

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

Environmental, Social and Governance Report

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ABOUT US

MESSAGE FROM THE CHAIRMAN

The world is undergoing unprecedented changes, from climate security to digital revolution and to the awakening of consumer awareness, which have injected new vitality into various industries while also presented challenges and opportunities that cannot be ignored. As an enterprise that always explores and innovates, China Dongxiang is committed to promoting the transformation and upgrading of the sports fashion industry and making sustainable fashion ubiquitous by pursuing green innovation as an engine to drive industrial upgrading, and seeking the key to realising future resilience amidst changes.

Reshaping classics and looking to the future

— China Dongxiang's journey of innovation. We firmly believe that classics are timeless because they can always be revitalised in different contexts of time, while foresight is a keen insight into and active shaping of future trends. In the past year, our product development team continued to explore traditional values and integrate modern technology and design aesthetics in a bid to reinvigorate the classic products and satisfy the market demand for both novelty and nostalgia. At the same time, we continued to implement omni-channel as its strategic objective. With "efficiency enhancement, strong preparations and vigorous operation" as the core strategic idea, we deeply integrated AI technology, data insight and supply chain optimisation, empowered sustainable development with technology, strengthened online and offline integrated marketing, provided users with a seamless shopping experience, and led the industry towards a green, healthy and sustainable direction.

Responsible governance

— Building a sound management structure. The Group has built an efficient and transparent governance model based on efficient corporate governance. Under the guidance of the Board, we updated the terms of reference of the ESG Committee during the reporting period, and comprehensively upgraded and completed the assessment of 23 major ESG issues and the formulation of response strategies, so as to ensure that our ESG management is in line with international standards. In addition, the Group builds on its responsible investment strategy to ensure the stable and long-term development of the enterprise, and the

Group relies on its strict internal controls and independent and objective audit mechanisms to protect its decision-making and execution at every step.

A fashion pioneer with a green mission

— Embracing sustainable trends. Not only are we committed to designing trend-setting products, but we also integrate sustainable development concept into every detail. During the reporting period, our KAPPA brand tracked the minds of the Gen-Z consumers with its core concept of "passionate, out of the ordinary and say no to mediocrity", and it explored to reflect more environmental protection concepts in every aspect of apparel production for the sake of parallel development of fashion and green. The PHENIX brand is constantly exploring the convergence of technological innovation and environmentally friendly materials. Especially in the field of ski equipment, our products cover different scenarios from leisure outdoor to professional skiing, to meet the expectations of different demand sides from ordinary consumers to professional athletes. In the future, we will insist on advocating a free, healthy and positive attitude towards life through clothing, and at the same time lead the industry to a greener future.

Mutual trust with partners

— Cultivating responsible staff and supply chain. China Dongxiang is well aware that partners are the lifeblood of sustainable development. In the establishment of excellent partnership, we emphasise the comprehensive development of employees, strengthen the practice of employees' rights protection, diversification and talent training, and establish a more open, transparent and accessible communication mechanism to build a deep level of mutual trust. In terms of supply chain management, we view our suppliers as close partners, so we hope to ensure that every partner can follow our principles of sustainable development and ethical trade through the implementation of a strict supplier screening mechanism. During the reporting period, we urged more suppliers to provide responsible and relevant certifications, such as ZDHC and FSC. At the same time, we held regular training seminars to facilitate cooperation and exchanges, so as to ensure that responsibility and sustainable concepts are injected into every link of the supply chain and create the future together.

Cultural transmission and public welfare undertakings

— Creating a warm brand value. We deeply understand that the depth of brand value is not limited to the products and services themselves, but also the human touch and the positive contribution to the society. China Dongxiang is committed to becoming a caring enterprise. We integrate the spiritual connotation of corporate culture with social responsibility, and convey positive energy in every corner of the society. Through supporting women's football, donating school uniforms, promoting the sportsmanship of Olympic champions, and sponsoring and promoting a number of sports and cultural activities, we aimed to inspire more people to pursue a healthy lifestyle while promoting the popularisation of sports culture. At the same time, we also endowed the brand with richer connotations in the society in the actions of cultural transmission and public welfare undertakings.

A new chapter of green trend has been drawn for the future. With a forward-looking perspective and a firm pace, China Dongxiang will continue to promote innovation and responsibility practices in the fields of environment, social and corporate governance, leading the green course and drawing a new chapter for the future.

Chairman
Chen Yihong
26 June 2024



ABOUT THIS REPORT

REPORTING BOUNDARY

The purpose of this report is to disclose to stakeholders the works and achievements on environmental, social and governance (“ESG”) issues of China Dongxiang (Group) Co., Ltd. and its subsidiaries (together, “China Dongxiang”, the “Group” or “we”). Unless otherwise stated, this report covers the period from 1 April 2023 to 31 March 2024. To enhance the completeness of the report, certain information and data are appropriately traced forward or backward.

BASIS FOR PREPARATION

This report is prepared in accordance with Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) set out in Appendix C2 of the Main Board Listing Rules on The Stock Exchange of Hong Kong Limited (“HKEx”) with reference to the United Nations Sustainable Development Goals (SDGs) and the ten principles of the UN Global Compact (UNGC). This report should be read in conjunction with the “Corporate Governance Report” set out in our annual report as well as “Social Responsibility” section on the official website of the Group.

REPORTING PRINCIPLES

In the preparation of this report, the presentation of contents and information reported is defined according to the principles of “materiality”, “quantitative”, “balance” and “consistency”.



Materiality: In the course of preparing this report, our principal stakeholders and their ESG concerns have been identified and specific disclosures have been made in the report according to the relative materiality of such concerns. For details of materiality assessment, please refer to the sub-sections headed “Engagement with Stakeholders” and “Materiality Analysis”.



Quantitative: This report has adopted a quantitative approach to present key performance indicators for the environmental and social aspects. The standards, methods, assumptions and/or computational tools for the measurement of key performance indicators in this report, as well as the source of conversion coefficients, have been stated where relevant.



Balance: The purpose of this report is to present a balanced view of the Group’s efforts in all aspects of ESG, including environment, employees, product responsibility, supply chain management and community investment, among others, in order to avoid any possible influence on readers of this report that might lead to undue decisions or judgements.



Consistency: Data disclosed in this report are based on statistical methods consistent with those adopted for the previous year. Explanatory notes have been made where any changes have been made to ensure consistency.

INFORMATION SOURCE OF THE REPORT

All information, data and cases cited in this report are sourced from official documents, statistical reports, financial reports or publicly available documents of the Group and ESG implementation information computed and compiled by the functional departments of the Group. The board of directors (the “Board”) is accountable for the truthfulness, accuracy and completeness of the contents of the report.

OBTAINING AND COMMENTING ON THIS REPORT

The electronic version of this report may be viