW

Throughout the 2023/24 financial year, China's consumption sector regained its momentum slowly and economic activities picked up gradually. In the face of challenges such as supply chain, industry inventory and weak consumer market, the favorable policies introduced by the Chinese government have provided significant support for the sporting goods industry in China. Outdoor sports boomed and has become a new blue ocean for industrial development, while winter sports and events have received more attention from consumers. People's enthusiasm in sports has facilitated the development of the sports and leisure apparel industry. The Group seized such market opportunities by optimising its offline channel distribution and enhancing the synergy of business systems to improve efficiency and business performance. The Group continued to devote strong efforts to product R&D with ongoing launch of brand new products for a number of its brand series on the back of revamped product designs, materials and functions to further strengthen its market competitiveness.

In terms of brand promotion, the Group emphasised the philosophy of the KAPPA brand of being "passionate, sexy and vanguard". During the Reporting Period, the Group became the apparel sponsor of popular variety shows, organised a series of activities that encourage young users to interact with each other, and created the story about how sports are integrated into life from the perspective of athletes, such that brand exposure was improved from multiple perspectives, connection between the brand and users was enhanced, and the brand remained in tandem with the young generation in ongoing enhancement of its brand image and market popularity.

Brand-building and promotion

PRC — KAPPA brand

True to its passionate, optimistic and open character, the KAPPA brand continued to convey the concept of living with sports to its users during the Reporting Period. It also made use of the media of variety shows in combination with the hot spots of festivals to do ongoing promotion to the public and rise attention of KAPPA users.

After the pandemic gloom, outdoor sports have thrived since early 2023, with minority sports such as flying disc, cycling, camping, and river tracing becoming more popular, and sports and physical trainings have become more important ways of life and self-pursuit. In the financial year 2023, KAPPA became the apparel sponsor of the variety show called "We Never Stop". Since the broadcast, the show has garnered over 5 billion hits on the platform and, with 100 influencers wearing KAPPA products, every hot search and discussion has been accompanied by the great exposure of the KAPPA brand. Artistes and Olympic champions have joined the KAPPA brand for the photo shooting of the new season, which have also re-triggered the discussion of the KAPPA brand by the public, and the brand has achieved an immediate success.

In December 2023 and at the threshold of a new year, KAPPA noticed the public's desire for good luck in the new year. To create a strong resonance with young users and to increase interaction with brand customers, KAPPA launched a special new year clothing with magnetic buttons and carried out a series of activities called "Get Lucky (好事向我靠)". Such funny and interesting product and activity settings quickly attracted some consumers to feed their camera in the store and discuss enthusiastically in social media. At the same time, KAPPA filmed a creative short video called "Get Lucky (好事向我靠)", a warm and funny story that conveyed KAPPA's pursuit of quality of life to consumers.

In addition, KAPPA chose to record consumers from different fields, telling different stories about how users integrate sports into life through the lens of observer, so as to express the brand spirit of KAPPA. For example, Dali women footballers, youth skiing team, and fencing athletes were chosen, and their specific character images have brought users closer to the brand.

PRC — PHENIX brand

Founded in 1952 in Japan, PHENIX has been exclusively focusing on the skiing sport since day one, committed to the supply of functional outfit for avid skiers with ongoing improvements in comfort.

In terms of product, we remained focused on professional, tournament-grade double-boards and adhered to the business core of professional ski products in the China market, which inherited the traditional competitive series with the spirit of the PHENIX brand, and has been tested in the market for more than 70 years. The NORGE Norwegian Alpine Ski Series demonstrated the craftsmanship and design concept of professional and supreme level of the PHENIX brand, as a 30-year sponsor of the Norwegian Alpine Ski Team. Also, with the offerings of MISS PHENIX high-end ladies' fashion series and the young and fashionable SP27 and X-niX Series which integrate with the current fashion culture, PHENIX has been able to face more diversified consumer choices in recent years. In addition, alk phenix and +phenix, which focus on functional life, have expanded the two principal product lines for outdoor activities and daily scenarios, offering a rich array of choices in an eloquent expression of PHENIX's exquisite understanding of urban and outdoor functions. The Japan line series is a traditional ski competitive series that inherits the spirit of the PHENIX brand. It is specially designed for avid speedy skiers. With more than 70 years of market test, it brings more comfortable wearing experience and professional functional experience.

During the Reporting Period, PHENIX joined hands with NIO, a new energy vehicle brand, to create exclusive co-branded snow clothing for NIO's car owners for its lifestyle product line NIO life, demonstrating the strong cross-border collaboration of new energy and ski sectors. At the same time, the PHENIX brand became the designated sponsor of the ski team of Tsinghua University, and launched customised ski uniforms for the co-branded ski teams of Tsinghua University and Tsinghua Snow Association to help the dissemination of ski culture in colleges and universities, and the topic of Tsinghua ski team topped the topic list in Xiaohongshu. The PHENIX brand also reached a cooperation with East Buy on team building snow clothing and on team building skiing equipment for broadcasting team. The head anchors wore PHENIX ski clothing and continued to show on the we-media platform, greatly increasing the online exposure and search index.

During the 2023/24 ski season, PHENIX was committed to promoting the development of the ice-and-snow industry and ice-and-snow services. It established its presence at Wanlong Ski Resort, a well-established skiing ground in Chongli District, and entered into a long-term programme for in-depth cooperation with the ski resort, whereby PHENIX brand elements and the new visual service experience will be extensively integrated in the prop park and ski facilities. At the same time, a 600-square metre mega membership service centre was built in Wanlong Ski Resort to provide more comfortable and delightful skiing experience to a greater number of avid skiers.

Focusing on the training and development of the ski industry, PHENIX has cooperated with a number of well-known domestic ski athletes, including retired internationals, and site engineers of the Olympic Committee to form a coach team. During the 2023/24 ski season, PHENIX FREERIDE training camps were organised to provide more professional and safe ski courses for avid skiers and cultivate youngsters to enjoy skiing. PHENIX also entered into a long-term programme for in-depth cooperation with the ski resort, whereby PHENIX brand elements will be extensively shown at the prop park and ski facilities in a bid to foster a brand new, fashionable skiing ambience. PHENIX also joined hands with chicamp to organise freeride training camps at the important ski resorts in Chongli and Northeast China, inviting well-known domestic ski athletes, including retired internationals, to form a coach team with a view to guiding avid skiers to enjoy freestyle skiing and cultivating youngsters to enjoy skiing.

PHENIX continued to conduct in-depth research on ergonomics, engineering and biology to explore specialised technologies for the development of sportswear products, consistently amassing, refining and putting to extensive application technologies compatible with globally advanced standards, whilst making improvements to the sporting functions of such products. The brand continued to display uniqueness in design and fashion that embodies the latest trends and hallmarks of the era.

KAPPA Apparel Series

During the Reporting Period, KAPPA conducted extensive consumer research with a view to achieving more precise positioning of its product series. Full upgrades were introduced to the product lines as the KAPPA 1916 Series inheriting brand classics and retro sporting elements, the KAPPA Player Series targeting at new-generation trendy consumers, and the KAPPA Gara Series integrating technical functions into fashionable sportswear were launched. The brand was also engaged in active cross-sector collaboration with The Smurfs, an internationally reputed intellectual property company, to launch spectacular, innovative co-branded styles. Meanwhile, the standalone combat pant series, an all-time best-seller, was relaunched with full upgrades, including a mixed patch-up of 22 cut-out pieces highlighting KAPPA's attention to quality details.

KAPPA 1916 Series

Looking to the century-old history of the KAPPA brand for design inspirations, the KAPPA 1916 Series incorporates a range of brand elements such as Turin in Italy, the brand's city of origin, and the historic socks maker in its design. The retro classic football jersey relives the glories of KAPPA's football club sponsorships while heralding a new fashion trend of Blokecore retro sportswear mix-and-match.

KAPPA Player Series

The KAPPA Player Series presents a brand new interpretation that integrates the most popular fashionable sports culture with the long history of the KAPPA brand. Its main theme is underpinned by stories of the fashion culture and a mixture of popular street sports, complemented by popular tones matched with innovative templates to highlight the individuality of young consumers as well as the outgoing style of the KAPPA brand, with a view to attracting young consumers by mixing the brand's unique attributes and stories with popular fashion.

KAPPA Gara Series

During the Reporting Period, the KAPPA Gara Series continued to foster its competitiveness through a combination of functional technology with fashionable designs. K-TECH, the technology platform launched by the brand, has continued to incorporate integrated technological elements into KAPPA Gara products. The application of K-UV CUT, K-ICE KOOL and K-FLASH DRY technologies in combination has brought to consumers textured and stylish sporting products that are not only fashionable, but also more comfortable to wear, demonstrating KAPPA's premium quality. In November last year, KAPPA Gara provided down jackets and professional skiing equipment for Altay Vocational and Technical College to participate in the National Student Winter Games (全國學生冰雪挑戰賽).

Shoes Series

During the Reporting Period, KAPPA footwear continued to focus on the forging of fashionable sports products with meticulous efforts in the four principal core categories of retro running shoes, fashion running shoes, lightweight running shoes and sneakers. We re-categorised product hierarchy and corresponding consumer groups, which covered consumers at different levels through an innovative strategy that highlights style and category differences with an emphasis on the blending of brand assets with products, enrichment of product lines with trendy designs and the strategy of brand sustainability. During the fourth quarter of 2023, KAPPA launched the football training style shoes in classic position, and created the brand's classic football shoes — TIFO by rationally allocating market resources; and the sales of fashion running shoes and retro running shoes launched during the same period also performed well. In the first quarter of 2024, the sales of both sneakers and running shoes grew steadily. Moreover, our products gained continuous exposure in the market thanks to a diversified marketing approach, as we consistently raised their profiles through cooperation with popular IPs, digital marketing, and popular timings afforded by festivals and events, among others, in order to focus on trendy stuff followed by young consumers and further enlarge our customer groups.

Accessories Series

During the Reporting Period, the accessories segment developed steadily. In terms of offline products, accessories and apparel series were closely cooperated with each other to express brand personality and sales business needs, which effectively improved the overall matching and fashion awareness. Targeting different customer groups, we launched unique accessories to meet the individual needs of different consumers. Also, in line with omni-directional management, the accessory department took actions actively to reasonably control product supply, ensure healthy inventory turnover and improve sales efficiency. At the same time, there was significant improvement in accessories online business with rapid growth in sales. Based on the characteristics of online consumers, we successfully created a series of hot-selling accessories, which became an important growth driver of online sales business. By optimising the online shopping experience and improving the quality of customer service, customer satisfaction and loyalty were improved effectively. New sales channels were explored actively in a bid to continuously expand business boundaries.

Omni-directional Retail Network

During the Reporting Period, the Group continued to focus on the quasi-direct operation model and optimisation of single-store efficiency to speed up the efficient turnover of merchandise through omni-channels. As at 31 March 2024, the Group had a total of 1,012 KAPPA stores (excluding KAPPA Kid's stores), a net decrease of 11 stores (excluding KAPPA Kid's stores) compared to the same period of 2023.

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

PRUDENT INVESTMENT STRATEGY

During the 2023/24 financial year, major stock markets were experiencing significant volatility amid global economic slowdown, in particular, the stock markets in Europe and the United States rebounded while the stock markets in China and Hong Kong were weak. The Group's investments include mainly equity investment, stock investment, fixed income and cash management. The diversity in investment distribution affords strong resilience against risks and ensures the safety and effectiveness of investment. As at 31 March 2024, the Group reported a net asset value of RMB8,268 million for its investment segment, representing a year-on-year decline of 5.4%. The Group will continue to optimise its investment asset portfolio, strengthen close cooperation with its investment project managers, advance new project investment in a prudent manner and facilitate timely and reasonable divestments of invested projects based on prudent principles to generate long-term and stable return for shareholders.

OUTLOOK

Looking to the future, with global economic growth in need of further stimulus and the growing divergence of economic systems around the world, there is a pressing need for the government to launch the economic stimulus package. Driven by multiple stimulus measures, China's economic activities are picking up steadily and market confidence continues to grow. According to the 2024 Government Work Report of China, as a key area of digital consumption, green consumption and health consumption, sports consumption will fully tap the potential of the sports industry, vigorously expand the "sports+" and "+sports" models, and add new momentum to economic and social development. Moreover, 2024 is a "big year for sports", in which the world's top sport events will be staged one after another, let alone the Paris Olympic Games, thereby bring new opportunities to the sporting goods industry. China Dongxiang holds an optimistic view on the prospect of China's leisure sportswear industry as a whole with the conviction that China's sports market holds out enormous potential for development. In future, the Group will continue to seize market opportunities and launch more quality products, in a bid to bring customers a better consumer experience and enhance brand competitiveness. In the meantime, the Group will continue to enhance its connection with the younger generation, bringing them closer to each other and making KAPPA the leading fashion sports brand with a passionate, optimistic and open attitude.

In connection with the sports business and marketing, the Group will continue to engage closely with the consumer groups led by the younger generation, organise more cross-border cooperation activities and more innovative and diversified brand promotion activities, sponsor popular shows to enhance relationship between the brand and consumers. In the meantime, it will continue to drive the sales of its brand series to enhance the popularity and attention of the brand and its products, thereby expanding the awareness and advancing the core competitiveness of the brand. Under the favorable policy environment, the sporting goods industry will develop rapidly, and will continue to release consumption potential and expand the scale of consumption, and the output is expected to further increase. The Group will continue to instill new driving force for brand development by developing new products, upgrading its technology, and integrating artificial intelligence technology, and will also continue to enhance omni-directional management and promote omni-channel development of online and offline sales to enhance its business competence and sales performance.

In connection with investment, the Group will continue to adjust its investment asset portfolio, strengthen close cooperation with its investment project managers, advance new project investment in a prudent manner and make critical assessment of the situation in facilitating timely and reasonable divestments of invested projects to generate stable and long-term return for shareholders.

ADDITIONAL DISCLOSURES

Principal risks and uncertainties facing by the Group

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

(i) Risks relating to macro-economic fluctuations

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

(ii) Risks relating changes in industry

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

(iii) Risks relating to business operation

Management of internal and external business operation of the Group may be subject to a series of risks, such as increase in product cost and raw material cost, rise in labour cost, increase in 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 returns. During the investment period, the Group may be subject to a number of risks, such as price fluctuation in stock markets, unfavourable changes in policies on investee sectors, operational failure of investee projects, default by partners or exchange fluctuation. The Group will emphasise on risk aversion by strictly following established procedures and policies on investment decision and post-investment management, however there is no assurance that 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 2024, the Group had 350 employees (31 March 2023: 471 employees), among which 329 were at the Group's headquarters (31 March 2023: 319 employees), and 21 employees were at subsidiaries (31 March 2023: 152 employees).

(ii) Customers

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

(iii) Suppliers

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

FINANCIAL REVIEW

The Group reported sales of RMB1,744 million for the twelve months ended 31 March 2024 (the "Reporting Period"), which increased by 3.9% as compared to RMB1,679 million for the twelve months ended 31 March 2023 (the "Comparative Period"). For the Reporting Period, while year-on-year reversal from operating loss to operating profit of RMB106 million was reported for the apparel business, loss was incurred for the investment business owing to volatility in the capital market. Loss attributable to owners of the Company for the Reporting Period amounted to RMB639 million (Comparative Period: profit attributable to owners of the Company of RMB115 million).

Sales Analysis

During the financial period, the Group's overall sales increased by 3.9% as compared to the Comparative Period with Kappa sales registering a 6.2% year-on-year growth, as the Group revised its strategy in a timely manner following the full relaxation of COVID-19 epidemic control measures in China to adjust the proportion between out-season and in-season commodities.

Sales analysed by business and product categories

	For the twelve months ended 31 March						
	2024			2023			
	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	**1,305**	**79.7%**	**74.8%**	1,200	77.8%	71.5%	8.8%
Footwear	**239**	**14.6%**	**13.7%**	281	18.2%	16.7%	−14.9%
Accessories	**94**	**5.7%**	**5.4%**	61	4.0%	3.6%	54.1%
Kappa Brand Total	**1,638**	**100.0%**	**93.9%**	1,542	100.0%	91.8%	6.2%
Other businesses	**106**		**6.1%**	137		8.2%	−22.6%
Total	**1,744**		**100.0%**	1,679		100.0%	3.9%

Total sales of the Kappa brand business, the core business of the Group, for the Reporting Period increased by RMB96 million to RMB1,638 million as compared to RMB1,542 million for the Comparative Period.

During the Reporting Period, the Group continued to consolidate the business models of "brand + product" and "brand + direct operation" in a bid to further enhance our brand value and create our solid brand influence by blending our brand culture in our continuously refined and upgraded products on the one hand and continue to optimise and improve the new operation model in control and management, optimise the networking of direct operation, enhance store efficiency and optimise the e-commerce operations on the other, so that demands from end customers are better accommodated and satisfied. Meanwhile, the Group has also continued to conduct adjustments and optimisation of its directly operated stores, resulting in 1,012 Kappa stores in total.

Sales of Kappa brand analysed by sales channels

	For the twelve months ended 31 March				
	2024		2023		
	Sales RMB million	**% of sales of Kappa brand**	Sales RMB million	% of sales of Kappa brand	**Change**
Non directly-operated	**685**	**41.8%**	597	38.7%	14.7%
Directly-operated	**953**	**58.2%**	945	61.3%	0.8%
Total of Kappa brand	**1,638**	**100.0%**	1,542	100.0%	6.2%

Note: Excluding Kappa Kids' apparel business.

Sales of Kappa brand via non directly-operated channel increased by RMB88 million to RMB685 million for the Reporting Period from RMB597 million for the Comparative Period, representing 41.8% of the total sales of the Group's Kappa brand business (Comparative Period: 38.7%).

As at 31 March 2024, the number of directly-operated retail and distribution stores under Kappa brand operated by our subsidiaries reached 557. Sales via directly operated channel increased by RMB8 million to RMB953 million for the Reporting Period from RMB945 million for the Comparative Period, representing 58.2% of the total sales of Group's Kappa brand business (Comparative Period: 61.3%).

Cost of Sales and Gross Profit

Cost of sales of the Group decreased by RMB63 million to RMB552 million for the Reporting Period (Comparative Period: RMB615 million).

The gross profit of the Group increased by RMB128 million to RMB1,192 million (Comparative Period: RMB1,064 million). The Group's overall gross profit margin for the Reporting Period increased by 4.9 percentage points to 68.3% from 63.4% for the Comparative Period. The increase in gross profit margin was mainly attributable to the higher proportion of new products with higher margins and lower end-sales discount rates.

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

	For the twelve months ended 31 March		
	2024 Gross profit margin	2023 Gross profit margin	**Change in % pts**
Kappa Brand			
Apparel	**71.0%**	69.5%	1.5
Footwear	**59.3%**	56.9%	2.4
Accessories	**73.2%**	72.5%	0.7
Kappa Brand in total	**69.4%**	67.3%	2.1
Other businesses	**52.6%**	19.1%	33.5
OVERALL	**68.3%**	63.4%	4.9

Gross profit margin of Kappa brand business for the Reporting Period increased by 2.1 percentage points to 69.4% from 67.3% for the Comparative Period. Such increase in gross profit margin was principally due to the higher proportion of new products with higher margins and lower end-sales discount rates.

Other income and gains/(losses) — net

The net loss amount of other income and gains/(losses) for the Reporting Period was RMB659 million (Comparative Period: net gain amount of other income and gains/(losses) of RMB157 million), which included the net amount of investment loss of RMB724 million contributed by the investment segment, government subsidy income of RMB16 million and franchise fee income of RMB50 million.

Investment segment

Investment loss from investment segment of the Group for the Reporting Period was RMB724 million (Comparative Period: investment gains of RMB131 million), comprising mainly loss from fair value change of financial assets of RMB824 million, dividend income from investment of RMB12 million, and interest income from loan receivables of RMB34 million.

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

	For the twelve months ended 31 March	
Investments	**2024 (Losses)/gains from investment segment RMB million**	2023 (Losses)/gains from investment segment RMB million
Equity	**(356)**	(31)
Private-equity funds	**(182)**	46
Equity funds	**(63)**	(47)
Single equity investments	**(216)**	63
Debts, bonds, debt funds	**37**	67
Others	**56**	33
Total	**(724)**	131

Distribution Expenses and Administrative Expenses

Distribution expenses and administrative expenses mainly comprised employee salary and benefit expenses, advertising and marketing expenses, logistic and warehouse operation fees and product design and development expenses. Total distribution expenses and administrative expenses for the Reporting Period was RMB1,196 million (Comparative Period: RMB1,137 million), constituting 68.6% of the Group's total revenue and 0.9 percentage point higher than that for the Comparative Period. The Group continued to further optimise various resource allocations and improve its cost structure, in a bid to enhance production efficiency subject to reasonable cost control. The Group has strictly controlled various expenditures through effective management measures.

During the Reporting Period, the Group optimised and adjusted the internal organisational structure to further enhance the motivation of all staff members. Employee salary and benefit expenses increased by RMB36 million, year-on-year, to RMB127 million for the Reporting Period (Comparative Period: RMB91 million).

Advertising and marketing expenses of the Group decreased by RMB72 million to RMB386 million for the Reporting Period from RMB458 million for the Comparative Period, which was principally due to the transfer of store equipment rack costs to depreciation and amortisation and the adjustment in the pace of investment in marketing activities during the period.

Commission expenses for the Reporting Period amounted to RMB245 million (Comparative Period: RMB205 million), an increase of RMB40 million versus the Comparative Period, which was mainly due to the adjustment of consignors' commission rates as a result of incentivising consignors to increase retail discounts during the period.

Outsourcing labour costs for the Reporting Period amounted to RMB155 million (Comparative Period: RMB156 million), a decrease of RMB1 million versus the Comparative Period.

Logistic and warehouse operation fees for the Reporting Period amounted to RMB34 million (Comparative Period: RMB39 million), a decrease of RMB5 million versus the Comparative Period, which was due to the optimisation of the storage structure and the improvement of storage operation efficiency during the period.

For the Reporting Period, the Group continued to adopt a more cautious but effective approach in investment in product R&D, as our product design and development expenses increased by RMB4 million over the Comparative Period to RMB41 million (Comparative Period: RMB37 million).

Operating Loss

For the Reporting Period, operating loss of the Group was RMB778 million (Comparative Period: operating profit of RMB138 million). The operating loss margin was 44.6% for the Reporting Period (Comparative Period: operating profit margin of 8.2%). Operating profit excluding that of investment segment was RMB106 million (Comparative Period: operating loss of RMB15 million).

Finance Income — Net

For the Reporting Period, net finance income of the Group amounted to RMB19 million (Comparative Period: net finance income of RMB40 million), which mainly consisted of interest income from bank deposit of RMB25 million (Comparative Period: RMB23 million); interest expense of lease liabilities of RMB2 million (Comparative Period: RMB3 million) during the Reporting Period. Exchange loss for the Reporting Period amounted to RMB3 million (Comparative Period: exchange gain of RMB29 million).

Taxation

For the Reporting Period, the Group incurred operating loss before income tax amounting to RMB759 million, resulting in income tax credit amounting to RMB120 million (Comparative Period: income tax expense of RMB59 million), which was mainly due to the reduction in the deferred income tax liabilities in respect of the withholding tax on the retained earnings of the PRC subsidiaries to be distributed and more information has been set out in Notes 10 and 17 to the consolidated financial statements. The effective tax rate was 15.8% (Comparative Period: 33.9%).

Loss and Net Loss Margin Attributable to Owners of the Company

Loss attributable to owners of the Company for the Reporting Period was RMB639 million (Comparative Period: profit attributable to owners of the Company of RMB115 million), and the net loss margin was 36.6% (Comparative Period: net profit margin of 6.8%).

Losses Per Share

The basic and diluted losses per share for loss attributable to owners of the Company were both RMB10.90 cents for the Reporting Period. The basic and diluted earnings per share was RMB1.96 cents for the Comparative Period.

The basic losses per share are calculated by dividing the loss for the period attributable to owners of the Company by the weighted average number of ordinary shares of the Company in issue less shares held under restricted share award scheme of the Company during the period. As at 31 March 2024, the total number of ordinary shares of the Company was 5,887,561,025 shares.

Final Special Dividend

The Company has paid an interim special dividend for the six months ended 30 September 2023 of RMB0.71 cent per ordinary share, with a total amount of RMB41,802,000.

The Board of the Company has recommended the distribution of a final special dividend of RMB0.51 cent per ordinary share for the twelve months ended 31 March 2024.

The final special dividend subject to approval by the shareholders of the Company at the annual general meeting to be held on 21 August 2024, will be paid in Hong Kong Dollars based on the rate of HKD1.00 = RMB0.91234 being the official exchange rate of Hong Kong dollars against Renminbi as quoted by the People's Bank of China on 25 June 2024. The dividend will be paid on or about 11 September 2024 to shareholders whose names appear on the register of members of the Company on 30 August 2024.

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

The register of members of the Company will be closed from 28 August 2024 to 30 August 2024 (both days inclusive), for the purpose of determining shareholders' entitlements to the 2023/2024 final special dividend. In order to qualify for the 2023/2024 final special dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 27 August 2024.

Annual General Meeting ("AGM")

The AGM of the Company will be held on 21 August 2024. Notice of the AGM will be issued and disseminated to shareholders in due course.

To ascertain shareholders' eligibility to attend and vote at the AGM, the register of members will be closed from 16 August 2024 to 21 August 2024 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify to attend and vote at the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 15 August 2024.

Issue of New Shares to Management Personnel

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

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

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

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

Under the January Subscription and April Subscription, connected subscription loan agreements and management subscription loan agreements were entered into between Bright Pacific Enterprises Limited, a wholly-owned subsidiaries of the Company, and each of the subscribers and management. On 29 June 2020, these loan agreements were assigned to Gaea Sports Limited ("GSL"), a wholly-owned subsidiary of the Company. Please refer to the section headed "Other financial assets at amortised cost" in note 20 to the consolidated financial statements for details of the subscription loans.

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

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

Restricted Share Award Scheme

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

Details of the Company's restricted share award scheme can be found in the "Report of the Directors — Restricted share award scheme" section set out on pages 64 to 66 of this annual report.

Share Option Scheme

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

Details of the Company's Share Option Scheme can be found in the "Report of the Directors — Share Option Scheme" section set out on pages 66 to 70 of this annual report.

FINANCIAL POSITION

Working capital efficiency ratios

Average trade receivable turnover days for the Reporting Period and the Comparative Period were 31 days and 33 days, respectively. Average trade payable turnover days for the Reporting Period and the Comparative Period were 94 days and 115 days, respectively. Average inventory turnover days for the Reporting Period and the Comparative Period were 206 days and 218 days, respectively.

Liquidity and financial resources

As at 31 March 2024, cash and bank balances of the Group amounted to RMB3,035 million, an increase of RMB477 million as compared to a balance of RMB2,558 million as at 31 March 2023, which was mainly due to:

1) Net cash inflow from operating activities of approximately RMB199 million;

2) Payment of dividends during the Reporting Period for an amount of equivalent to approximately RMB70 million;

3) Cash outflows for investment in financial assets of approximately RMB2,340 million, cash inflow from partial disposal of financial assets and dividend income of approximately RMB2,745 million, and cash inflow from interest income from loans to external parties of RMB37 million;

4) Other aggregate cash outflow amount of RMB94 million.

As at 31 March 2024, net asset value attributable to owners of the Company was RMB9,075 million (31 March 2023: RMB9,665 million). The Group's current assets exceeded current liabilities by RMB3,990 million (31 March 2023: RMB4,201 million). The Group also had a very strong liquidity position. The current ratio as of 31 March 2024 was 9.0 times (31 March 2023: 8.4 times).

Investments in financial assets

As at 31 March 2024, the Group's current and non-current portions of financial assets at fair value through profit or loss amounted to RMB4,727 million in aggregate, which included the following:

Listed securities:

Name	Fair value as at 31 March 2024 RMB million	Fair value as at 31 March 2023 RMB million
Alibaba	**396**	564
Other listed securities	**274**	400
Total	**670**	964

Other unlisted investments:

Investments	Fair value as at 31 March 2024 RMB million	Fair value as at 31 March 2023 RMB million
CPE Yuanfeng Fund RMB III	**400**	509
Jiashi Investment Preferred Cornerstone	**326**	355
Guotiao Hongtai Fund	**256**	226
Yunfeng Fund RMB IV	**167**	198
Jiashi Investment Preferred II	**159**	176
CPE Yuanfeng New Fund RMB	**158**	155
CPE Global Opportunities Fund, L.P.	**149**	166
Yunfeng Fund USD III	**110**	126
Boyu USD Fund	**101**	132
CPE Global Opportunities Fund II, L.P.	**93**	100
Jiayu Fund RMB II	**91**	98
Hongtai Growth Fund	**86**	92
Yunfeng Fund RMB III	**78**	107
Hongshan Fund RMB IV	**67**	82
Others	**1,816**	2,383
Total	**4,057**	4,905

Loan Receivables

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

As at 31 March 2024, the Group had loan receivables of an aggregated carrying amount of RMB901 million (31 March 2023: RMB936 million), including loans of an aggregated carrying amount of RMB575 million (31 March 2023: RMB618 million) to the independent third parties, loans of an aggregated carrying amount of RMB12 million (31 March 2023: RMB13 million) to the related parties and loan receivables of an aggregated carrying amount of RMB313 million (31 March 2023: RMB304 million) to the management personnel.

As at 31 March 2024, the amount of each loan receivable from the Borrower from the independent third parties varied from RMB4 million to RMB313 million, which bear interests at fixed interest rates in the range of 8% to 12% per annum. The maturity period of each loan receivable from the Borrower varied with the range from 10 to 36 months. All these loan receivables were secured by the pledges of certain assets of the Borrowers.

The total number of Borrowers under the Lending Arrangement was sixteen as at 31 March 2024. The aggregated carrying amount of loan receivables due from the largest Borrower was RMB313 million, whereas the aggregated carrying amount of loan receivables due from the five largest Borrowers was RMB600 million, representing approximately 34.7% and 66.6% of the aggregated carrying amount of loan receivables of the Company as at 31 March 2024, respectively.

The amount of provision for impairment in respect of the loan receivables of the Group as at 31 March 2024 was approximately RMB138 million, as compared to approximately RMB26 million as at 31 March 2023. Provision for impairment increased by RMB112 million during the Reporting Period. Such increase was mainly due to the decrease in fair value of certain loan collaterals during the current period. As affected by the market and economic environment, the collaterals of certain Borrowers have depreciated. The Group has engaged an external valuer to assist in determining the expected credit loss ("ECL") of these receivables based on the three-stage impairment model set out in IFRS 9 "Financial Instruments". As appraised by an independent valuer, the value of the existing collaterals was insufficient to fully cover the total outstanding amount of relevant loans. Therefore, the impairment provision for the relevant loans as at 31 March 2024 was increased.

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

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

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

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

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

Pledge of assets

As at 31 March 2024, the Group had no pledged assets (31 March 2023: Nil).

Capital commitments

In September 2020, the Group entered into a limited partnership agreement with Xiamen Yuanfeng Investment LLP., with a total committed investment amount of RMB200 million. As at 31 March 2024, the Group had paid a capital contribution of RMB130 million with a remaining balance of RMB70 million as capital commitments.

In January 2021, the Group entered into a limited partnership agreement with CPE Global Opportunities Fund II, with a total committed investment amount of US$30 million. As at 31 March 2024, the Group had paid a capital contribution of US$15 million with a remaining balance of US$15 million (equivalent to approximately RMB110 million) as capital commitments.

In February 2021, the Group entered into a limited partnership agreement with Yunfeng Fund IV (雲鋒基金IV), with a total committed investment amount of US$20 million. As at 31 March 2024, the Group paid a capital contribution of US$9 million with a remaining balance of US$11 million (equivalent to approximately RMB78 million) as capital commitments.

In July 2023, the Group entered into a limited partnership agreement with EnvisionX Partners Fund, L.P., with a total committed investment amount of USD6 million. As at 31 March 2024, the Group had paid a capital contribution of USD2 million with a remaining balance of USD4 million (equivalent to approximately RMB28 million) as capital commitments.

In August 2023, the Group entered into a limited partnership agreement with TH Capital China Growth Fund I, L.P., with a total committed investment amount of USD10 million. As at 31 March 2024, the Group had paid a capital contribution of USD5 million with a remaining balance of USD 5 million (equivalent to approximately RMB35 million) as capital commitments.

In November 2023, the Group entered into a limited partnership agreement with CPE Global Select Fund, L.P., with a total committed investment amount of USD10 million. As at 31 March 2024, the Group had paid a capital contribution of USD2 million with a remaining balance of USD8 million (equivalent to approximately RMB53 million) as capital commitments.

Foreign Exchange Risk

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

Significant Investments and Acquisitions

No significant investments were held by the Group as at 31 March 2024 and no material acquisitions or disposals of the Group's subsidiaries, associates and joint ventures took place during the twelve months ended 31 March 2024.

INVESTOR RELATIONS REPORT

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

We summarise our investor relations achievements for the past financial year 2023/2024 as below:

1. Results Release and Investor Summit:

The Company released the annual results for the financial year 2022/2023 and the interim results for the financial year 2023/2024 in June and November 2023 respectively, and announced the Company's latest performance, as well as the Company's future development direction and strategy in a prompt and timely manner after such release. Meanwhile, information relating to the results is also uploaded onto the Company's website for investors to view in a timely manner after the release of results. In addition, the management and investor relations team of the Company also participated in non-deal roadshows and investment summits organised and hosted by investment banks to increase contact and communication with global investors.

2. Ongoing Daily Communication:

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

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

  In the financial year 2023/2024, face-to-face meetings and telephone conferences with investors and analysts were held proactively to announce the Company's operating performance in a timely manner.

- ***Investor Store Visits***

  In the financial year 2023/2024, store visits were arranged for investors and analysts in Beijing and other locations based on their needs.

- ***Company Website:***

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

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

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

3. AGM:

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

4. Prospects:

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

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

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

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

Name	Age	Position
Mr. Chen Yihong (陳義紅)	66	Chairman and Executive Director
Ms. Chen Chen (陳晨)	37	Chief Executive Officer, President, Co-Chairman and Executive Director
Mr. Lyu Guanghong (呂光宏)	45	Chief Financial Officer and Executive Director
Dr. Chen Guogang (陳國鋼)	64	Independent Non-Executive Director
Mr. Gao Yu (高煜)	50	Independent Non-Executive Director
Mr. Liu Xiaosong (劉曉松)	58	Independent Non-Executive Director

EXECUTIVE DIRECTORS

Mr. Chen Yihong (陳義紅), aged 66, is the founder, chairman and executive director of the Company. Mr. Chen is primarily responsible for the management of the board, company investment operations and corporate planning. Mr. Chen joined the Company in March 2007. Mr. Chen has extensive experience in the sporting goods industry in China. From 1991 to 2005, Mr. Chen was the vice-general manager, general manager and chief executive officer of Beijing Li Ning Sports Goods Co., Ltd. (北京李寧體育用品有限公司) and the executive director of Li Ning Company Limited, a company listed on Hong Kong Stock Exchange. Mr. Chen had completed an executive Master's in business administration degree from Guanghua School of Management of Peking University (北京大學光華管理學院) in 2002. Mr. Chen had completed "China CEO Program" of Cheung Kong Graduate School of Business (長江商學院) in 2009.

Ms. Chen Chen (陳晨), aged 37, is the chief executive officer, president, co-chairman and executive director of the Company. Ms. Chen joined the Company in 2012. Ms. Chen is primarily responsible for overseeing the marketing and design of Kappa products of the Company. Ms. Chen served as product planning representative in the apparel planning team of the Company from 2012 to 2013. Ms. Chen was promoted as the manager of the marketing department and the apparel design department and the vice president of the brand department in 2013. Prior to her appointment as the co-president of the Company since 9 February 2018, Ms. Chen has been appointed as the executive director and a member of the executive committee of the Company since 4 December 2014. Ms. Chen obtained her bachelor degree in Fashion Design Technology — Surface Textiles from University of the Arts — London College of Fashion, London, the United Kingdom in 2010.

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

Mr. Lyu Guanghong (呂光宏), aged 45, is the chief financial officer and executive director of the Company with effect from 17 April 2020. Mr. Lyu is principally responsible for preparing annual financial budget of the Group, organising and directing accounting audit, taxation planning and financial analysis, capital resources allocation of the Group, operation of investment projects and wealth management projects of the Group, organising statutory audit and information disclosure of the Group, maintaining long-term cooperation with shareholders and investors of the Company, formulating and optimising internal control and internal audit system of the Company, establishing and supervising the execution of audit plan as well as preventing and controlling management risks of the Company. Mr. Lyu joined the Group in October 2008. He acted as the manager of the finance department from November 2013 to February 2015. Prior to his appointment as the executive director and chief financial officer of the Company, Mr. Lyu has been the director of the investment and fund management department of the Company since February 2015, during which he was responsible for investment management, listing compliance, investor relations and other internal management of the Group.

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

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Chen Guogang (陳國鋼), aged 64, is the independent non-executive director of the Company and joined the Company in June 2016. Dr. Chen is the independent non-executive director of Cofco Trust Co., Ltd. (中糧信託有限責任公司) and Allinpay Network Services Co., Ltd. (通聯支付網絡服務有限公司) respectively.

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 China Certified Public Accountant Association.

Dr. Chen joined China Minsheng Investment Corp., Ltd. (中國民生投資股份有限公司) as the vice president in 2015. 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 50, is the independent non-executive director of the Company and joined the Company in July 2007. Mr. Gao has been working in the Morgan Stanley group of companies from August 2005 to July 2022 and was a managing director of the Private Credit and Equity Division, the co-chief investment officer of Private Equity Asia and head of China Investment business, the chairman of RMB Fund's investment committee of Morgan Stanley Asia Limited as well as the member of Morgan Stanley's China Management Committee. He is a non-executive director of China Feihe Limited (中國飛鶴有限公司), which is listed on the main board of Hong Kong Stock Exchange. 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. Mr. Gao has ceased to act as an independent non-executive director of New Sparkle Roll International Group Ltd. (新耀萊國際集團有限公司) with effect from 23 April 2024 which is listed on the main board of Hong Kong Stock Exchange.

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

SENIOR MANAGEMENT

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

CORPORATE GOVERNANCE REPORT

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

The Company is committed to ensuring high standards of corporate governance in the interests of shareholders and devotes considerable effort to identifying and formalising best practices. The Company has complied with all the Code Provisions set out in the CG Code as contained in Appendix C1 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") for the twelve months ended 31 March 2024 ("twelve months Period").

The Company has applied the principles of the Corporate Governance Code to its corporate governance structure and practices as described in this report. Details of the Company's corporate governance practices can be found in the Corporate Governance Report set out in the Company's annual report for the twelve months ended 31 March 2024.

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

The Company has adopted the Model Code set out in Appendix C3 of the Listing Rules as the standard for securities transactions by directors. The Company has made specific enquiries of all the directors and all the directors confirmed that they have complied with the required standards set out in the Model Code for the twelve months ended 31 March 2024.

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

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

THE BOARD OF DIRECTORS

The overall management of the Company's business is vested in the Board. Pursuant to the Articles of Association and the Terms of Reference of the Executive Committee adopted by the Board, the Board has delegated the day-to-day management of the Company's business to the Executive Committee (see details in page 53 below), and focuses its attention on matters affecting the Company's overall strategic policies, finances and shareholders related matters. These include financial statements, dividend policy, significant changes in accounting policies, annual operating budget, strategies for future growth, major financing arrangements, major investments and risk management strategies.

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

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

Executive Directors:

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

Independent Non-Executive Directors:

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. Save as aforesaid, none of the members of the Board is related to one another.

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

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

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

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

In accordance with Article 87 of the Company's articles of association, Mr. Gao Yu and Mr. Liu Xiaosong shall retire from the office by rotation and, being eligible, shall offer themselves for re-election at the forthcoming Annual General Meeting ("AGM").

Mr. Lyu Guanghong (re-elected as an executive Director on 17 August 2022), Mr. Chen Yihong (re-elected as an executive director on 16 August 2023), Ms. Chen Chen (re-elected as an executive director on 16 August 2023) and Dr. Chen Guogang (re-elected as an independent non-executive director on 16 August 2023) shall hold office until they are required to retired in accordance with the Company's articles of association.

DIRECTORS' AND OFFICERS' LIABILITIES INSURANCE

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

DIRECTORS' CONTINUOUS TRAINING AND DEVELOPMENT PROGRAMME

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

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

Each newly appointed director would receive an induction package covering the statutory and regulatory obligations of a director of a listed company. The Company also provides training to develop and refresh the directors' knowledge and skill.

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

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

	Attending seminars/ briefings relating to rules and regulations	**Reading newspapers, journals and updates relating to the economy and business management and duties of directors**
Executive Directors		
Chen Yihong	√	√
Chen Chen	√	√
Lyu Guanghong	√	√
Zhang Zhiyong (resigned on 29 September 2023)	√	√
Independent Non-executive Directors		
Chen Guogang	√	√
Gao Yu	√	√
Liu Xiaosong	√	√

BOARD AND COMMITTEES MEETINGS

During the twelve months Period, the Board held 13 meetings. The attendance of the directors at Board meetings, principal Board Committee meetings, Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM") on 16 August 2023 is set out in the table below.

	Attendance of						
	Board meetings	**Audit committee meetings**	**Remuneration committee meeting**	**Nomination committee meeting**	**The Environmental, Social and Governance committee meetings**	**AGM***	**EGM**
Executive Directors							
Chen Yihong	13/13	N/A	3/3	2/2	N/A	1/1	1/1
Chen Chen	13/13	N/A	N/A	N/A	2/2	1/1	1/1
Lyu Guanghong	13/13	N/A	N/A	N/A	2/2	1/1	1/1
Zhang Zhiyong (resigned on 29 September 2023)	4/7#	N/A	N/A	N/A	N/A	0/1	0/1
Independent Non- Executive Directors							
Chen Guogang	13/13	3/3	3/3	N/A	2/2	1/1	1/1
Gao Yu	13/13	3/3	N/A	2/2	N/A	0/1	0/1
Liu Xiaosong	13/13	3/3	3/3	2/2	N/A	1/1	1/1

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

\# Mr. Zhang Zhiyong attended four of the aforementioned board meetings and his alternate director Mr. Lyu Guanghong attended 3 of the aforementioned board meetings (Mr. Zhang Zhiyong resigned as the chief executive officer, the president, an executive director and a member of the executive committee of the Company and was appointed as the Special Assistant to the Chairman with effect from 29 September 2023).

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 and its other duties under the Corporate Governance Code.

The Audit Committee met three 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 2023, interim financial statements for the six months ended 30 September 2023;

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

The Remuneration Committee met three times during the twelve months Period. The major work performed by Remuneration Committee during the twelve months Period included reviewing and determining the Directors' remuneration for the year ended 31 March 2024, approving matters relating to share schemes under Chapter 17 of the Listing Rules and approving the amendment of Terms of Reference of Remuneration Committee.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration of the members of the senior management by band for the year ended 31 March 2024 is set out below:

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

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in note 8 and note 37 to the consolidated financial statements, respectively.

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, selecting and recommending candidates for directorship during the year. Having reviewed the Board composition, the Nomination Committee recognises the importance and benefits of the gender diversity among the Board members for the Group's strategic and sustainable development.

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

Nomination Policy

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

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

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

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

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

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

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

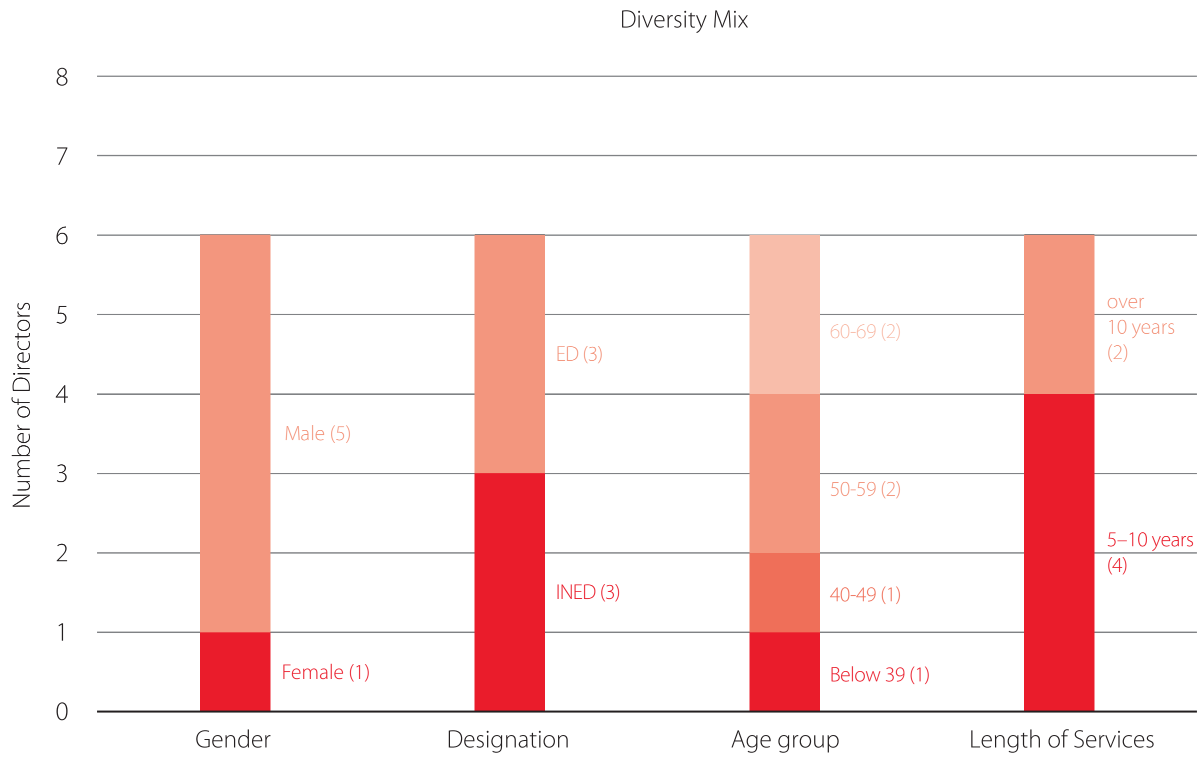
Directors' Remuneration Policy

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

Board Diversity Policy

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

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



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

The Company has also taken, and continues to take steps to promote diversity at all levels of its workforce. As of 31 March 2024, our total workforce comprised approximately 65.43% female and 34.57% male. Further details of the Group's inclusive policy, please refer to "Board Diversity and Equality in Employment" section of 2023/2024 ESG Report.

EXECUTIVE COMMITTEE

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

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

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

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

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

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

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

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

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

The ESG Committee, established on 10 March 2021, assisting the Board to meet its oversight responsibilities in relation to the Company's environmental, social and governance policies and practices. The ESG Committee met twice during the twelve months Period. The major work performed by the ESG Committee during the twelve months Period included reviewing the Group's annual environmental, social and governance ("ESG") related results, making recommendation to the Board for approval of the 2022/23 ESG Report and approving the amendment of Terms of Reference of ESG Committee.

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

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

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

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

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

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

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

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

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

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

RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

RISK MANAGEMENT AND INTERNAL CONTROL

Aims and Objectives

The Board confirms that it assumes responsibility towards the risk management and internal control system and is responsible for reviewing its effectiveness on an ongoing basis. The risk management and internal control system aims to manage, rather than eliminate, the risks of failing to achieve business objectives, and make reasonable, but not absolute, guarantee for preventing material misstatements or losses. The Board has delegated its responsibility for risk management and internal control, together the relevant authorities, to the Audit Committee. The Audit Committee oversees the management in the design, implementation and oversight of the risk management and internal control system on behalf of the Board. The management had confirmed to the Audit Committee (and the Board) that the relevant system is effective for the twelve months ended 31 March 2024.

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 2024, the IAC implemented and completed 9 internal audit projects and met with the management to report the relevant findings to Audit Committee.

Whistle-blowing

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

Anti-corruption

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

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

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

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

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

Insider information and information disclosure

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

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

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

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

For the twelve months Period under review, the Board has conducted annual review of the effectiveness of the Group's risk management and internal control systems for the twelve months ended 31 March 2024 as required under the Code Provision D.2 of the CG Code, covering the material financial, operational and compliance controls, and considered the Group's risk management and internal control systems effective and adequate. The Board confirmed that the Group has complied with the relevant Code Provisions in the CG Code on internal control. The Board has also confirmed the adequacy of resources, budget, staff qualifications, experience and training programs of the Group's internal audit staff and accounting and financial reporting staff as well as those relating to the Company's ESG performance and reporting and considered that the staffing is adequate and the staff members are competent to carry out their roles and responsibilities.

EXTERNAL AUDITOR

The Company has engaged 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 Company's independent auditor, PricewaterhouseCoopers, and its affiliated firms, for services rendered is analysed below:

	RMB'000
Statutory audit	4,200
Non-audit services	124
Total	4,324

The non-audit services mainly comprised tax compliance and certain agreed-upon procedures work. The responsibilities of the independent auditor with respect to the consolidated financial statements for the twelve months Period are set out in the section "Independent Auditor's Report" on pages 76 to 84.

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 41 to provide a more comprehensive overview of the work performed by the IR Department during the twelve months Period. During the period under reviewed, the Board considered the shareholders' communication policy conducted is effective.

SHAREHOLDERS' RIGHT

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

Pursuant to the Company's articles of association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. The contact details of the Board or the Company Secretary are as below:

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

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

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

CONSTITUTIONAL DOCUMENTS

The Company has passed a special resolution and adopted the Second Amended and Restated Memorandum and Articles of Association at the 2023 annual general meeting of the Company held on 16 August 2023. Details of the amendments were set out in the circular of the Company dated 12 July 2023. An up-to-date version of the Company's Second Amended and Restated Memorandum and Articles of Association has been posted on both the websites of the Company and the Stock Exchange.

Save as disclosed above, there was no change in the memorandum and articles of association of the Company during the year ended 31 March 2024.

REPORT OF THE DIRECTORS

The directors hereby presents to the shareholders their report together with the audited consolidated financial statements for the twelve months ended 31 March 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group are principally engaged in brand development, design and sales of sport-related apparel, footwear and accessories and investment activities in Mainland of the People's Republic of China and overseas. The principal activities and other particulars of the subsidiaries are set out on pages 129 to 134 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 18 to 40 of the annual report. That discussion forms part of this directors' report.

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

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

GROUP'S PROFIT OR LOSS

The Group's profit or loss for the twelve months ended 31 March 2024 is set out in the consolidated statement of profit or loss and other comprehensive income on pages 85 to 86 of this annual report.

DIVIDENDS

An interim special dividend of RMB0.71 cents, per ordinary share in respect of the six months ended 30 September 2023 was declared to Shareholders on 22 November 2023 and paid in December 2023.

The Board of the Company has recommended the distribution of a final special dividend of RMB0.51 cents per ordinary share of the Company, amounting to approximately RMB30,027,000, subject to approval by the Shareholders of the Company at the AGM to be held on 21 August 2024 and are payable in Hong Kong Dollars based on the rate of HKD1.00 = RMB0.91234 being the official exchange rate of Hong Kong dollars against Renminbi as quoted by the People's Bank of China on 25 June 2024.

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

PROPERTY, PLANT AND EQUIPMENT

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

BANK LOANS AND OTHER BORROWINGS

There was no bank loans and other borrowings of the Company and the Group as at 31 March 2024.

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 24 to the consolidated financial statements.

RESERVES

Movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on pages 89 to 90 of this annual report and Note 26 to the consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2024 amounted to approximately RMB1,272,616,000.

PRE-EMPTIVE RIGHTS

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

MATERIAL CONTRACT

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

DIRECTORS

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

Executive Directors:

Mr. Chen Yihong *(Chairman)*
Ms. Chen Chen *(Chief Executive Officer, President and Co-Chairman)*
Mr. Lyu Guanghong *(Chief Financial Officer)*
Mr. Zhang Zhiyong *(resigned as an executive director, chief executive officer, president, member of executive committee and was appointed as Special Assistant to the Chairman with effect from 29 September 2023)*

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. Gao Yu and Mr. Liu Xiaosong shall retire from the office by rotation and, being eligible, shall offer themselves for re-election at the forthcoming Annual General Meeting ("AGM").

Mr. Lyu Guanghong (re-elected as an executive Director on 17 August 2022), Mr. Chen Yihong (re-elected as an executive Director on 16 August 2023), Ms. Chen Chen (re-elected as an executive director on 16 August 2023) and Dr. Chen Guogang (re-elected as an independent non-executive director on 16 August 2023) 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 D2 of the Listing Rules are set out in Note 37 to the consolidated financial statements. Directors' remuneration was determined by reference to his/her duties and responsibilities, experience, performance and market conditions.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the directors of the Company is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the twelve months ended 31 March 2024 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 2024, 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 42 to 44 of this annual report.

RESTRICTED SHARE AWARD SCHEME

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

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

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

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

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

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

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

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

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

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

For the financial year ended 31 March 2024, none of the Restricted Shares were granted to any eligible participant pursuant to the Restricted Share Award Scheme. None of the Restricted Shares were vested, cancelled or lapsed during the period. As at 1 April 2023 and 31 March 2024, there was no unvested Restricted Shares. As at 31 March 2024, the number of Restricted Shares granted under the Scheme amounted to 7,081,000 Shares since the adoption of the Share Award Scheme, representing approximately 0.12% of the issued shares as at the Adoption Date. In 2016, 131,071 granted Restricted Shares was lapsed. As at 1 April 2023 and 31 March 2024, 23,050,071 Restricted Shares were available for grant under the Share Award Scheme. As at the date of this report, 23,050,071 Restricted Shares were available for grant under the Share Award Scheme, representing 0.39% of the issued shares of the Company as at the date of this report. The remaining life of the Share Award Scheme is approximately over six years.

Further details of the Share Award Scheme are set out in Note 27 to the consolidated financial statements.

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

SHARE OPTION SCHEME

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

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

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

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

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

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

(iii) the nominal value of the shares.

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

The maximum limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the shares in issue from time to time. In addition, the maximum number of shares in respect of which options may be granted under the Share Option Scheme and any other option schemes of the Company shall not in aggregate exceed 10% of total number of issued shares as of the Adoption Date ("Scheme Mandate") which is 588,612,102 shares, representing 10% of the issued share capital of the Company as at the date of this report. During the financial year ended 31 March 2024, 76,860,000 share options were granted and no share options were exercised or cancelled under the Share Option Scheme. As at 1 April 2023 and 31 March 2024, the share options available for granted under the scheme mandate is 446,612,102 and 387,172,102 respectively.

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

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

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

REPORT OF THE DIRECTORS

As at the date of this report, 506,172,102 share options are available for issue under the Share Option Scheme which represents approximately 8.6% of the issued shares as at the date of the annual report. Further details of the share option scheme are set out in Note 27 to the consolidated financial statements of this report.

The table below sets out the details of the movements in the share options granted to the Grantees under the Share Option Scheme as at 31 March 2024:

		Number of share options												
Category	**Date of grant**	**Outstanding as at 1 April 2023**	**Granted during the financial year ended 31 March 2024[9][12]**	**Exercised during the financial year ended 31 March 2024[10]**	**Lapsed during the financial year ended 31 March 2024**	**Cancelled during the financial year ended 31 March 2024[10]**	**Outstanding as at financial year ended 31 March 2024**	**Exercise period**	**Exercise price per share (HK$)**	**Closing price immediately before the date of grant (HK$)**	**Fair value of the options at the date of grant during the financial year ended 31 March 2024 and the accounting standard and policy adopted[12] (HK$)**	**Weighted average closing price of the options exercised immediately before the date of such options were exercised during the financial year ended 31 March 2024[10]**	**Exercise price of the options cancelled during the financial year ended 31 March 2024[10]**	**Vesting period**
Directors														
Ms. Chen Chen	15/04/2021[5]	23,000,000	—	—	—	—	23,000,000	15/04/2021–14/04/2031	0.94	0.92	—	—	—	On or after 14/04/2024[I]
Mr. Lyu Guanghong	15/04/2021[5]	6,000,000	—	—	—	—	6,000,000	15/04/2021–14/04/2031	0.94	0.92	—	—	—	On or after 14/04/2024[I]
	18/04/2023[9]	—	3,900,000	—	—	—	3,900,000	18/04/2023–17/04/2033	0.33	0.33	343,000	—	—	18/04/2023–17/04/2026[II]
Mr. Zhang Zhiyong (resigned on 29/09/2023)	15/04/2021[5]	36,000,000	—	—	—	—	36,000,000	15/04/2021–14/04/2031	0.94	0.92	—	—	—	On or after 14/04/2024[I]
Associates of Directors														
Mr. Men Xiaochen (spouse of Ms. Chen Chen, and thus an associate of Ms. Chen Chen)	18/04/2023[9]	—	3,900,000	—	—	—	3,900,000	18/04/2023–17/04/2033	0.33	0.33	343,000	—	—	18/04/2023–17/04/2026[II]
Employees														
—	16/09/2019[1]	6,440,000	—	—	1,040,000	—	5,400,000	16/09/2019–15/09/2029	0.854	0.82	—	—	—	16/09/2019–15/09/2022[II]
—	07/01/2020[2]	720,000	—	—	—	—	720,000	07/01/2020–06/01/2030	0.86	0.82	—	—	—	07/01/2020–06/01/2023[II]
—	01/04/2020[3]	—	—	—	—	—	—	01/04/2020–31/03/2030	0.67	0.64	—	—	—	01/04/2020–31/03/2023[II]
—	01/09/2020[4]	—	—	—	—	—	—	01/09/2020–31/08/2030	1.09	0.99	—	—	—	01/09/2020–31/08/2023[II]
—	15/04/2021[5]	66,300,000	—	—	12,300,000	—	54,000,000	15/04/2021–14/04/2031	0.94	0.92	—	—	—	On or after 14/04/2024[I]
—	02/07/2021[6]	—	—	—	—	—	—	02/07/2021–01/07/2031	1.36	1.34	—	—	—	On or after 01/07/2024[I]
—	28/01/2022[7]	1,500,000	—	—	1,500,000	—	—	28/01/2022–27/01/2032	0.676	0.67	—	—	—	On or after 27/01/2025[I]
—	17/03/2022[8]	600,000	—	—	—	—	600,000	17/03/2022–16/03/2032	0.459	0.435	—	—	—	On or after 16/03/2025[I]
—	18/04/2023[9]	—	69,060,000	—	2,580,000	—	66,480,000	18/04/2023–17/04/2033	0.33	0.33	5,792,000	—	—	18/04/2023–17/04/2026[II]
	Total	**140,560,000**	**76,860,000**	**—**	**17,420,000**	**—**	**200,000,000**							

* Further details of the share options are set out in note 27 to the consolidated financial statement on pages 154 to 156 of this annual report.

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

(II) Vesting period of share options as below:

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

Notes:

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

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

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

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

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

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

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

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

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

10. For the financial year ended 31 March 2024, no share options were exercised or cancelled. The weighted average closing price for exercised share options and the exercise price of the cancelled share options are not applicable. 17,420,000 share options were lapsed during the financial year ended 31 March 2024.

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

12. On 18 April 2023, the Company granted an aggregate of 76,860,000 share options to subscribe for an aggregate of 76,860,000 Shares under the 2019 Share Option Scheme. Binomial model has been used to determine the fair value of the share options at the date of grant, taking into account the terms and conditions upon which the options were granted, as well as the factors such as spot price at the grant date, exercise price, expected volatility, expected dividend yield, contractual option life as well as risk-free interest rate. The fair value of options is subject to a number of assumptions and limitations that may be subjective and uncertain. As regard performance targets, the vesting of the Share Options granted shall be subject to certain performance targets (being a Grantee's performance on an individual level (in respect of which, among others, each Grantee's contribution to the Group's targeted revenue, profit, sales and overall financial performance in the preceding financial year shall be taken into account) and the Group's performance in the preceding financial year on a Group level (including in particular, its revenue, profit and sales volume)) as set out in the offer letters to the Grantees, the satisfaction of which shall be determined by a committee duly authorised by the Board in such committee's absolute discretion.

13. Save as disclosed above, no other share options were granted, exercised, lapsed or canceled during the financial year ended 31 March 2024.

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

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the Reporting Period (i.e. 74,280,000 Shares) divided by the weighted average number of shares of the relevant class in issue for the Reporting Period (i.e. 5,887,561,025) were approximately 1.3%.

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 2024, 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 37 to the consolidated financial statements.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2024, 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:

		Number and class of securities		Approximate percentage of total issued
Name of Directors	**Nature of interest**	**Long position**	**Short position**	**Shares**
Mr. Chen Yihong	Interest of a controlled corporation(1)	2,359,936,000 shares	—	40.08%
	Interest of a controlled corporation(3)	312,090,025 shares	—	5.3%
Ms. Chen Chen	Interest of a controlled corporation(2)	177,998,730 shares	—	3.02%
	Beneficial owner	44,500,000 shares(4)	—	0.76%
	Interest of spouse(4)	4,220,000 shares	—	0.07%
Mr. Lyu Guanghong	Beneficial owner(3)	19,990,000 shares(5)	—	0.34%

Notes:

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

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

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

(4) It included Ms. Chen Chen's interests in 21,500,000 shares and share options to subscribe for 23,000,000 shares pursuant to the share options granted by the Company on 15 April 2021 under the share option scheme adopted by the Company on 8 August 2019 at an exercise price of HK$0.94 each. It included Mr. Men Xiaochen's interest in share options to subscribe for 320,000 shares pursuant to the share options granted by the Company on 16 September 2019 under the share option scheme adopted by the Company on 8 August 2019 at an exercise price of HK$0.854 each. It also included Mr. Men Xiaochen's interest in share options to subscribe for 3,900,000 shares pursuant to the share options granted by the Company on 18 April 2023 under the share option scheme adopted by the Company on 8 August 2019 at an exercise price of HK$0.33 each. Mr. Men Xiaochen is the spouse of Ms. Chen Chen (an executive director of the Company), and thus an associate of Ms. Chen Chen.

(5) It included Mr. Lyu Guanghong's interests in 10,000,000 shares and share options to subscribe for 6,000,000 shares pursuant to the share options granted by the Company on 15 April 2021 under the share option scheme adopted by the Company on 8 August 2019 at an exercise price of HK$0.94 each. It also included Mr. Lyu Guanghong's interest in share options to subscribe for 3,900,000 shares pursuant to the share options granted by the Company on 18 April 2023 under the share option scheme adopted by the Company on 8 August 2019 at an exercise price of HK$0.33 each.

(6) The calculations are based on the total number of Shares in issue as at 31 March 2024 of 5,887,561,025 Shares.

Save as disclosed above, as at 31 March 2024, 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 2024, 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	2,359,936,000	—	40.08%
	Interest in a controlled corporation[2]	312,090,025	—	5.3%
Harvest Luck Development Limited[1]	Interest in a controlled corporation	2,359,936,000	—	40.08%
	Interest in a controlled corporation[2]	312,090,025	—	5.3%

Notes:

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

(2) 312,090,025 shares (out of which 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 2024, 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 2024, the Company did not enter into any transactions with its connected persons (as defined in the Listing Rules) which was subject to the reporting, announcement and/or shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

On 30 June 2020, Shanghai Kappa Sporting Goods Co., Ltd. ("Shanghai Kappa"), an indirect wholly-owned subsidiary of the Company, entered into the 2020 renewed framework agreement (the "2020 Renewed Framework Agreement") with Mai Sheng Yue He Sportswear Company Limited ("Mai Sheng Yue He"), in relation to the supply and sale of sport-related products by Shanghai Kappa to Mai Sheng Yue He. Mai Sheng Yue He is an associate of Mr. Chen Yihong, the chairman and an executive Director of the Company, as it is a majority-controlled company (as defined under the Listing Rules) held by Chen Co., which is a company owned by Mr. Chen Yiliang, Mr. Chen Yiyong and Mr. Chen Yizhong, each being a brother of Mr. Chen Yihong. Mai Sheng Yue He is hence a connected person of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the 2020 Renewed Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The 2020 Renewed Framework Agreement shall be valid from 1 April 2021 to 31 March 2024 and transaction amount between Mai Sheng Yue He and Shanghai Kappa for the supply and sale of goods under the 2020 Renewed Framework Agreement shall be subject to the annual caps of RMB94,000,000, RMB113,000,000 and RMB130,000,000 (each the "2020 renewed Mai Sheng Yue He Annual Cap") for the financial year ended 31 March 2022, financial year ended 31 March 2023 and the financial year ended 31 March 2024, respectively. Please refer to the announcement of the Company dated 30 June 2020 and the circular of the Company dated 4 August 2020 for further details. For the financial year ended 31 March 2024, the transactions conducted pursuant to the arrangement under the 2020 Renewed Framework Agreement amounted to RMB61,292,000.

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

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

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

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

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

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

The independent non-executive Directors have reviewed the above transactions and confirmed that the transactions have been entered into: (1) in the ordinary and usual course of business of the Group; (2) on normal commercial terms; and (3) in accordance with the 2020 Renewed Framework Agreement (as the case may be) and on fair and reasonable terms and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have reviewed the above transactions and given written notice to the Board to confirm that the above transactions: (1) have been approved by the Board; (2) were in accordance with the pricing policies of the Group; (3) have been entered into in accordance with the relevant agreements governing such transactions; and (4) did not exceed the annual cap for the financial year ended 31 March 2024.

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 2024, the purchases from the largest supplier and the aggregated purchases from the largest five suppliers amounted for 12.2% and 38.6% of the Group's total purchases, and the sales to the largest customer and the aggregated sales to the largest five customers amounted for 0.9% and 3.0% 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 2024.

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

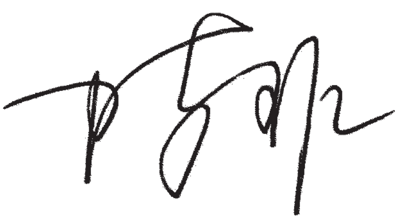
Throughout the twelve months ended 31 March 2024, the Company has complied with all the Code Provisions of the Corporate Governance Code contained in Appendix C1 to the Listing Rules. Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 45 to 61 of this report.

EVENTS SUBSEQUENT TO 31 MARCH 2024

There was no other significant event occurred subsequent to 31 March 2024 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

26 June 2024

INDEPENDENT AUDITOR'S REPORT

pwc

羅兵咸永道

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"), which are set out on pages 85 to 184, comprise:

- the consolidated balance sheet as at 31 March 2024;
- 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, comprising material accounting policy information and other explanatory information.

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 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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 matters identified in our audit are summarised as follows:

- Fair value measurement of level 3 financial assets at fair value through profit or loss

- Measurement of expected credit losses on loans receivable

Key Audit Matter	How our audit addressed the Key Audit Matter
Fair value measurement of level 3 financial assets at fair value through profit or loss	
Refer to Notes 3.3, 4.1 and 21 to the consolidated financial statements. The Group has invested in certain financial assets at fair value through profit or loss with carrying amounts of approximately RMB4,726.6 million as at 31 March 2024 and among which, investments with carrying amounts of approximately RMB3,987.7 million are categorised into level 3 of the fair value hierarchy (hereafter the "level 3 financial assets at FVTPL"). These level 3 financial assets at FVTPL represent approximately 40.9% of the Group's total assets as at 31 March 2024. These level 3 financial assets at FVTPL primarily comprise of private equity fund investments and other unlisted equity investments. Management of the Company ("management") determines the fair value of these investments by using valuation techniques which involved the use of certain significant unobservable inputs.	We performed the following procedures to address this key audit matter: • Understood, evaluated and tested, on a sample basis, the relevant management's controls over the determination of fair values of the level 3 financial assets at FVTPL, 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. • Evaluated the appropriateness of the valuation techniques as applied by management for each type of the level 3 financial assets at FVTPL based on our industry knowledge. • In respect of the Group's private equity fund investments: — considered the reputation and capability of the general partners of the respective funds by conducting background search on these general partners and interviewing them to understand the valuation processes and techniques that they have applied in determining of the fair values of the underlying portfolio investments of the respective funds;

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

Key Audit Matter	How our audit addressed the Key Audit Matter
	• In respect of the Group's other unlisted equity investments: — obtained and reviewed the related investment agreements and obtained direct confirmations from the respective investee companies regarding the Group's costs of investment and proportion of interests in these investee companies; — evaluated the appropriateness of the comparable companies as selected by management by comparing the business profiles of the investee companies with those of the respective comparable companies based on our industry knowledge and research on market data; — compared the valuation multiples of the comparable companies as well as the DLOM as adopted by management in the fair value calculations against the information as obtained from our independent internet search; and — checked the mathematical accuracy of the fair value calculations provided by management. Based on the above, we considered that the management's judgement and estimates applied in determining the fair values of the Group's level 3 financial assets at FVTPL for measurement purpose were supportable by the evidence obtained and procedures performed.

Key Audit Matter	How our audit addressed the Key Audit Matter
Measurement of expected credit losses on loans receivable	
Refer to Notes 3.1(b)(ii), 4.3 and 20 to the consolidated financial statements. As at 31 March 2024, the Group's gross loans receivable amounted to approximately RMB900.5 million, and a provision for impairment of approximately RMB137.6 million was recognised on these loans receivable. The impairment losses on loans receivable recognised in profit or loss for the year ended 31 March 2024 amounted to approximately RMB116.3 million. Management has assessed whether the credit risk of these loans receivable have been significantly increased since their initial recognition and engaged an external valuer to assist them in determining the expected credit losses ("ECL") on the loans receivable based on the three-stage impairment model as set out in International Financial Reporting Standard 9 "Financial Instruments". The measurement of ECL involves significant management's judgement and estimates, primarily on: — Determining whether there was a significant increase in credit risk or a default and identifying any credit-impaired assets; — Determining the appropriate key measurement parameters, such as probability of default ("PD") and loss given default ("LGD") to be applied in the impairment model;	We performed the following procedures to address this key audit matter: • Understood, evaluated and tested, on a sample basis, the relevant management's controls over the measurement of ECL on loans receivable, 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, uncertainty, changes and susceptibility to management bias. • Evaluated the objectivity, independence and competence of the external valuer engaged by management. • Evaluated the appropriateness of the impairment and valuation models adopted by management in the ECL assessment processes based on our industry knowledge. • Understood and evaluated the criteria and processes applied by management to identify borrowers with significant increase in credit risk and credit-impaired assets, and corroborated management's explanation and justifications by inspecting the underlying supporting documents, including those provided by management and those as obtained from our independent research (e.g. historical repayment records, latest information of the borrowers as obtained from internet or background search, management accounts of the borrowers and the latest status of collaterals etc.).

Key Audit Matter	How our audit addressed the Key Audit Matter
— Determining the economic indicators for forward-looking measurement, and the application of economic scenarios and weightings; and — Estimating the future cash flows for those loans receivable which were identified as credit-impaired (i.e. Stage 3) which requires the estimations on the recoverable amounts of the collaterals on respective loans receivable (i.e. the estimated fair value of the collateralised assets, net of an estimated liquidity discounts) and also the weightings on the probabilities of different scenarios for recovering the related loan balances. We focused on this area due to the magnitude of the loans receivable and significant management's judgement and estimates involved in determining the ECL on loans receivable.	• Performed the following procedures in respect of the three-stage impairment model as adopted by management: — evaluated whether management has properly categorised each of the loans receivable into the appropriate stages under the three-stage impairment model; — assessed, with the involvement of our internal valuation expert, the reasonableness of the significant parameters and assumptions (e.g. PD, LGD and forward-looking factors) adopted by management in the impairment model and also the valuation of the collaterals based on our industry knowledge and the data or information as obtained from our independent internet research; — evaluated the appropriateness of the weightings (if applicable) as applied by management on the probabilities of different scenarios for recovering the related loan balances by interviewing the relevant borrowers to understand their possible repayment plans; — tested, on a sample basis, the underlying data used in the impairment model to the supporting documents provided by management; and — checked the mathematical accuracy of the ECL calculations and also the calculations of the valuation of collaterals. Based on the above, we considered that the management's judgement and estimates applied in determining the ECL on loans receivable were supportable by the evidence obtained and procedures performed.

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 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 IFRS Accounting Standards 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 of the Company 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 of the Company 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 of the Company 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 of the Company, 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 Wong Cheuk Kay.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 June 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 March	
	Note	**2024 RMB'000**	2023 RMB'000
Revenue	5	**1,744,023**	1,678,916
Cost of sales	7	**(551,731)**	(615,372)
Gross profit		**1,192,292**	1,063,544
Distribution expenses	7	**(1,038,569)**	(1,030,035)
Administrative expenses	7	**(157,928)**	(106,613)
(Provision for)/reversal of impairment losses on financial assets — net		**(115,447)**	54,349
Other income and gains/(losses) — net	6	**(658,567)**	156,603
Operating (loss)/profit		**(778,219)**	137,848
Finance income	9	**25,089**	51,682
Finance expenses	9	**(6,556)**	(11,677)
Finance income — net	9	**18,533**	40,005
Share of post-tax net profits/(losses) of investments accounted for using the equity method	12(c)	**78**	(3,851)
(Loss)/profit before income tax		**(759,608)**	174,002
Income tax credit/(expense)	10	**120,249**	(59,005)
(Loss)/profit for the year		**(639,359)**	114,997
(Loss)/profit attributable to:			
— Owners of the Company		**(639,359)**	114,997
— Non-controlling interests		**—**	—
		(639,359)	114,997
Other comprehensive income:			
Items that may be reclassified to profit or loss			
— Currency translation differences on foreign operations		**114,915**	282,620
Items that may not be reclassified to profit or loss		**—**	—
Other comprehensive income, net of tax		**114,915**	282,620
Total comprehensive (loss)/income for the year		**(524,444)**	397,617

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Year ended 31 March 2024 RMB'000	2023 RMB'000
Total comprehensive (loss)/income for the year attributable to:			
— Owners of the Company		**(524,444)**	397,617
— Non-controlling interests		**—**	—
		(524,444)	397,617
(Losses)/earnings per share for (loss)/profit attributable to owners of the Company (expressed in RMB cents per share)			
— Basic (losses)/earnings per share	11	**(10.90)**	1.96
— Diluted (losses)/earnings per share	11	**(10.90)**	1.96

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

CONSOLIDATED BALANCE SHEET

	Note	As at 31 March 2024 RMB'000	As at 31 March 2023 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	13	**156,225**	165,718
Intangible assets	14	**159,849**	167,137
Right-of-use assets	15	**55,553**	73,616
Investment properties	16	**39,876**	—
Investments accounted for using the equity method	12(c)	**7,692**	20,730
Financial assets at fair value through profit or loss	21	**3,955,540**	4,484,376
Deferred income tax assets	17	**154,537**	145,542
Other financial assets at amortised cost	20	**723,535**	643,347
Other assets	23	**—**	106,974
Total non-current assets		**5,252,807**	5,807,440
Current assets			
Inventories	18	**286,490**	335,970
Trade receivables	19	**142,535**	149,129
Other current assets	23	**22,759**	22,545
Financial assets at fair value through profit or loss	21	**771,052**	1,384,154
Other financial assets at amortised cost	20	**229,989**	319,495
Term deposits with initial term over three months and within one year	22	**1,268,507**	—
Restricted cash	22	**1,768**	68
Cash and cash equivalents	22	**1,764,656**	2,558,024
Total current assets		**4,487,756**	4,769,385
Total assets		**9,740,563**	10,576,825
Equity			
Equity attributable to owners of the Company			
Share capital and share premium	24	**1,021,573**	1,091,344
Shares held for employee share award scheme	25	**(196)**	(196)
Retained earnings		**7,246,600**	7,886,516
Other reserves	26	**806,781**	687,785
Capital and reserves attributable to owners of the Company		**9,074,758**	9,665,449
Non-controlling interests		**—**	—
Total equity		**9,074,758**	9,665,449

CONSOLIDATED BALANCE SHEET

	Note	As at 31 March 2024 RMB'000	As at 31 March 2023 RMB'000
Liabilities			
Non-current liabilities			
Lease liabilities	15	**14,754**	17,579
Deferred income tax liabilities	17	**153,042**	325,964
Total non-current liabilities		**167,796**	343,543
Current liabilities			
Derivatives	30	**1,456**	64,664
Contract liabilities	31	**18,835**	11,859
Lease liabilities	15	**24,148**	39,981
Trade payables	28	**125,043**	157,538
Accruals and other payables	29	**315,665**	286,798
Current income tax liabilities		**12,862**	6,993
Total current liabilities		**498,009**	567,833
Total liabilities		**665,805**	911,376
Total equity and liabilities		**9,740,563**	10,576,825

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

The financial statements on pages 85 to 184 were approved by the Board of Directors of the Company on 26 June 2024 and were signed on its behalf by:

CHEN YIHONG

Executive Director & Chairman

CHEN CHEN

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000	Shares held for employee share award scheme RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 April 2022	56,478	1,034,866	(196)	419,339	7,840,403	9,350,890	—	9,350,890
Profit for the year	—	—	—	—	114,997	114,997	—	114,997
Other comprehensive income								
— Currency translation differences	—	—	—	282,620	—	282,620	—	282,620
Total comprehensive income	—	—	—	282,620	114,997	397,617	—	397,617
Transactions with owners in their capacity as owners								
Dividends declared and paid (Note 32)	—	—	—	—	(68,884)	(68,884)	—	(68,884)
Share-based compensations (Note 27)	—	—	—	(14,174)	—	(14,174)	—	(14,174)
	—	—	—	(14,174)	(68,884)	(83,058)	—	(83,058)
Balance at 31 March 2023	56,478	1,034,866	(196)	687,785	7,886,516	9,665,449	—	9,665,449

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000	Shares held for employee share award scheme RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 April 2023	56,478	1,034,866	(196)	687,785	7,886,516	9,665,449	—	9,665,449
Loss for the year	—	—	—	—	(639,359)	(639,359)	—	(639,359)
Other comprehensive income								
— Currency translation differences	—	—	—	114,915	—	114,915	—	114,915
Total comprehensive income/(loss)	—	—	—	114,915	(639,359)	(524,444)	—	(524,444)
Transactions with owners in their capacity as owners								
Dividends declared and paid (Note 32)	—	(69,771)	—	—	—	(69,771)	—	(69,771)
Share-based compensations (Note 27)	—	—	—	3,524	—	3,524	—	3,524
Appropriation to statutory reserves	—	—	—	557	(557)	—	—	—
	—	(69,771)	—	4,081	(557)	(66,247)	—	(66,247)
Balance at 31 March 2024	56,478	965,095	(196)	806,781	7,246,600	9,074,758	—	9,074,758

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 March 2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash generated from operations	33	**229,614**	100,115
Interest received		**25,089**	23,088
Income tax paid		**(55,799)**	(21,602)
Net cash inflow from operating activities		**198,904**	101,601
Cash flows from investing activities			
Purchase of property, plant and equipment		**(54,802)**	(71,327)
Purchase of intangible assets		**(627)**	(2)
Placement of term deposits with initial term over three months and within one year		**(1,236,688)**	—
Interest received from term deposits with initial term over three months and within one year		**8,888**	—
Proceeds from disposal of property, plant and equipment		**5,375**	—
Investments in financial assets at fair value through profit or loss		**(2,340,347)**	(2,423,850)
Investment income and disposal proceeds from financial assets at fair value through profit or loss		**2,745,399**	3,571,607
Increase in loans receivables		**(74,024)**	(130,956)
Repayment of loans receivables		**113,994**	172,399
Interest received from loans receivables		**37,207**	57,385
Investments in other financial assets at amortised cost		**(134,523)**	—
Interest received from other financial assets at amortised cost		**1,519**	—
Proceeds from disposal of investments in associates and joint ventures		**7,000**	69,035
Prepayments for investments measured at fair value through profit or loss		**—**	(68,717)
Capital contribution to associates		**(2,350)**	—
Net cash (outflow)/inflow from investing activities		**(923,979)**	1,175,574

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 March 2024 RMB'000	2023 RMB'000
Cash flows from financing activities			
Dividends paid		**(69,771)**	(68,884)
Proceeds from bank borrowings		—	68,769
Repayments of bank borrowings		—	(243,775)
Interest paid		—	(6,531)
Payments for lease liabilities		**(40,037)**	(57,439)
Net cash outflow from financing activities		**(109,808)**	(307,860)
Net (decrease)/increase in cash and cash equivalents		**(834,883)**	969,315
Cash and cash equivalents at beginning of the year		**2,558,024**	1,523,938
Effects of exchange rate changes on cash and cash equivalents		**41,515**	64,771
Cash and cash equivalents at end of the year	22	**1,764,656**	2,558,024

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 2024

1. GENERAL INFORMATION

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

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

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange" or "HKEx") since 10 October 2007.

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

These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 26 June 2024.

2. BASIS OF PREPARATION

(a) Compliance with IFRS Accounting Standards and HKCO

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 ("HKCO"). IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards ("IFRS")
- IAS Standards ("IAS")
- Interpretations developed by the IFRS Interpretations Committee ("IFRIC Interpretations") or its predecessor body, the Standing Interpretations Committee ("SIC Interpretations").

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which are measured at fair value.

2. BASIS OF PREPARATION (CONTINUED)

(c) New and amended standards adopted by the Group

The Group has applied the following new and amended standards for the first time for their annual reporting period commencing 1 April 2023:

IFRS 17	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The new or amended standards 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.

(d) New and amended standards not yet adopted

Certain amendments to accounting standards have been published but are not mandatory for 31 March 2024 reporting period and have not been early adopted by the Group. These amendments, as set out below, are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

		Effective date
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IAS 28 and IFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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 — security prices	Investments in equity securities	Sensitivity analysis
Credit risk	Cash and cash equivalents, restricted cash, term deposits, 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

3.1 Financial risk factors

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in the PRC with most of the transactions denominated and settled in RMB. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entities. The Group did not enter into any financial instruments to hedge its exposure to foreign currency risk for the years ended 31 March 2024 and 2023.

Exposure

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

	As at 31 March 2024		As at 31 March 2023	
	USD	**HKD**	USD	HKD
	RMB'000	**RMB'000**	RMB'000	RMB'000
Cash and bank deposits	**517,869**	**9,911**	88,712	362,633
Other financial assets at amortised cost	**22,837**	**313,270**	54,468	304,454

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

Exposure (Continued)

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

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Net foreign exchange gains included in other income and gains/(losses) — net	**12,980**	23,910
Net foreign exchange (losses)/gains on cash denominated in foreign currency included in finance income — net	**(3,061)**	28,594
Total net foreign exchange gains recognised in profit or loss before income tax for the year	**9,919**	52,504

Sensitivity

As shown in the table above, the Group is primarily exposed to changes in RMB/USD and RMB/HKD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from the Group's cash and bank deposits (including term deposits) as well as other financial assets at amortised cost denominated in Hong Kong Dollars ("HKD") and United States Dollar ("USD") which are different from the functional currency of the respective group companies.

	Impact on post-tax profit Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
RMB/USD exchange rate — increase 5%	**(27,031)**	(6,931)
RMB/USD exchange rate — decrease 5%	**27,031**	6,931
RMB/HKD exchange rate — increase 5%	**(16,160)**	(33,355)
RMB/HKD exchange rate — decrease 5%	**16,160**	33,355

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Price risk

The Group's exposed to equity securities price risk which is arisen from certain listed equity investments held by the Group and classified as financial assets at FVPL in the consolidated balance sheet. 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 2024, 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 pre-tax loss for the year ended 31 March 2024 would have been decreased/increased by approximately RMB66,978,000 (2023: pre-tax profit would have been increased/decreased by approximately RMB96,388,000).

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, term deposits and 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 equity 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, 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 30 to 90 days and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other forward-looking factors.

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 ex-management personnel). 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 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 Consumer Price Index ("CPI") and Value Added of Industrial Enterprises ("IVA") in China to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 March 2024 and 2023 was determined as follows for trade receivables:

At 31 March 2024	0–30 days	31–180 days	Over 180 days	Total
Provision on collective basis				
Lifetime expected credit loss rate	0.4%	9.4%	100.0%	
Gross carrying amount	66,087	84,673	5,080	155,840
Loss allowance	(288)	(7,937)	(5,080)	(13,305)
Total loss allowance	**(288)**	**(7,937)**	**(5,080)**	**(13,305)**

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

At 31 March 2023	0–30 days	31–180 days	Over 180 days	Total
Provision on individual basis				
Gross carrying amount	—	—	10,558	10,558
Loss allowance	—	—	—	—
Provision on collective basis				
Lifetime expected credit loss rate	0.5%	8.1%	100.0%	
Gross carrying amount	92,416	50,741	12,271	155,428
Loss allowance	(472)	(4,114)	(12,271)	(16,857)
Total loss allowance	(472)	(4,114)	(12,271)	(16,857)

Movements in the provision for loss allowances on trade receivables are as follows:

	Year ended 31 March	
	2024 RMB'000	2023 RMB'000
Loss allowance at beginning of the year	**16,857**	16,893
(Decrease)/increase in loss allowance recognised in profit or loss during the year	**(1,087)**	258
Receivables written off during the year as uncollectible	**(2,465)**	(294)
Loss allowance at end of the year	**13,305**	16,857

Impairment losses on trade receivables are presented as "(provision for)/reversal of impairment losses on financial assets — net" 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 ex-management personnel)

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 (12-month 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 is described as 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.

- 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.

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 ex-management personnel) (Continued)

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.

(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. 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)

(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) in 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)

	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
Total gross carrying amount as of 1 April 2023	**603,562**	**—**	**332,017**	**935,579**
Addition	**78,506**	**—**	**29,865**	**108,371**
Collection	**(81,508)**	**—**	**(69,693)**	**(151,201)**
Transfer from Stage 1 to Stage 3	**(288,245)**	**—**	**288,245**	**—**
Write-offs	**—**	**—**	**(4,606)**	**(4,606)**
Foreign exchange difference	**10,832**	**—**	**1,563**	**12,395**
Total gross carrying amount as of 31 March 2024	**323,147**	**—**	**577,391**	**900,538**
Total gross carrying amount as of 1 April 2022	625,097	—	350,348	975,445
Addition	172,011	—	21,671	193,682
Collection	(216,246)	—	(13,538)	(229,784)
Transfer from Stage 1 to Stage 3	(1,960)	—	1,960	—
Write-offs	—	—	(28,424)	(28,424)
Foreign exchange difference	24,660	—	—	24,660
Total gross carrying amount as of 31 March 2023	603,562	—	332,017	935,579

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 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 2023	**—**	**—**	**25,850**	**25,850**
Changes in PDs/LGDs/EADs	**—**	**—**	**116,312**	**116,312**
Write-offs	**—**	**—**	**(4,606)**	**(4,606)**
Loss allowance as of 31 March 2024	**—**	**—**	**137,556**	**137,556**
Loss allowance as of 1 April 2022	—	—	107,992	107,992
Changes in PDs/LGDs/EADs	—	—	(53,718)	(53,718)
Write-offs	—	—	(28,424)	(28,424)
Loss allowance as of 31 March 2023	—	—	25,850	25,850

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 gross carrying amount of the loan receivables are analysed into secured and unsecured receivables as below:

As at 31 March 2024

	Current RMB'000	**Overdue 1–90 days RMB'000**	**Overdue over 91 days RMB'000**	**Total RMB'000**
Unsecured	**—**	**—**	**1,960**	**1,960**
Secured by collaterals	**323,147**	**—**	**575,431**	**898,578**
	323,147	**—**	**577,391**	**900,538**

As at 31 March 2023

	Current RMB'000	Overdue 1–90 days RMB'000	Overdue over 91 days RMB'000	Total RMB'000
Unsecured	—	—	11,566	11,566
Secured by collaterals	603,562	—	320,451	924,013
	603,562	—	332,017	935,579

As at 31 March 2024 and 2023, 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 management personnel and ex-management personnel.

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 receivable)

For other financial assets at amortised cost such as listed corporate bonds, treasury note, deposits and advances to employees that have a low risk of default, management assessed the related credit loss with the consideration of forward-looking factors. The movements in the provision for loss allowance on other financial assets at amortised cost (other than loans receivables) are as follows:

	Other receivables RMB'000
Opening loss allowance as at 1 April 2022	1,395
Decrease in the allowance recognised in profit or loss during the year	(889)
Closing loss allowance as at 31 March 2023	**506**
Increase in the allowance recognised in profit or loss during the year	**222**
Closing loss allowance as at 31 March 2024	**728**

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 losses were recognised in profit or loss in relation to impaired financial assets:

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Impairment losses		
Impairment losses on trade receivables	**—**	(258)
(Provision for)/reversal of impairment losses on other financial assets at amortised cost	**(116,534)**	54,607
Reversal of impairment losses on trade receivables	**1,087**	—
Net (provision for)/reversal of impairment losses on financial assets at amortised cost	**(115,447)**	54,349

(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 equity investments. The maximum exposure at the end of the reporting period is the carrying amount of these investments as disclosed in Note 21.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

The Group has significant cash and bank balances and term deposits issued by banks with maturity within one year and liquidity risk is considered to be minimal. The Group controls its liquidity risks by maintaining sufficient cash and cash equivalents and liquid term deposits, which are generated mainly from the operating and investing cash flow.

The 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	Between 1 and 2 years	Between 2 and 5 years	Total contractual cash flows	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 March 2024					
Non-derivatives					
Trade payables	**125,043**	**—**	**—**	**125,043**	**125,043**
Accruals and other payables	**266,478**	**—**	**—**	**266,478**	**266,478**
Lease liabilities	**24,177**	**11,842**	**4,489**	**40,508**	**38,902**
Total non-derivatives	**415,698**	**11,842**	**4,489**	**432,029**	**430,423**
At 31 March 2023					
Non-derivatives					
Trade payables	157,538	—	—	157,538	157,538
Accruals and other payables	255,230	—	—	255,230	255,230
Lease liabilities	40,700	15,366	5,185	61,251	57,560
Total non-derivatives	453,468	15,366	5,185	474,019	470,328

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

As disclosed in Note 30, the Group had entered into certain derivative agreements with investment banks, of which certain quantities of the underlying securities listed on the National Association of Securities Dealers Automated Quotations ("NASDAQ") and the Hong Kong Stock Exchange are agreed to be settled within the next twelve months from the balance sheet date at an agreed price when certain agreed events occurred. Such investments were designated as derivatives and stated at fair value as at 31 March 2024 and 2023.

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.

As the Group has no external borrowing and has a net cash position (see Note 33) as at 31 March 2024 and 2023, the directors of the Company consider that the capital risk of the Group is extremely low.

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 2024	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	**—**	**69,070**	**3,719,225**	**3,788,295**
— Listed equity securities	**669,777**	**—**	**—**	**669,777**
— Other unlisted equity investments	**—**	**—**	**262,194**	**262,194**
— Listed REITs investment*	**—**	**—**	**6,326**	**6,326**
Total financial assets	**669,777**	**69,070**	**3,987,745**	**4,726,592**
Financial liabilities				
Derivatives	**—**	**—**	**(1,456)**	**(1,456)**
Financial assets				
Financial assets at fair value through profit or loss (FVPL)				
— Private equity fund investments	—	105,000	4,440,099	4,545,099
— Listed equity securities	963,876	—	—	963,876
— Other unlisted equity investments	—	—	333,609	333,609
— Knock out note	—	—	25,946	25,946
Total financial assets	963,876	105,000	4,799,654	5,868,530
Financial liabilities				
Derivatives	—	—	(64,664)	(64,664)

* The REITs were temporarily suspended from trading in the Singapore Exchange Limited since 30 August 2023 (Note 3.3(a)(ii)(a)).

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. The transfers in and out of level 3 measurements are set out in Note 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.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

(i) Fair value hierarchy (Continued)

- 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.

- Level 2: The fair value of financial instruments that are not traded in an active market 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.

- 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 equity investments, unlisted fixed coupon notes, knock out notes, REITs investment 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.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

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

The following table presents the changes in level 3 items for the years ended 31 March 2024 and 2023:

	Private equity fund investments	Other unlisted equity investments	Unlisted fixed coupon notes	Knock out notes	Listed REITs investment	Derivatives	Totals
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Opening balance 1 April 2022	5,313,629	307,511	31,813	—	—	(64,835)	5,588,118
Acquisitions	282,009	—	—	24,329	—	—	306,338
Disposals	(1,355,942)	(5,169)	(35,733)	—	—	—	(1,396,844)
Other income and gains/ (losses) — net (b)	43,626	9,869	1,247	(299)	—	5,307	59,750
Currency translation difference	156,777	21,398	2,673	1,916	—	(5,136)	177,628
Closing balance 31 March 2023	4,440,099	333,609	—	25,946	—	(64,664)	4,734,990
Opening balance 1 April 2023	**4,440,099**	**333,609**	**—**	**25,946**	**—**	**(64,664)**	**4,734,990**
Acquisitions	201,983	14,190	—	—	—	(5,217)	210,956
Disposals	(564,932)	(13,803)	—	(26,255)	—	62,518	(542,472)
Transfer from Level 1 to Level 3 (a)	—	—	—	—	36,850	—	36,850
Other income and gains/ (losses) — net (b)	(393,890)	(79,591)	—	320	(30,638)	6,981	(496,818)
Currency translation difference	35,965	7,789	—	(11)	114	(1,074)	42,783
Closing balance 31 March 2024	**3,719,225**	**262,194**	**—**	**—**	**6,326**	**(1,456)**	**3,986,289**

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

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

(a) Since 30 August 2023, one of the Group's Real Estate Investment Trust ("REITs") investments has been temporarily suspended from trading in the Singapore Exchange Limited ("SGX") and the fair value of that REITs investment as at 31 March 2024 is determined based on valuation technique (instead of quoted market price). Accordingly, that investment with carrying amount of RMB36,850,000 has been transferred from Level 1 to the Level 3 fair value category.

(b) The amounts as disclosed in the table above include the unrealised gains or losses recognised in profit or loss attributable to balances held at the end of the reporting period as follows:

	Private equity fund investments RMB'000	Other unlisted equity investments RMB'000	Knock out note RMB'000	Listed REITs investment RMB'000	Derivatives RMB'000	Totals RMB'000
Year ended 31 March 2024	**(349,894)**	**(79,591)**	**—**	**(30,638)**	**6,981**	**(453,142)**
Year ended 31 March 2023	59,937	9,869	(299)	—	5,307	74,814

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:

Description	Fair value at 31 March 2024 RMB'000	Fair value at 31 March 2023 RMB'000	Valuation technique	Significant unobservable inputs	Range of inputs As at 31 March 2024	Range of inputs As at 31 March 2023	Relationship of unobservable inputs to fair value
Financial assets							
Private equity fund investments (Note 1)	**3,719,225**	4,440,099	Net asset value	N/A	**N/A**	N/A	N/A
Other unlisted equity investments (Note 2)	**248,004**	333,609	Market comparable companies	Price to sales multiples ("PS"), Earnings before interest and tax multiples ("EV/EBIT"), Discount for lack of marketability ("DLOM")	**PS: 3.5 EV/EBIT: 16.44 DLOM: 12%/20%**	PS: 3.30 EV/EBIT: 25.19 DLOM: 20%	Increased or decreased PS or EV/EBIT by 1 would increase or decrease fair value by approximately RMB26,384,000 (2023: RMB26,587,000). Increased or decreased DLOM by 5% would decrease or increase fair value by approximately RMB15,215,000 (2023: RMB20,851,000).
	14,190	—	Recent transaction approach	N/A	**N/A**	N/A	N/A
Listed REITs investment (Note 3)	**6,326**	—	Market comparable companies	Price to book value multiples ("PB"), Discount for lack of marketability ("DLOM")	**PB: 0.59 DLOM: 20.5%**	N/A	Increased or decreased PB by 0.1 would increase or decrease fair value by approximately RMB1,072,000 (2023: N/A). Increased or decreased DLOM by 5% would decrease or increase fair value by approximately RMB398,000 (2023: N/A).
Knock out note (Note 4)	**—**	25,946	Option-pricing model	Expected volatility	**N/A**	N/A	The higher the expected volatility, the higher the fair value
Total financial assets	**3,987,745**	4,799,654					
Financial liabilities							
Derivatives (Note 5)	**(1,456)**	(64,664)	Option pricing model	Expected volatility	**N/A**	N/A	The higher the expected volatility, the higher the fair value.

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)

Notes:

(1) The Group determines the fair value 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 and adjusted by other relevant factors that management considered as appropriate.

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

(3) The amount represented the Group's listed REITs investment which has been temporarily suspended from trading in the Singapore Exchange Limited ("SGX") since 30 August 2023. The fair values are determined by using the market comparable companies approach and the significant unobservable inputs include the valuation multiples (such as PB ratio) and DLOM. Management determines the valuation multiples with reference to the multiples of respective comparable companies, as adjusted by the lack of marketability that market participants would consider when estimating the fair value of the investment.

(4) The amount represented the Group's short-term investments in knock out notes which in substance are equity-index notes with the maturity less than 12 months, which were issued by reputable multinational financial institutions (such as Citigroup Global Markets Funding). Management determined the fair value of these notes based on the statements provided by the issuing financial institutions. The related valuation technique was option pricing model and valuation inputs were developed by the issuing financial institutions which were not made available to the Group.

(5) The amount recognised is to reflect the derivative agreements entered into between the Group and certain reputable multinational financial institutions (such as Morgan Stanley and Bank Julius Baer) with contract terms less than 12 months. According to the derivative agreements, certain quantities of the underlying securities listed on the New York Stock Exchange and the Hong Kong Stock Exchange are agreed to be gross settled between the Group and the issuing financial institutions at an agreed price when certain agreed events occurred. Management determines the fair value of these derivatives based on the statements provided by the respective issuing financial institutions. The related valuation technique is option pricing model and valuation inputs were developed by the issuing financial institutions which were not disclosed to the Group.

(iv) Valuation processes

The Group has a team of personnel that manages the valuation on these level 3 instruments for financial reporting purposes. The team manages the valuation exercise of these level 3 instruments based on available information obtained from the relevant counter parties (including the general partners of the private equity funds, the management of unlisted investees, the issuing 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. External valuation experts may also be involved and consulted when it is necessary. The valuation process is under the management's supervision and the valuation results are finally reviewed by the Group's CFO.

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.

Management of the Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgement that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

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 by using valuation techniques. These techniques include the use of the net assets value provided by the respective private equity funds, valuation multiples of comparable companies and prices of recent transactions, etc. The Group uses its judgement to select a variety of valuation methods or models and make assumptions that are mainly based on market conditions existing at the end of the reporting period. For details, please refer to Note 3.3.

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 2024, the Group recognised a provision for impairment of inventories of approximately RMB113,887,000 (2023: RMB152,198,000) (Note 18).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

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 in public information and market volatility that might bear a significant impact but might not be easily ascertained. As at 31 March 2024, the Group made a provision for impairment of trade receivables and other financial assets at amortised cost of RMB151,589,000 (2023: RMB43,213,000) (Notes 3.1(b), 19 and 20).

4.4 Current and deferred income taxes

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

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

5. SEGMENT INFORMATION AND REVENUE

5.1 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 as well as investment activities in the PRC and overseas.

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

The chief operating decision maker 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 operating segment of sportswear business ("China Apparel") and the operating segment of investment activities, separately:

- China Apparel: distribution and retail sales of sport apparel under Kappa brand and Phenix brand, as well as the franchise fee income from such trademarks for certain products.

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

5. SEGMENT INFORMATION AND REVENUE (CONTINUED)

5.1 Segment information (Continued)

Sales between segments are carried out on terms set out in contracts or agreements governing the transactions. The revenue from external customers and segment operating 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.

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 years ended 31 March 2024 and 2023 are as follows:

	China Apparel RMB'000	Investment RMB'000	Total RMB'000
Year ended 31 March 2024			
Revenue from external customers	1,744,023	—	1,744,023
Cost of sales	(551,731)	—	(551,731)
Segment gross profit	1,192,292	—	1,192,292
Other income and gains/(losses) — net	64,941	(723,508)	(658,567)
Segment operating profit/(loss)	105,883	(884,102)	(778,219)
Finance income — net	337	18,196	18,533
Share of post-tax net profits of investments accounted for using the equity method	78	—	78
Profit/(loss) before income tax	106,298	(865,906)	(759,608)
Income tax (expense)/credit	(19,563)	139,812	120,249
Profit/(loss) for the year	86,735	(726,094)	(639,359)
Material items of income and expenses			
Depreciation and amortisation	95,829	5,607	101,436
(Reversal of)/provision for impairment losses on financial assets — net	(5,864)	121,311	115,447
Fair value losses on financial assets at fair value through profit or loss — net	—	824,031	824,031

5. SEGMENT INFORMATION AND REVENUE (CONTINUED)

5.1 Segment information (Continued)

	China Apparel RMB'000	Investment RMB'000	Total RMB'000
Year ended 31 March 2023			
Revenue from external customers	1,678,916	—	1,678,916
Cost of sales	(615,372)	—	(615,372)
Segment gross profit	1,063,544	—	1,063,544
Other income and gains/(losses) — net	25,823	130,780	156,603
Segment operating (loss)/profit	(15,058)	152,906	137,848
Finance income — net	4,189	35,816	40,005
Share of post-tax net loss of investments accounted for using the equity method	(3,851)	—	(3,851)
(Loss)/profit before income tax	(14,720)	188,722	174,002
Income tax expenses	(11,447)	(47,558)	(59,005)
(Loss)/profit for the year	(26,167)	141,164	114,997
Material items of income and expense			
Depreciation and amortisation	75,202	272	75,474
Reversal of impairment losses on financial assets — net	(632)	(53,717)	(54,349)
Fair value gains on financial assets at fair value through profit or loss — net	—	(15,482)	(15,482)

5. SEGMENT INFORMATION AND REVENUE (CONTINUED)

5.1 Segment information (Continued)

The segment assets and liabilities, the total of which can be reconciled to the Group's total assets and total liabilities, are as follows:

	China Apparel RMB'000	Investment RMB'000	Total RMB'000
As at 31 March 2024			
Cash and cash equivalents	**335,987**	**1,428,669**	**1,764,656**
Restricted cash	**—**	**1,768**	**1,768**
Term deposits with initial term over three months and within one year	**—**	**1,268,507**	**1,268,507**
Investments accounted for using the equity method	**2,792**	**4,900**	**7,692**
Financial assets at fair value through profit or loss	**—**	**4,726,592**	**4,726,592**
Deferred income tax assets	**104,339**	**50,198**	**154,537**
Right-of-use assets	**44,693**	**10,860**	**55,553**
Other assets	**746,720**	**1,014,538**	**1,761,258**
Segment assets	**1,234,531**	**8,506,032**	**9,740,563**
Deferred income tax liabilities	**4,773**	**148,269**	**153,042**
Current income tax liabilities	**2,153**	**10,709**	**12,862**
Lease liabilities	**38,558**	**344**	**38,902**
Other liabilities	**382,769**	**78,230**	**460,999**
Segment liabilities	**428,253**	**237,552**	**665,805**
As at 31 March 2023			
Cash and cash equivalents	360,841	2,197,183	2,558,024
Restricted cash	—	68	68
Investments accounted for using the equity method	15,830	4,900	20,730
Financial assets at fair value through profit or loss	—	5,868,530	5,868,530
Deferred income tax assets	111,743	33,799	145,542
Right-of-use assets	61,788	11,828	73,616
Other assets	840,299	1,070,016	1,910,315
Segment assets	1,390,501	9,186,324	10,576,825
Deferred income tax liabilities	5,142	320,822	325,964
Current income tax liabilities	6,993	—	6,993
Lease liabilities	56,518	1,042	57,560
Other liabilities	397,706	123,153	520,859
Segment liabilities	466,359	445,017	911,376

As at 31 March 2024, the total non-current assets (other than financial assets at fair value through profit or loss, other financial assets at amortised cost and deferred income tax assets) located in the PRC amounted to approximately RMB371,965,000 (2023: RMB481,897,000) and those located in other countries and regions amounted to approximately RMB47,230,000 (2023: RMB52,278,000).

5. SEGMENT INFORMATION AND REVENUE (CONTINUED)

5.2 Revenue

Analysis of the Group's revenue by category for the years ended 31 March 2024 and 2023 are as follows:

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers recognised at a point in time		
— Revenue from sales of sport apparel	**1,744,023**	1,678,916

Accounting policies of revenue recognition

(a) Sales of goods — wholesale

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

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

5. SEGMENT INFORMATION AND REVENUE (CONTINUED)

5.2 Revenue (Continued)

Accounting policies of revenue recognition (Continued)

(c) Sales of goods — on-line sales

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

(d) Sales of goods — consignment sales

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

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

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

(f) Sale of goods — customer loyalty programme

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

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

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Changes in fair value of financial instruments at fair value through profit or loss	**(824,031)**	15,482
Franchise fee income	**50,038**	11,898
Interest income from term deposits with initial term over three months and within one year	**40,707**	—
Investment income from loans receivables	**34,347**	62,274
Government subsidy income (note)	**15,527**	10,373
Foreign exchange gains, net	**12,980**	23,910
Dividend income from financial assets at fair value through profit or loss	**11,926**	13,777
Net gains on disposal of investments in joint ventures	**34**	13,257
Investment income from investments measured at amortised costs	**2,872**	—
Others	**(2,967)**	5,632
	(658,567)	156,603

Note:

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 profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to purchases of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected useful lives of the related assets.

The government subsidy income recognised for the years ended 31 March 2024 and 2023 represent the government grants income received from local government in the PRC for the Group's contribution to the local economic growth. These grants are related to costs and recognised in profit or loss upon their receipts as there are no unfulfilled conditions or contingencies relating to these grants.

7. EXPENSES BY NATURE

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

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Cost of inventories sold (Note 18)	**551,731**	615,372
Advertising and marketing expenses	**386,444**	458,361
Commission expenses (note)	**244,767**	205,000
Outsourcing labour costs	**154,766**	156,124
Employee salary and benefit expenses (Note 8)	**126,855**	90,737
Depreciation of property, plant and equipment (Note 13)	**53,941**	14,573
Product design and development expenses	**40,531**	37,452
Depreciation of right-of-use assets (Note 15)	**37,996**	52,385
Expenses relating to short-term leases and variable leases (Note 15)	**34,895**	28,947
Logistic and warehouse operation fees	**34,424**	38,555
Legal and professional expenses	**15,880**	7,217
Travelling expenses	**12,653**	7,774
Amortisation of intangible assets (Note 14)	**7,915**	8,516
Auditor's remuneration	**4,324**	4,705
— Audit services	**4,200**	4,200
— Non-audit services	**124**	505
Others	**41,106**	26,302
Total cost of sales, distribution expenses and administrative expenses	**1,748,228**	1,752,020

Note: These commission expenses were paid or payable to distributors under those consignment sales arrangement as described in Note 5.2(d).

8. EMPLOYEE SALARY AND BENEFIT EXPENSES

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Wages, salaries and bonuses	**88,087**	70,987
Pension costs (Note a)	**7,678**	8,866
Share-based compensation expenses (Note 27(b))	**3,524**	(14,174)
Termination benefits	**10,694**	7,799
Other costs and benefits	**16,872**	17,259
	126,855	90,737

8. EMPLOYEE SALARY AND BENEFIT EXPENSES (CONTINUED)

Notes:

(a) Pensions — defined contribution plans

The employees of the Group participate in defined contribution retirement benefit plans organised by the relevant local governments in the PRC. The Group is required to make monthly defined contributions to these plans at rate 16% (2023: 16%) of the PRC employees' basic salaries for the year, depending upon the applicable local regulations.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed in Hong Kong. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the Group and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000.

The Group has no other obligations for the payment of retirement and other post-retirement benefits of employees or retirees other than the defined contribution payments as disclosed above.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 March 2024 include two (2023: four) directors whose emoluments are reflected in the analysis shown in Note 37. The emoluments payable to the remaining three (2023: one) individuals during the current year are as follows:

	Year ended 31 March	
	2024 RMB'000	2023 RMB'000
Wages, salaries and bonuses	**5,121**	2,170
Pension costs	**192**	59
Share-based compensation expenses	**247**	—
Other costs and benefits	**272**	84
	5,832	2,313

The emoluments fell within the following bands:

	Number of individuals Year ended 31 March	
	2024	2023
Emolument bands:		
HKD1,500,001 to HKD2,000,000	**1**	—
HKD2,000,001 to HKD2,500,000	**1**	—
HKD2,500,001 to HKD3,000,000	**1**	1

9. FINANCE INCOME — NET

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Finance income:		
— Net foreign exchange gain	**—**	28,594
— Interest income	**25,089**	23,088
	25,089	51,682
Finance expenses:		
— Net foreign exchange losses	**(3,061)**	—
— Interest expenses	**—**	(6,531)
— Interests on lease liabilities (Note 15)	**(2,337)**	(3,254)
— Others	**(1,158)**	(1,892)
	(6,556)	(11,677)
Finance income — net	**18,533**	40,005

10. INCOME TAX (CREDIT)/EXPENSE

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Current income tax		
— Corporate income tax	**13,115**	8,801
— Withholding and remit tax recognised	**48,553**	7,561
Deferred income tax (Note 17)	**(181,917)**	42,643
	(120,249)	59,005

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 years ended 31 March 2024 and 2023.

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

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

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

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

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

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

	Year ended 31 March	
	2024 RMB'000	2023 RMB'000
(Loss)/profit before income tax	**(759,608)**	174,002
Tax calculated at the PRC corporate income tax rates	**(189,902)**	43,501
Tax effects of		
— Differences in applicable tax rates in different jurisdictions	**114,592**	(24,851)
— Withholding tax and remit recognized	**48,553**	7,561
— Net impact of the (decrease)/increase in the retained earnings of the PRC subsidiaries to be distributed	**(60,468)**	20,287
— Changes in applicable tax rates	**(41,519)**	—
— Tax losses and temporary differences for which no deferred income tax asset was recognised	**18,886**	24,791
— Utilisation of previously unrecognised temporary differences and tax losses	**(17,527)**	(10,855)
— Adjustments of current income tax for prior periods	**8,799**	—
— Expenses or losses not deductible for tax purpose	**2,256**	(2,392)
— Others	**(3,919)**	963
	(120,249)	59,005

11. (LOSSES)/EARNINGS PER SHARE

(a) Basic (losses)/earnings per share

Basic (losses)/earnings per share are calculated by dividing the (loss)/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.

	Year ended 31 March	
	2024	2023
(Loss)/profit attributable to owners of the Company (RMB'000)	**(639,359)**	114,997
Weighted average number of ordinary shares in issue less shares held for Restricted Share Award Scheme (thousands)	**5,864,511**	5,864,511
Basic (losses)/earnings per share (RMB cents per share)	**(10.90)**	1.96

(b) Diluted (losses)/earnings per share

Diluted (losses)/earnings per share is calculated by adjusting the weighted average number of ordinary shares of the Company outstanding to assume conversion of all dilutive potential ordinary shares. The Group's dilutive potential shares represent the potential shares to be issued under the Company's share option schemes. As the Group incurred losses for the year ended 31 March 2024, these potential ordinary shares were not included in the calculation of diluted losses per share as their inclusion would be anti-dilutive. Accordingly, diluted losses per share are the same as basic losses per share for the year ended 31 March 2024. The diluted earnings per share for the year ended 31 March 2023 were equal to basic earnings per share as there was no dilutive potential ordinary shares existed as at 31 March 2023.

12. SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(a) Subsidiaries

The Group's subsidiaries at 31 March 2024 are set out below:

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 2024 %	As at 31 March 2023 %	As at 31 March 2024 %	As at 31 March 2023 %
Hong Kong Dongxiang Sports Development Holdings Limited	Hong Kong, limited liability company	10,000 ordinary shares of HK$1 each	Investment holding, Hong Kong	100%	100%	–	–
Brilliant King Group Ltd	British Virgin Island, limited liability company	US$1	Investment holding, British Virgin Island	100%	100%	–	–
Bright Pacific Enterprises Limited	British Virgin Island, limited liability company	US$100	Investment holding, British Virgin Island	100%	100%	–	–
Achilles Sports Pte. Ltd.	Singapore, limited liability company	100,000 ordinary shares of US$1 each	Owns trademark, Singapore	100%	100%	–	–
Gaea Sports Limited	Hong Kong, limited liability Company	1 ordinary share of HK$1	Investment holding, Hong Kong	100%	100%	–	–
Beijing Dongxiang Sports Development Co., Ltd.	The PRC, limited liability company	RMB10,000,000	Design and sales of sport-related footwear, apparel and accessories, PRC	100%	100%	–	–
Shanghai Kappa Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB100,000,000	Design and sales of sport-related footwear, apparel and accessories, PRC	100%	100%	–	–
Shanghai Taitan Sporting Goods Co., Ltd.(i)	The PRC, limited liability company	RMB1,500,000	Design, production and sales of sport-related footwear, apparel and accessories, PRC	100%	100%	–	–
Coeus Sporting Goods Trading (Shanghai) Co., Ltd.(i)	The PRC, limited liability company	USD23,900,000	Sales of sport-related footwear, apparel and accessories, PRC	100%	100%	–	–
Shanghai Gabbana Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB200,000,000	Design and consulting services, PRC	100%	100%	–	–
Shanghai Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB42,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	100%	100%	–	–
Haerbin Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	100%	100%	–	–

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 As at 31 March 2024 %	Ownership interest held by the Group As at 31 March 2023 %	Ownership interest held by non-controlling interests As at 31 March 2024 %	Ownership interest held by non-controlling interests As at 31 March 2023 %
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.	Japan, limited liability company	JPY1,000,000	Investment holding, Japan	**100%**	100%	**–**	–
Beijing Happy Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–
Dalian Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–
Shenzhen Criust Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–
Zhengzhou Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–
Wuhan Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–
Hunan Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–
Hangzhou Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–

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 As at 31 March 2024 %	Ownership interest held by the Group As at 31 March 2023 %	Ownership interest held by non-controlling interests As at 31 March 2024 %	Ownership interest held by non-controlling interests As at 31 March 2023 %
Tianjin Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–
Nanjing Curetes Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–
Beijing Curetes Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–
Taicang Taitan Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB91,000,000	Design, production and sales of sports-related footwear, apparel and accessories, PRC	**100%**	100%	**–**	–
Shanghai Kappa Kinetic Kids Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB1,000,000	Design, sales of children's clothing	**100%**	100%	**–**	–
Tibet Plutus Enterprise Management Co., Ltd.	The PRC, limited liability company	RMB770,000,000	Investment	**100%**	100%	**–**	–
Tibet Youde Enterprise Management Co., Ltd. (ii)	The PRC, limited liability company	RMB2,000,000	Investment	**100%**	100%	**–**	–
Tibet Leize Enterprise Management Co., Ltd. (ii)	The PRC, limited liability company	RMB10,000,000	Investment	**100%**	100%	**–**	–
Tibet Rhea Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB5,000,000	Purchase for children's garments	**100%**	100%	**–**	–
Shanghai Tethys Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB20,000,000	Sales company	**100%**	100%	**–**	–
Kunming Heti Sporting Goods Co. Ltd.	The PRC, limited liability company	RMB1,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–
Lanzhou Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–

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 As at 31 March 2024 %	Ownership interest held by the Group As at 31 March 2023 %	Ownership interest held by non-controlling interests As at 31 March 2024 %	Ownership interest held by non-controlling interests As at 31 March 2023 %
Shanghai Rongfu Investment Management Center (Limited Partnership)	The PRC, limited liability company	RMB351,000,000	Investment	**100%**	100%	**–**	–
CPE Assets Allocation Fund D, L.P.	Cayman Islands, limited partnership	USD216,776,023	Investment	**100%**	100%	**–**	–
Fuyun Koktokay Charlie Snow House Co., LTD	The PRC, limited liability company	RMB100,000	Hotel management and tourism	**100%**	100%	**–**	–
Fuyun County Koktokay Black Diamond Club Hotel Management Co. LTD	The PRC, limited liability company	RMB500,000	Hotel management and tourism	**100%**	100%	**–**	–
Fuyun County Koktokay Heshun Service Co. LTD	The PRC, limited liability company	RMB500,000	Tourism service	**100%**	80%	**–**	20%
Xinjiang Snow Dongxiang Real Estate Co., Ltd	The PRC, limited liability company	RMB10,000,000	Real estate development and operation	**100%**	100%	**–**	–
Xinjiang Ice Dongxiang Real Estate Co., Ltd	The PRC, limited liability company	RMB10,000,000	Real estate development and operation	**100%**	100%	**–**	–
Sichuan Creates sporting goods Co., Ltd.	The PRC, limited liability company	RMB1,000,000	Retail sales of sports- related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–
Shanghai Fengyi Wuxi Sports Culture Development Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports- related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–
Fuyun County Green Jungle Catering Co., Ltd.	The PRC, limited liability company	RMB1,000,000	Catering	**100%**	100%	**–**	–
Fuyun County Jinfu Trading Co., Ltd.	The PRC, limited liability company	RMB3,500,000	Accommodation services	**100%**	100%	**–**	–
Fuyun Phenix Club Hotel Management Co., Ltd.	The PRC, limited liability company	RMB1,000,000	Hotel management and tourism	**100%**	100%	**–**	–
Qingdao Crius Sporting Goods Co., Ltd. (iii)	The PRC, limited liability company	RMB3,000,000	Retail sales of sports- related products, apparel and accessories, imports and exports, PRC	**100%**	NA	**–**	NA

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

(a) Subsidiaries (Continued)

Note:

(i) These subsidiaries are wholly foreign owned enterprises with limited liability established in mainland China.

(ii) The Group does not have directly or indirectly legal ownership in equity of these structured entities. Nevertheless, under certain contractual arrangements entered into with the registered owners of these structured entities, the Company and its legally owned subsidiary control these companies by way of controlling the voting rights, governing their financial and operating policies, appointing or removing the majority of the management of their controlling authorities, and casting the majority of votes at meetings of such authorities. Accordingly, the Group has rights to exercise power over these structured entities, receives variable returns from its involvement in these structured entities, and has the ability to affect those returns through its power over these structured entities. As a result, they are consolidated as structured entities of the Group.

(iii) This subsidiary is newly established during the year ended 31 March 2024.

(b) Non-controlling interests

The total non-controlling interests as at 31 March 2024 amounted to Nil (2023: Nil). No subsidiary has non-controlling interests that are material to the Group.

(c) Investments accounted for using the equity method

Set out below are the associates and joint ventures of the Group as at 31 March 2024 which, in the opinion of the directors of the Company, 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.

		% of ownership interest				Carrying amount	
Name of entity	**Place of business/ country of incorporation**	**As at 31 March 2024 %**	As at 31 March 2023 %	**Nature of relationship**	**Measurement method**	**As at 31 March 2024 RMB'000**	As at 31 March 2023 RMB'000
Shen Yang Mai Sheng Yue He Sporting Goods Co., Ltd.	PRC	**30%**	30%	Joint Venture	Equity method	**1,442**	3,365
Shan Xi Mai Sheng Yue He Sporting Goods Co., Ltd. (i)	PRC	**N/A**	30%	Joint Venture	Equity method	**—**	12,465
Fulong Davos Xinjiang Real Estate Co., Ltd.	PRC	**49%**	49%	Associate	Equity method	**4,900**	4,900
Xingyuelonghua Sports Development Co., Ltd.	PRC	**45%**	NA	Associate	Equity method	**1,350**	—
Feixue Yuedong Sports Development Zhangjiakou Co., Ltd.	PRC	**40%**	40%	Associate	Equity method	**—**	—
Total equity accounted investments						**7,692**	20,730

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

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

(i) In May 2023, the Group entered into an investment agreement with a third party in respect of the disposal of its 30% equity interests in Shan Xi Mai Sheng Yue He Sporting Goods Co., Ltd. The disposal was completed in May 2023. The total consideration for the disposal is RMB14,500,000, of which the Group has received RMB7,000,000 during the year ended 31 March 2024 and the remaining balances are receivable in two installments in March 2025 and December 2025, respectively. The Group recognised a disposal gain of RMB34,000 in profit or loss for the year ended 31 March 2024.

(ii) The Group uses the equity method to account for these investments and the movements in the carrying amounts of these investments are as below:

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
At beginning of the year	**20,730**	45,204
Addition	**1,350**	—
Disposal	**(14,466)**	(20,623)
Share of profit/(loss) for the year	**78**	(3,851)
At end of the year	**7,692**	20,730

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 2022							
Cost	22,509	119,666	58,614	1,965	360	712	203,826
Accumulated depreciation and impairment	—	(53,203)	(50,982)	(1,446)	(360)	—	(105,991)
Net book amount	22,509	66,463	7,632	519	—	712	97,835
Year ended 31 March 2023							
Opening net book amount	22,509	66,463	7,632	519	—	712	97,835
Additions	—	22,000	1,504	80	16,702	39,091	79,377
Disposals	—	—	(100)	(20)	—	—	(120)
Depreciation	—	(7,660)	(1,603)	(165)	(5,145)	—	(14,573)
Transfers	—	15,455	—	—	—	(15,455)	—
Currency translation difference	1,463	1,735	1	—	—	—	3,199
Closing net book amount	23,972	97,993	7,434	414	11,557	24,348	165,718
At 31 March 2023							
Cost	23,972	160,039	58,522	1,846	16,702	24,348	285,429
Accumulated depreciation and impairment	—	(62,046)	(51,088)	(1,432)	(5,145)	—	(119,711)
Net book amount	23,972	97,993	7,434	414	11,557	24,348	165,718
Year ended 31 March 2024							
Opening net book amount	**23,972**	**97,993**	**7,434**	**414**	**11,557**	**24,348**	**165,718**
Additions	**—**	**2,304**	**1,647**	**—**	**46,523**	**6,637**	**57,111**
Disposals	**(2,893)**	**(1,823)**	**(227)**	**—**	**(2,547)**	**—**	**(7,490)**
Depreciation	**—**	**(6,580)**	**(2,264)**	**(93)**	**(45,004)**	**—**	**(53,941)**
Transfers to investment properties (note a)	**—**	**(41,460)**	**—**	**—**	**—**	**—**	**(41,460)**
Transfers (note b)	**—**	**28,622**	**—**	**—**	**35,072**	**(28,622)**	**35,072**
Currency translation difference	**570**	**645**	**—**	**—**	**—**	**—**	**1,215**
Closing net book amount	**21,649**	**79,701**	**6,590**	**321**	**45,601**	**2,363**	**156,225**
At 31 March 2024							
Cost	**21,649**	**144,431**	**57,384**	**1,846**	**127,848**	**2,363**	**355,521**
Accumulated depreciation and impairment	**—**	**(64,730)**	**(50,794)**	**(1,525)**	**(82,247)**	**—**	**(199,296)**
Net book amount	**21,649**	**79,701**	**6,590**	**321**	**45,601**	**2,363**	**156,225**

(a) During the year ended 31 March 2024, the Group agreed to lease certain buildings to a third party for a lease term of 3 years. Accordingly, the related buildings with carrying amount of approximately RMB41,460,000 were reclassified as the Group's investment properties (Note 16).

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

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

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

See Note 38.4 for the other accounting policies relevant to property, plant and equipment.

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

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Distribution expenses	**48,019**	5,599
Administrative expenses	**5,004**	6,923
Cost of sales	**918**	2,051
	53,941	14,573

There is no pledge of the Group's property, plant and equipment as at 31 March 2024 and 2023.

The Group's buildings were built on land located in Beijing, Jiangsu province and Xinjiang Uygur Autonomous Region, the PRC. The related land use rights are all with lease terms within 50 years and classified as the Group's right-of-use assets (Note 15).

14. INTANGIBLE ASSETS

	KAPPA trademarks RMB'000	Phenix trademarks and other brands RMB'000	Computer software RMB'000	Total RMB'000
At 1 April 2022				
Cost	280,994	8,605	73,746	363,345
Accumulated amortisation	(114,154)	(2,563)	(70,977)	(187,694)
Net book amount	166,840	6,042	2,769	175,651
Year ended 31 March 2023				
Opening net book amount	166,840	6,042	2,769	175,651
Additions	—	—	2	2
Amortisation charge	(7,025)	(215)	(1,276)	(8,516)
Closing net book amount	159,815	5,827	1,495	167,137
At 31 March 2023				
Cost	280,994	8,605	73,717	363,316
Accumulated amortisation	(121,179)	(2,778)	(72,222)	(196,179)
Net book amount	159,815	5,827	1,495	167,137
Year ended 31 March 2024				
Opening net book amount	**159,815**	**5,827**	**1,495**	**167,137**
Additions	**—**	**—**	**627**	**627**
Amortisation charge	**(7,025)**	**(215)**	**(675)**	**(7,915)**
Closing net book amount	**152,790**	**5,612**	**1,447**	**159,849**
At 31 March 2024				
Cost	**280,994**	**8,605**	**32,968**	**322,567**
Accumulated amortisation	**(128,204)**	**(2,993)**	**(31,521)**	**(162,718)**
Net book amount	**152,790**	**5,612**	**1,447**	**159,849**

(a) The KAPPA trademarks represent the perpetual rights of the use of KAPPA trademarks in the PRC and Macao. The KAPPA trademarks for the PRC and Macao were purchased by the Group from a third party in 2006 at a consideration of USD35,000,000 (equivalent to approximately RMB280,994,000). The Phenix trademark for Japan was acquired in April 2008.

(b) Certain outdated and fully amortised computer software were written off during the year ended 31 March 2024.

14. INTANGIBLE ASSETS (CONTINUED)

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

- Trademarks and brands — 40 years
- Computer software — 2–5 years

See Note 38.5 for the other accounting policies relevant to intangible assets.

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

	Year ended 31 March	
	2024 RMB'000	2023 RMB'000
Distribution expenses	**7,240**	7,240
Administrative expenses	**675**	1,276
	7,915	8,516

15. LEASES

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	As at 31 March 2024 RMB'000	As at 31 March 2023 RMB'000
Right-of-use assets		
Land use rights	**19,614**	20,181
Leased properties and warehouses	**35,939**	53,435
	55,553	73,616
Lease liabilities		
Current	**24,148**	39,981
Non-current	**14,754**	17,579
	38,902	57,560

15. LEASES (CONTINUED)

(i) Amounts recognised in the balance sheet (Continued)

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

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Opening net book amount	**73,616**	92,407
Additions	**36,539**	44,613
Depreciation charge	**(37,996)**	(52,385)
Early termination of leases	**(16,606)**	(10,534)
Impairment	**—**	(485)
Closing net book amount	**55,553**	73,616
Representing:		
Cost	**105,807**	146,196
Accumulated depreciation and impairment	**(50,254)**	(72,580)
	55,553	73,616

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

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Leased properties and warehouses	**37,429**	51,818
Land use rights	**567**	567
	37,996	52,385
Interests on lease liabilities (included in finance expenses) (Note 9)	**2,337**	3,254
Expense relating to short-term leases not included in lease liabilities (included in distribution expenses and administrative expenses)	**28,997**	24,753
Expense relating to variable leases not included in lease liabilities (included in distribution expenses)	**5,898**	4,194
Losses on early termination of leases — net	**3,831**	2,064

15. LEASES (CONTINUED)

(iii) Amounts recognised in the statement of cashflows

	Year ended 31 March	
	2024 RMB'000	2023 RMB'000
The cash outflow for leases as operating activities	**34,870**	28,778
The cash outflow for leases as financing activities	**40,037**	57,439

(iv) Variable lease payments

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

A 10% increase in sales across all stores in the Group with such variable lease contracts would increase total lease payments by approximately RMB590,000 for the year ended 31 March 2024 (2023: RMB538,000).

(v) Accounting policies of leases

Leases (including land use rights) 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. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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.

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.

See Note 38.22 for the other accounting policies relevant to leases.

16. INVESTMENT PROPERTIES

	Buildings
	RMB'000
At 1 April 2023	—
Transfers from property, plant and equipment (Note 13)	41,460
Depreciation charge	(1,584)
At 31 March 2024	**39,876**
Representing:	
Cost	41,460
Accumulated depreciation	(1,584)
	39,876

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

As at 31 March 2024, the fair values of the investment properties of the Group as determined by an independent professional valuation firm amounted to approximately RMB39,991,000.

The amounts recognised in profit or loss for investment properties are as follows:

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Rental income	**1,128**	—
Direct operating expenses from properties that generated rental income	**(1,584)**	—

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

16. INVESTMENT PROPERTIES (CONTINUED)

Leasing arrangements

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

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

	As at 31 March	
	2024 RMB'000	2023 RMB'000
Within 1 year	**2,000**	—
Between 1 and 2 years	**2,000**	—
	4,000	—

17. DEFERRED INCOME TAX

a. Deferred income tax assets

The balance comprises temporary differences attributable to:

	As at 31 March 2024 RMB'000	As at 31 March 2023 RMB'000
Tax losses	**92,520**	75,235
Provision for impairment of inventories	**17,352**	38,050
Provision for impairment of trade receivables and other financial assets at amortised cost	**36,835**	12,814
Unrealised profit on intra-group sales of inventories	**—**	6,177
Fair value changes of investments in financial assets	**5,196**	9,783
Lease liabilities	**4,128**	6,225
Other accrued expenses	**2,375**	3,224
Total deferred income tax assets	**158,406**	151,508
Offsetting with deferred income tax liabilities	**(3,869)**	(5,966)
Net deferred income tax assets	**154,537**	145,542

17. DEFERRED INCOME TAX (CONTINUED)

a. Deferred income tax assets (Continued)

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

	Tax losses	Provision for impairment of inventories	Provision for impairment of trade receivables and other financial assets at amortised cost	Unrealised profit on intra-group sales of inventories	Fair value changes of investments in financial assets	Lease liabilities	Other accrued expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2022	67,581	44,901	34,299	15,779	10,009	9,761	6,152	188,482
Credited/(charged) to profit or loss	7,654	(6,851)	(21,485)	(9,602)	(226)	(3,536)	(2,928)	(36,974)
At 31 March 2023	75,235	38,050	12,814	6,177	9,783	6,225	3,224	151,508
Credited/(charged) to profit or loss	17,285	(20,698)	24,021	(6,177)	(4,587)	(2,097)	(849)	6,898
At 31 March 2024	**92,520**	**17,352**	**36,835**	**—**	**5,196**	**4,128**	**2,375**	**158,406**

As at 31 March 2024, deferred income tax assets of approximately RMB82,424,000 (2023: RMB109,308,000) have not been recognised in respect of tax losses amounting to approximately RMB329,697,000 (2023: RMB437,232,000) which can be carried forward against future taxable income. The tax losses mainly resulted from accumulated operating losses of the subsidiaries of the Group. These tax losses will expire from 2024 to 2028.

17. DEFERRED INCOME TAX (CONTINUED)

b. Deferred income tax liabilities

The balance comprises temporary differences attributable to:

	As at 31 March 2024 RMB'000	As at 31 March 2023 RMB'000
Withholding income tax on profit distribution of PRC subsidiaries	**38,249**	197,431
Fair value changes of investments in financial assets	**109,734**	123,392
Right-of-use assets	**3,869**	5,973
Others	**5,059**	5,134
Total deferred income tax liabilities	**156,911**	331,930
Offsetting with deferred income tax liabilities	**(3,869)**	(5,966)
Net deferred income tax liabilities	**153,042**	325,964

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

Movements	**Withholding income tax on profit distribution of PRC subsidiaries (Note a)** RMB'000	**Fair value changes of investments in financial assets (Note b)** RMB'000	**Right-of-use assets** RMB'000	**Others** RMB'000	**Total** RMB'000
At 1 April 2022	177,144	133,461	9,410	6,246	326,261
Charged/(credited) to profit or loss	20,287	(10,069)	(3,437)	(1,112)	5,669
At 31 March 2023	197,431	123,392	5,973	5,134	331,930
Credited to profit or loss	(159,182)	(13,658)	(2,104)	(75)	(175,019)
At 31 March 2024	**38,249**	**109,734**	**3,869**	**5,059**	**156,911**

17. DEFERRED INCOME TAX (CONTINUED)

b. Deferred income tax liabilities (Continued)

Notes:

(a) As mentioned in Note 10, a Hong Kong incorporated subsidiary becomes eligible to the preferential WHT rate of 5% starting from December 2023. Accordingly, the deferred income tax liabilities in relation to the retained earnings of the Group's PRC subsidiaries to be distributed to foreign investors have been remeasured at the reduced WHT rate of 5% and the deferred income tax credit for the year ended 31 March 2024 as a result of that remeasurement amounted to approximately RMB98,714,000.

(b) The net deferred income tax credit arising from the fair value changes of investments in financial assets for the year ended 31 March 2024 is primarily attributable to the deferred income tax credit from the decreases in fair values of the Group's investments in financial assets and also the deferred income tax charge from the remeasurement of the deferred income tax liabilities of the subsidiaries incorporated in the Tibet Region as mentioned in Note 10.

18. INVENTORIES

	As at 31 March 2024 RMB'000	As at 31 March 2023 RMB'000
Finished goods	**397,964**	481,070
Work in progress	**—**	5,072
Raw materials	**2,413**	2,026
	400,377	488,168
Less: provision for inventories	**(113,887)**	(152,198)
	286,490	335,970

The cost of inventories sold recognised as cost of sales amounted to approximately RMB551,731,000 for the year ended 31 March 2024 (2023: RMB615,372,000), which has considered the net decrease in provision for inventories of approximately RMB38,311,000 (2023: RMB36,575,000).

19. TRADE RECEIVABLES

	As at 31 March 2024 RMB'000	As at 31 March 2023 RMB'000
Trade receivables		
— Third parties	**142,473**	151,284
— Related parties (Note 35(b))	**13,367**	14,702
	155,840	165,986
Less: provision for impairment	**(13,305)**	(16,857)
Trade receivables, net	**142,535**	149,129

The Group's sales are mainly made on credit limits and the Group would deny credit sales to customers if the trade receivables from these customers exceeded their credit limits. Customers are normally granted credit terms within 30 to 90 days. The aging analysis of trade receivables as at 31 March 2024 and 2023 is as follows:

	As at 31 March 2024 RMB'000	As at 31 March 2023 RMB'000
Within 30 days	**66,087**	92,416
31 to 180 days	**84,673**	50,741
Over 180 days	**5,080**	22,829
	155,840	165,986

The trade receivables were mainly denominated in RMB. Due to the short-term nature of the current receivables, their carrying amounts approximated their fair values as at the respective 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. Information about the impairment of trade receivables and the Group's exposure to credit risk and foreign currency risk have been set out in Note 3.1(b).

20. OTHER FINANCIAL ASSETS AT AMORTISED COST

	As at 31 March 2024 RMB'000	As at 31 March 2023 RMB'000
Current portion:		
Loans receivable (a)	**262,444**	301,607
Loans to related parties (Note 35(b))	**11,837**	1,960
Receivable from disposal of a joint venture (Note 12(c))	**3,750**	—
Deposits paid and others	**20,922**	31,756
Less: provision for impairment (d)		
— Stage 1	**(209)**	(506)
— Stage 2	**—**	—
— Stage 3	**(68,755)**	(15,322)
	(68,964)	(15,828)
Total	**229,989**	319,495
Non-current portion:		
Loans receivable (a)	**312,987**	316,694
Loans to management personnel (Notes b and 35(b))	**174,790**	225,061
Loans to ex-management personnel (b)	**138,480**	79,393
Investments in corporate bonds and treasury note (c)	**136,632**	—
Receivable from disposal of a joint venture (Note 12(c))	**3,750**	—
Loans to a related party (Note 35(b))	**—**	10,864
Deposits paid and others	**26,216**	21,863
Less: provision for impairment (d)		
— Stage 1	**(519)**	—
— Stage 2	**—**	—
— Stage 3	**(68,801)**	(10,528)
	(69,320)	(10,528)
Total	**723,535**	643,347

20. OTHER FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

Notes:

(a) The balances represented the loans advanced to independent third parties. As at 31 March 2024, loans receivables due from independent third parties amounted to approximately RMB575,431,000 (2023: RMB618,301,000) which bear interests at fixed interest rates in the range of 8% to 12% (2023: 8% to 12%) per annum. The amount of each loan receivables varies from RMB3,756,000 to RMB220,517,000 (2023: RMB3,756,000 to RMB215,862,000).

The maturity period of each loan receivables varies with the range from 10 to 36 months. All of these loan receivables were secured by the pledges of certain assets of borrowers. Details of the credit risk assessment of loans receivable are disclosed in Note 3.1(b).

The carrying amounts of these loans receivable approximate their fair value as these loans bear market interest rates.

(b) The balances represented the loans as advanced to certain management personnel for their subscription of the Company's shares during the years ended 31 December 2017 and 2018. The outstanding balances due to those personnel who are no longer having any employment relationship with the Group are classified as "loans to ex-management personnel". All these loans bear interests at a fixed rate of 1% per annum and have an extended terms of repayment of 5 years (repayable on or before April 2028). All the shares of the Company as subscribed by the borrowers were pledged as collaterals for these loans. The fair values of these loans receivable as at 31 March 2024 amounted to approximately RMB282,065,000 (2023: RMB282,148,000).

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

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

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

21. 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 Group has not elected to recognise fair value gains and losses through OCI.

Financial assets measured at FVPL include the following:

	As at 31 March 2024 RMB'000	As at 31 March 2023 RMB'000
Non-current portion		
— Private equity fund investments	**3,687,020**	4,150,767
— Other unlisted equity investments	**262,194**	333,609
— Listed REITs investment	**6,326**	—
	3,955,540	4,484,376
Current portion		
— Listed equity securities	**669,777**	963,876
— Private equity fund investments	**101,275**	394,332
— Knock out note	**—**	25,946
	771,052	1,384,154

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

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

(ii) Amounts recognised in profit or loss

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

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Fair value losses on listed equity securities	**(342,546)**	(50,633)
Fair value (losses)/gains on private equity fund investments	**(384,595)**	42,800
Fair value (losses)/gains on other unlisted equity investments	**(79,591)**	9,869
Fair value losses on listed REITs investment	**(30,638)**	—
Fair value gains on wealth management products	**6,038**	7,191
Fair value gains/(losses) on knock out note	**320**	(299)
Fair value gains on unlisted fixed coupon notes	**—**	1,247
	(831,012)	10,175

22. CASH AND BANK BALANCES

	As at 31 March 2024 RMB'000	As at 31 March 2023 RMB'000
Cash and cash equivalents (a)	**1,764,656**	2,558,024
Term deposits with initial term over three months and within one year (b)	**1,268,507**	—
Restricted cash	**1,768**	68
	3,034,931	2,558,092

Notes:

(a) Cash and cash equivalents include current deposits and term deposits with initial term within three months.

(b) These term deposits earn interests at fixed rates based on prevailing market rates. The interest rates on term deposits with initial term over three months and within one year range from 4.70% to 5.76% per annum as at 31 March 2024.

22. CASH AND BANK BALANCES (CONTINUED)

Notes: (Continued)

(c) As at 31 March 2024 and 2023, the cash and bank balances were denominated in the following currencies.

	As at 31 March 2024 RMB'000	As at 31 March 2023 RMB'000
RMB	**1,270,369**	1,152,623
USD	**1,453,354**	1,028,597
HKD	**309,182**	362,633
JPY	**1,802**	1,596
Others	**224**	12,643
	3,034,931	2,558,092

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.

(d) As at 31 March 2024, cash and cash equivalents of RMB2,871,000 (2023: RMB1,582,000) are deposits held in certain on-line payment platforms which can be withdrawn at any time at the Group's discretion.

23. OTHER ASSETS

	As at 31 March 2024 RMB'000	As at 31 March 2023 RMB'000
Current portion:		
Prepayments	**12,351**	14,712
Value-added tax recoverable	**10,408**	7,833
	22,759	22,545
Non-current portion:		
Prepayments for investments measured at FVTPL	**—**	68,717
Prepayments for others	**—**	35,235
Others	**—**	3,022
	—	106,974

24. SHARE CAPITAL AND SHARE PREMIUM

	Number of issued ordinary shares at par value of HKD0.01 each	Nominal value of issued ordinary shares HKD'000	Equivalent nominal value of issued ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
As at 1 April 2022 and 31 March 2023	5,887,561,025	58,876	56,478	1,034,866	1,091,344
Dividends declared and paid (Note 32)	—	—	—	(69,771)	(69,771)
As at 31 March 2024	5,887,561,025	58,876	56,478	965,095	1,021,573

25. SHARES HELD FOR EMPLOYEE SHARE AWARD SCHEME

	Number of shares		Nominal value of shares	
	As at 31 March 2024	At as 31 March 2023	**As at 31 March 2024 RMB'000**	At as 31 March 2023 RMB'000
Shares held for employee share award scheme	**23,050,071**	23,050,071	**196**	196

These shares are held by the Company's Trust for the purpose of issuing shares under the Company's employee share scheme (Note 27). The consideration paid for the purchases of these shares for the scheme in excess of the nominal value of the shares have been presented as a reduction in the Group's other reserves (Note 26).

26. OTHER RESERVES

The movements in other reserves during the year are as below:

	Capital reserve (note a) RMB'000	Share-based compensation reserve RMB'000	Statutory reserves (note b) RMB'000	Exchange reserve (note c) RMB'000	Shares held for Restricted Share Award Scheme (Note 25) RMB'000	Total RMB'000
Year ended 31 March 2023						
At 1 April 2022	283,522	25,591	93,387	83,594	(66,755)	419,339
Foreign currency translation reserve	—	—	—	282,620	—	282,620
Share-based compensations	—	(14,174)	—	—	—	(14,174)
At 31 March 2023	283,522	11,417	93,387	366,214	(66,755)	687,785
Year ended 31 March 2024						
At 1 April 2023	**283,522**	**11,417**	**93,387**	**366,214**	**(66,755)**	**687,785**
Foreign currency translation reserve (Note (b))	**—**	**—**	**—**	**114,915**	**—**	**114,915**
Share-based compensations	**—**	**3,524**	**—**	**—**	**—**	**3,524**
Appropriation to statutory reserves	**—**	**—**	**557**	**—**	**—**	**557**
At 31 March 2024	**283,522**	**14,941**	**93,944**	**481,129**	**(66,755)**	**806,781**

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 the group reorganisations as completed in 2007.

(b) The Company's subsidiaries incorporated in the PRC are required to make appropriations to statutory reserves from their profits for the year after offsetting accumulated losses carried forward from prior years as determined under the PRC accounting regulations and before distribution to equity holders. The percentages to be appropriated to such statutory reserves are determined according to the relevant regulations in the PRC, and further appropriation is optional when the accumulated fund reached 50% or more of the registered capital of the respective subsidiaries.

(c) Foreign currency translation reserve represents the difference arising from the translation of the financial statements of group entities that have a functional currency different from RMB into the presentation currency of the Company and the Group (i.e. RMB), when preparing these consolidated financial statements.

27. SHARE-BASED COMPENSATION SCHEMES

(a) Restricted Share Award Scheme

The Company adopted the Restricted Share Award Scheme on 10 December 2010. The objective of the Restricted Share Award Scheme is to encourage and retain selected participants including directors and employees of the Group, to work with the Group and to provide additional incentive for them to achieve performance goals. Under the scheme, the China Dongxiang (Group) Co., Ltd. Restricted Share Award Scheme Trust (the "Trust") was established in Hong Kong and purchased 30,000,000 shares of the Company from the open market in December 2010. No further purchase of shares of the Company has been made since December 2010. The total amount of RMB87,138,000 paid to acquire the shares was financed by the Company by way of contributions made to the Trust. As the financial and operational policies of the Trust are governed by the Group and the Group benefits from the Trust's activities, the Trust is consolidated in the Group's financial statements as a special purpose entity.

As at 1 April 2023 and 31 March 2024, 23,050,071 Restricted Shares were available for grant under the Share Award Scheme, representing 0.39% of the issued shares of the Company.

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 benefit expenses in the consolidated statement of profit or loss and other comprehensive income of the Group over the vesting period.

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.

No shares were granted to senior management under the Restricted Share Award Scheme since the year of 2017 and all of the awarded shares were already vested before the year of 2017. Accordingly, no amount was charged as an expense in profit or loss during the years ended 31 March 2024 and 2023.

(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"). The 2019 Share Option Scheme will remain in force for a period of 10 years commencing from the respective grant date. The vesting period for the options granted during the year is 1–3 years from the respective grant date. An option may be exercised in accordance with whether a service or a non-market performance condition is met.

The purpose of the 2019 Share Option Scheme is to provide an incentive for the qualified participants to work with commitment towards enhancing the value of the Company and its shares for the benefit of its shareholders and to recruit and retain high calibre employees and attract human resources whose contributions are or may be beneficial to the growth and development of the Group.

27. SHARE BASED COMPENSATION SCHEMES (CONTINUED)

(b) The 2019 share option scheme (Continued)

Participants of the 2019 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 Hong Kong Stock Exchange's daily quotation sheets on the offer date;

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

(iii) the nominal value of the shares.

The total number of shares which may be issued upon exercise of all options to be granted under the 2019 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 HKEx.

During the year ended 31 March 2024, 76,860,000 new share options were granted under the 2019 Share Option Scheme (2023: Nil).

The Group has used binomial model to determine the fair value of the share options granted during the year ended 31 March 2024. Key assumptions are set as below:

	Year ended 31 March 2024
Spot price at the grant date (HKD)	**0.33**
Exercise price (HKD)	**0.33**
Expected volatility	**38.8%**
Expected dividend yield	**6.0%**
Contractual option life	**10 years**
Annual risk-free interest rate	**3.2%**

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 profit or loss, with a corresponding adjustment to the share-based compensation reserve.

For the year ended 31 March 2024, the Group recognised share-based compensation expenses of RMB3,524,000 in connection with the 2019 Share Option Scheme (2023: a reversal of share-based compensation expenses of RMB14,174,000) in profit or loss.

27. SHARE BASED COMPENSATION SCHEMES (CONTINUED)

(b) The 2019 share option scheme (Continued)

Movements in the number of share options outstanding during the year ended 31 March 2024 under the 2019 Share Option Scheme and their weighted average exercise prices are as follows:

	Year ended 31 March 2024		Year ended 31 March 2023	
	Weighted average exercise price (per share) HKD	**Number of share options (thousands)**	Weighted average exercise price (per share) HKD	Number of share options (thousands)
As at 1 April	**0.931**	**140,560**	0.934	189,680
Granted	**0.330**	**76,860**	—	—
Lapsed/forfeited	**0.822**	**(17,420)**	0.945	(49,120)
As at 31 March	**0.709**	**200,000**	0.931	140,560
Vested and exercisable at end of the year	**0.855**	**6,120**	0.855	7,160

No granted options were expired during the years ended 31 March 2024 and 2023.

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

	Year ended 31 March 2024		Year ended 31 March 2023	
Expiry date	**Exercise price (per share) HKD**	**Share options (thousands)**	Exercise price (per share) HKD	Share options (thousands)
15 September 2029	**HKD0.854**	**5,400**	HKD0.854	6,440
06 January 2030	**HKD0.860**	**720**	HKD0.860	720
31 March 2030	**HKD0.670**	**—**	HKD0.670	—
31 August 2030	**HKD1.090**	**—**	HKD1.090	—
14 April 2031	**HKD0.940**	**119,000**	HKD0.940	131,300
01 July 2031	**HKD1.360**	**—**	HKD1.360	—
27 January 2032	**HKD0.676**	**—**	HKD0.676	1,500
16 March 2032	**HKD0.459**	**600**	HKD0.459	600
17 April 2033	**HKD0.330**	**74,280**	—	—
		200,000		140,560
Weighted average remaining contractual life of options outstanding at end of period		**7.74 years**		7.98 years

28. TRADE PAYABLES

The ageing analysis of trade payables based on goods receipt date is as follows:

	As at 31 March 2024 RMB'000	As at 31 March 2023 RMB'000
Within 30 days	**66,265**	89,355
31 to 180 days	**56,949**	65,271
Over 180 days	**1,829**	2,912
	125,043	157,538

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

29. ACCRUALS AND OTHER PAYABLES

	As at 31 March 2024 RMB'000	As at 31 March 2023 RMB'000
Suppliers' deposits	**67,332**	64,549
Deposits of investment in FVPL	**72,000**	54,000
Payables for marketing expenses	**37,937**	25,590
Salaries and welfare payable	**32,281**	21,064
Amounts due to related parties (Note 35(b))	**24,750**	30,569
Other taxes and levies payable	**16,906**	10,504
Payables for legal and professional fees	**13,445**	6,565
Payables for logistics fees	**6,492**	8,755
Others	**44,522**	65,202
	315,665	286,798

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

30. DERIVATIVES

	As at 31 March 2024 RMB'000	As at 31 March 2023 RMB'000
Derivatives	**1,456**	64,664

During the years ended 31 March 2024 and 2023, the Group entered into certain derivative agreements with investment banks, of which certain quantities of the underlying securities listed on the NASDAQ and HKEx are agreed to be settled at an agreed price when certain agreed events occurred. Such investments were designated as derivatives and stated at fair value as at 31 March 2024 and 2023.

31. CONTRACT LIABILITIES

	As at 31 March 2024 RMB'000	As at 31 March 2023 RMB'000	As at 1 April 2022 RMB'000
Advance from customers	**18,835**	11,859	14,027

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:

	Year ended 31 March	
	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	**11,859**	14,027

32. DIVIDENDS

The total dividends paid during the year ended 31 March 2024 amounted to RMB70,046,000 or RMB1.20 cents per ordinary share (2023: RMB69,147,000 or RMB1.17 cents per ordinary share), of which RMB275,000 (2023: RMB263,000) were paid to the shares held for the Restricted Share Award Scheme as mentioned in Note 27(a).

Pursuant to a resolution passed on 26 June 2024, the board of directors of the Company proposed a final dividend of RMB0.51 cents per ordinary share of the Company, amounting to RMB30,027,000, for the year ended 31 March 2024 from the Company's share premium. The final dividend is to be proposed for approval by the shareholders of the Company at the annual general meeting to be held on 21 August 2024. This proposed dividend is not reflected as a dividend payable in these consolidated financial statements, but will be reflected as an appropriation from the Company's share premium for the year ending 31 March 2025.

33. CASH GENERATED FROM OPERATIONS

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
(Loss)/profit before income tax	**(759,608)**	174,002
Adjustments for:		
Changes in fair value of financial instruments at fair value through profit or loss	**824,031**	(15,482)
Depreciation of property, plant and equipment (Note 13)	**53,941**	14,573
Loss on disposal of property, plant and equipment	**2,115**	120
Depreciation of right-of-use assets (Note 15)	**37,996**	52,385
Amortisation of intangible assets (Note 14)	**7,915**	8,516
Depreciation of investment properties (Note 16)	**1,584**	—
Changes in provision for inventories	**(38,311)**	(36,575)
Provision for/(reversal of) impairment losses on financial assets — net	**115,447**	(54,349)
Share of net (profits)/losses of joint ventures and associates (Note 12)	**(78)**	3,851
Interest income from bank and term deposits	**(65,796)**	(23,088)
Interest expenses on borrowings	**—**	6,531
Dividend income from financial assets at fair value through profit or loss	**(11,926)**	(13,777)
Investment income from loans receivable and other investments measured at amortised cost	**(37,219)**	(62,274)
Foreign exchange gains, net (Note 3.1(a))	**(9,919)**	(52,504)
Share-based compensation expenses (Note 8)	**3,524**	(14,174)
Net gains on disposal of investments in joint ventures (Note 6)	**(34)**	(13,257)
Impairment on long-term assets	**—**	485
Losses on early termination of leases — net	**3,831**	2,064
Interest expenses on lease liabilities	**2,337**	3,254
	129,830	(19,699)
Changes in working capital:		
— Decrease in inventories	**87,791**	99,100
— Decrease in trade receivables, other assets and other receivables	**11,654**	46,736
— Increase/(decrease) in trade payables, contract liabilities, accruals and other payables	**2,039**	(53,824)
— (Increase)/decrease in restricted cash	**(1,700)**	27,802
Cash generated from operations	**229,614**	100,115

33. CASH GENERATED FROM OPERATIONS (CONTINUED)

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

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Net book amount (Note 13)	**7,490**	120
Loss on disposal of property, plant and equipment	**(2,115)**	(120)
Proceeds from disposal of property, plant and equipment	**5,375**	—

Major non-cash investing and financing activities disclosed in other notes are:

- Additions to right-of-use assets — Note 15(i); and
- Issue of share options to employees under the 2019 Share Option Scheme (Note 27(b)).

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

Net cash	**As at 31 March 2024 RMB'000**	As at 31 March 2023 RMB'000
Cash and cash equivalents (Note 22)	**1,764,656**	2,558,024
Liquid investments	**669,777**	963,876
Lease liabilities	**(38,902)**	(57,560)
Net cash	**2,395,531**	3,464,340

33. CASH GENERATED FROM OPERATIONS (CONTINUED)

Movements in net cash are as below:

	Cash and cash equivalents	Liquid investments	Liabilities from financing activities: Lease liabilities	Liabilities from financing activities: Borrowings due within 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 April 2022	1,523,938	1,071,906	(76,690)	(156,120)	2,363,034
Cash flows	969,315	(77,698)	57,439	175,006	1,124,062
Addition to new leases	—	—	(44,613)	—	(44,613)
Early termination of leases	—	—	9,558	—	9,558
Interest on lease liabilities	—	—	(3,254)	—	(3,254)
Foreign exchange adjustments	64,771	84,909	—	(18,886)	130,794
Other non-cash movements (note b)	—	(115,241)	—	—	(115,241)
As at 31 March 2023	2,558,024	963,876	(57,560)	—	3,464,340
Cash flows	**(834,883)**	**61,533**	**40,037**	**—**	**(733,313)**
Addition to new leases	**—**	**—**	**(31,817)**	**—**	**(31,817)**
Early termination of leases	**—**	**—**	**12,775**	**—**	**12,775**
Interest on lease liabilities	**—**	**—**	**(2,337)**	**—**	**(2,337)**
Foreign exchange adjustments	**41,515**	**23,764**	**—**	**—**	**65,279**
Other non-cash movements (note b)	**—**	**(379,396)**	**—**	**—**	**(379,396)**
As at 31 March 2024	**1,764,656**	**669,777**	**(38,902)**	**—**	**2,395,531**

Notes:

(a) Liquid investments comprise current investments that are traded in an active market, being the Group's level 1 financial assets at fair value through profit or loss which can be disposed by the Group anytime in open market at the Group's discretion.

(b) Included in other non-cash movements primarily comprise of the net fair value losses on listed liquid investments.

34. COMMITMENTS

Capital commitment

Significant capital commitment contracted for at the end of the reporting period but not recognised as liabilities is as follow:

In September 2020, the Group entered into a limited partnership agreement with Xiamen Yuanfeng Investment LLP. (廈門源峰股權投資基金合夥企業（有限合夥）), with a total committed investment amount of RMB200 million. As at 31 March 2024, the remaining balance of the investment commitment amounted to RMB70 million (2023: RMB70 million).

In January 2021, the Group entered into a limited partnership agreement with CPE Global Opportunities Fund II, with a total committed investment amount of USD30 million. As at 31 March 2024, the remaining balance of the investment commitment amounted to USD15 million (equivalent to approximately RMB110 million) (2023: USD15 million (equivalent to approximately RMB106 million)).

In February 2021, the Group entered into a limited partnership agreement with Yunfeng Fund IV (雲鋒基金IV), with a total committed investment amount of USD20 million. As at 31 March 2024, the remaining balance of the investment commitment amounted to USD11.0 million (equivalent to approximately RMB78.4 million) (2023: USD11.5 million (equivalent to approximately RMB79.2 million)).

In July 2023, the Group entered into a limited partnership agreement with EnvisionX Partners Fund, L.P., with a total committed investment amount of USD6 million. As at 31 March 2024, the remaining balance of the investment commitment amounted to USD4 million (equivalent to approximately RMB28.4 million).

In August 2023, the Group entered into a limited partnership agreement with TH Capital China Growth Fund I, L.P., with a total committed investment amount of USD10 million. As at 31 March 2024, the remaining balance of the investment commitment amounted to USD5 million (equivalent to approximately RMB35.5 million).

In November 2023, the Group entered into a limited partnership agreement with CPE Global Select Fund, L.P., with a total committed investment amount of USD10 million. As at 31 March 2024, the remaining balance of the investment commitment amounted to USD7.5 million (equivalent to approximately RMB53.2 million).

35. 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 years ended 31 March 2024 and 2023 and as of the respective balance sheet date, in addition to those disclosed elsewhere in these consolidated financial statements, the Group had the following transactions and balances with related parties:

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Sales of goods to:		
— Joint ventures and an associate of the Group	**2,516**	6,955
— A close family member of the Chairman	**908**	5,159
	3,424	12,114
Interest income:		
— Management personnel	**2,120**	5,558
Commissions on consignment sales:		
— Joint ventures of the Group	**15,690**	29,072
— A close family member of the Chairman	**60,384**	54,613
	76,074	83,685
Loans granted to:		
— An associate of the Group	**1,500**	7,589

35. RELATED PARTY TRANSACTIONS (CONTINUED)

b) Balances with related parties

Trade receivables (Note 19)

	As at 31 March 2024 RMB'000	As at 31 March 2023 RMB'000
Joints venture of the Group	**1,042**	4,496
A close family member of the Chairman	**12,325**	10,206
	13,367	14,702

Other financial assets at amortised cost (Note 20)

	As at 31 March 2024 RMB'000	As at 31 March 2023 RMB'000
Current portion		
— Associates of the Group	**11,837**	1,960
— Provision	**(1,960)**	(1,960)
	9,877	—
Non-current portion		
— An associate of the Group	**—**	10,864
— Management personnel	**174,790**	225,061
	174,790	235,925

35. RELATED PARTY TRANSACTIONS (CONTINUED)

b) Balances with related parties (Continued)

Accruals and other payables (Note 29)

	As at 31 March 2024 RMB'000	As at 31 March 2023 RMB'000
Joint ventures of the Group	**4,000**	9,750
A close family member of the Chairman	**20,750**	20,819
	24,750	30,569

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

The terms of the loans to management personnel have been disclosed in Note 20(b). The remaining balances with related parties are unsecured, interest free and repayable on demand.

c) Key management compensation

	Year ended 31 March	
	2024 RMB'000	2023 RMB'000
Salaries, bonus and other welfares	**10,125**	9,052
Share-based compensation	**247**	(4,885)
Pension — defined contribution plans	**256**	178
	10,628	4,345

The amounts disclosed above include wages, salaries and bonuses payable of RMB2,678,000 as at 31 March 2024 (2023: RMB1,259,000) which were unpaid as at year end and are included in other payables and accruals.

36. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance Sheet of the Company

	As at 31 March 2024 RMB'000	As at 31 March 2023 RMB'000
ASSETS		
Non-current assets		
Interests in subsidiaries	**10,184,515**	10,184,515
Financial assets at fair value through profit or loss	**6,326**	41,446
	10,190,841	10,225,961
Current assets		
Other financial assets at amortised cost	**1,036**	5,896
Amounts due from subsidiaries	**898,106**	787,416
Term deposits with initial term over three months and within one year	**265,145**	—
Cash and cash equivalents	**207,549**	22,671
	1,371,836	815,983
Total assets	**11,562,677**	11,041,944
EQUITY		
Share capital and share premium (Note 24)	**1,021,298**	1,091,344
Retained earnings/(accumulated losses)	**307,796**	(511,234)
Other reserves	**10,065,951**	10,062,427
Total equity	**11,395,045**	10,642,537
LIABILITIES		
Current liabilities		
Amounts due to subsidiaries	**167,428**	399,230
Accruals and other payables	**204**	177
Total liabilities	**167,632**	399,407
Total equity and liabilities	**11,562,677**	11,041,944

The balance sheet of the Company was approved by the Board of Directors of the Company on 26 June 2024 and was signed on its behalf by:

CHEN YIHONG
Executive Director & Chairman

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

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

(a) Reserve movement of the Company

		Other reserves		
	(Accumulated losses)/ retained earnings	**Capital reserves**	**Share-based compensation reserve**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2022	(900,037)	10,059,941	16,660	10,076,601
Profit for the year	457,950	—	—	—
Share-based compensations	—	—	(14,174)	(14,174)
Dividend paid	(69,147)	—	—	—
At 31 March 2023	(511,234)	10,059,941	2,486	10,062,427
At 1 April 2023	**(511,234)**	**10,059,941**	**2,486**	**10,062,427**
Profit for the year	**819,030**	**—**	**—**	**—**
Share-based compensations	**—**	**—**	**3,524**	**3,524**
At 31 March 2024	**307,796**	**10,059,941**	**6,010**	**10,065,951**

37. BENEFIT AND INTERESTS OF DIRECTORS

a. Directors' emoluments

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

Name of Director	Fees	Salary	Discretionary bonuses (i)	Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 March 2024						
Mr. Chen Yihong	**172**	**1,486**	**164**	**—**	**—**	**1,822**
Ms. Chen Chen	**172**	**2,241**	**406**	**91**	**64**	**2,974**
Mr. Zhang Zhiyong (iii)	**85**	**—**	**—**	**—**	**—**	**85**
Mr. Lyu Guanghong	**172**	**928**	**231**	**194**	**64**	**1,589**
Mr. Chen Guogang	**196**	**—**	**—**	**—**	**—**	**196**
Mr. Gao Yu	**196**	**—**	**—**	**—**	**—**	**196**
Mr. Liu Xiaosong	**196**	**—**	**—**	**—**	**—**	**196**
	1,189	**4,655**	**801**	**285**	**128**	**7,058**
Year ended 31 March 2023						
Mr. Chen Yihong	163	1,486	189	—	—	1,838
Ms. Chen Chen	163	1,915	88	84	59	2,309
Mr. Zhang Zhiyong	163	1,546	—	—	—	1,709
Mr. Lyu Guanghong	163	713	40	84	59	1,059
Mr. Chen Guogang	186	—	—	—	—	186
Mr. Gao Yu	186	—	—	—	—	186
Mr. Liu Xiaosong	186	—	—	—	—	186
	1,210	5,660	317	168	118	7,473

Notes:

i. Discretionary bonuses represent the amounts of performance bonuses paid or payable for the years ended 31 March 2024 and 2023.

ii. 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.

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

37. BENEFIT AND INTERESTS OF DIRECTORS (CONTINUED)

b. Directors' retirement benefits

During the year ended 31 March 2024, no retirement benefits were paid 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 undertakings (2023: Nil).

c. Directors' termination benefits

No payment was made to directors as compensation for the early termination of their appointment during the year ended 31 March 2024 (2023: 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 their services as a director of the Company during the year ended 31 March 2024 (2023: 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 are loans in favour of Mr. Zhang Zhiyong ("Mr. Zhang") and Mr. Lyu Guanghong ("Mr. Lyu") (the CFO) during the years ended 31 March 2024 and 2023.

The information about loans, quasi-loans and other dealings entered into in favour of directors is as follows:

Name of director	Loan principal amount RMB'000	Outstanding carrying amount at the beginning of the year RMB'000	Outstanding carrying amount at the end of the year RMB'000	Maximum outstanding during the year RMB'000	Amounts fallen due but not been paid RMB'000	Provisions for doubtful debts made RMB'000	Term	Interest rate	Security
As at 31 March 2024									
Loans									
Mr. Lyu	10,318	9,995	10,269	10,269	—	—	Due on 19 January 2028	1%	Shares of the Company
As at 31 March 2023									
Loans									
Mr. Zhang (note)	160,107	147,208	159,094	159,094	—	—	Two installments due on 19 October 2027 and 19 January 2028	1%	Shares of the Company
Mr. Lyu	9,963	9,158	9,995	9,995	—	—	Due on 19 January 2028	1%	Shares of the Company

Note:

Mr. Zhang has resigned as the chief executive officer, the president, an executive director and a member of the executive committee of the Company with effect from 29 September 2023 and is then appointed as the special assistant to the Chairman of the Company. The loans receivable due from Mr. Zhang as at 31 March 2024 amounted to approximately RMB164,521,000 and was included as loans to management personnel.

37. BENEFIT AND INTERESTS OF DIRECTORS (CONTINUED)

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 2024 (2023: Nil).

38. SUMMARY OF OTHER ACCOUNTING POLICIES

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

38.1 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.

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.

(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 in the consolidated balance sheet.

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 38.8).

38. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.1 Principles of consolidation and equity accounting (Continued)

(iii) Joint ventures

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. Currently, 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 38.7.

38. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.1 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 IFRS Accounting Standards.

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.

38.2 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.

38. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.3 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 consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional currency and the Company's and Group's presentation currency.

(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 income and 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.

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.

38. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.3 Foreign currency translation (Continued)

(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.

38.4 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.

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 profit or loss during the financial period in which they are incurred.

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 38.7).

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

Construction-in-progress ("CIP") represents buildings, plant and machinery under construction or pending for 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 CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the costs are transferred to the respective categories of property, plant and equipment and depreciated in accordance with the policy as stated in Note 13.

38. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.5 Intangible assets

(i) Trademarks and brands

Separately acquired trademarks and brands are shown at historical cost. Trademarks or brands 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. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses (if any).

38.6 Investment properties

Investment properties are buildings that are held for the purpose of leasing, are measured at the initial cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss in the period in which they are occurred.

The Group adopts the cost model for subsequent measurement of investment properties.

When an investment property is transferred to owner-occupied properties, it is reclassified as property, plant and equipment at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the property, plant and equipment is reclassified as investment properties at its carrying amount at the date of the transfer.

The investment property's estimated useful life, net residual value and depreciation method applied are reviewed and adjusted as appropriate at each year end.

An investment property is derecognised when it is disposed or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

The carrying amount of investment properties shall be reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 38.7).

The Group classifies cash outflows to acquire or construct investment properties as investing cash flows and rental inflows as operating cash flows.

38. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.7 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.

38.8 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.

38. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.8 Investments and other financial assets (Continued)

(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.

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 on financial assets at amortised cost calculated using the effective interest method is recognised in profit or loss and presented in the consolidated statement of profit or loss and other comprehensive income as part of "other income and 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). Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. 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 income and gains/(losses) — net". Interest income from these financial assets is included in "other income and gains/(losses) — net" using the effective interest rate method. Foreign exchange gains and losses are presented in "other income and 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 income and gains/(losses) — net" in the period in which it arises.

38. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.8 Investments and other financial assets (Continued)

(iii) Measurement (Continued)

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 income and 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 income and 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.

(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 19 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.

38.9 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.

38.10 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 and any changes in the fair value of derivative financial instrument in a period is recognised in profit or loss.

38. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise costs of merchandises purchased, direct materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) which exclude 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.

38.12 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 30 to 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 19 for further information about the Group's accounting for trade receivables and Note 3.1(b) for a description of the Group's impairment policies.

38.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and cash on bank, 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 (if any) are shown within borrowings in current liabilities in the balance sheet.

38.14 Share capital and shares held for employee share scheme

Ordinary shares are classified as equity (Note 24).

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.

38. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.15 Trade and other 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 30 to 90 days of recognition. Trade and other 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.

38.16 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 income 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, joint ventures 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.

(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 income 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 and does not give rise to equal taxable and deductible temporary differences. 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 income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group 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.

38. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.16 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred income 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 income 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.

38.17 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.

(ii) Pension obligations

In accordance with the rules and regulations in mainland China, the Group has arranged for its mainland China employees to join defined contribution plans, including pension, medical, housing and other welfare benefits, recognised by mainland China government. According to the relevant regulations, the monthly contributions that should be borne by mainland China subsidiaries of the Company are calculated based on percentages of the total salary of employees, subject to a certain ceiling. The assets of these plans are held separately from those of the Group in independent funds managed by mainland China government.

In Hong Kong, the Group makes contributions to the scheme under the Mandatory Provident Fund Schemes ("MPF") Ordinance, the assets of which are generally held in separate trustee-administrated funds. The pension plans are generally funded by payments from employees and by the Group.

The Group has no further payment obligations once the contributions to the abovementioned schemes or plans have been paid. The Group's contributions to these schemes or plans are charged to profit or loss as incurred.

The abolition of the use of the accrued benefits derived from employers' "mandatory" contributions to MPF and the Occupational Retirement Schemes ("ORSO") to offset the long service payment ("LSP") and severance payment (the "Amendment") accrued from the transition date (no later than 2025) was enacted in Hong Kong on 17 June 2022. The Amendment changes the employer's legal obligation which is considered as a plan amendment under IAS 19. As the Group only has a few employees who are in the scope of the Amendment, management is of the view that the Amendment will have immaterial impact to the Group's financial position and performance.

38. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.17 Employee benefits (Continued)

(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 Group 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.

38.18 Share-based payments

The Group operates a number of equity-settled, share-based compensation plans. These plans comprise a share option scheme 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 share options or 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.

38.19 Provisions

Provision 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.

38. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.20 Earnings/(losses) per share

(a) Basic earnings/(losses) per share

Basic earnings/(losses) per share is calculated by dividing:

- the profit/(loss) 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.

(b) Diluted earnings/(losses) per share

Diluted earnings/(losses) per share adjusts the figures used in the determination of basic earnings/(losses) 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.

38.21 Dividend income

Dividends are received from financial assets measured at fair value through profit or loss (FVPL). Dividend income related to equity investments that meet the definition of an equity instrument from the issuer's perspective are recognised as "other income and gains/(losses) — net" in the consolidated statement of profit or loss and other comprehensive income when the right to receive payment is established.

38.22 Leases

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 (if any):

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments 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. Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

38. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

38.22 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.

38.23 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

38.24 Interest income

Interest income from financial assets at FVPL is included in "other income and gains/(losses) — net".

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in profit or loss and presented in the consolidated statement of profit or loss and other comprehensive income as part of "other income and 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). Any other interest income is included in "other income and 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).

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 2024.

Final Special Dividend

The Company has paid an interim special dividend for the six months ended 30 September 2023 of RMB0.71 cent per ordinary share, with a total amount of RMB41,802,000.

The Board of the Company has recommended the distribution of a final special dividend of RMB0.51 cents per ordinary share for the twelve months ended 31 March 2024.

The final special dividend, subject to approval by the shareholders of the Company at the annual general meeting to be held on 21 August 2024, will be paid in Hong Kong Dollars based on the rate of HKD1.00 = RMB0.91234 being the official exchange rate of Hong Kong dollars against Renminbi as quoted by the People's Bank of China on 25 June 2024. The dividend will be paid on or about 11 September 2024 to shareholders whose names appear on the register of members of the Company on 30 August 2024.

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

The Register of Members of the Company will be closed from 28 August 2024 to 30 August 2024 (both days inclusive), for the purpose of determining shareholders' entitlements to the 2023/2024 final special dividend. In order to qualify for the 2023/2024 final special dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 27 August 2024.

Annual General Meeting ("AGM")

The AGM of the Company will be held on 21 August 2024. 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 16 August 2024 to 21 August 2024 (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 15 August 2024.

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

26 June 2024

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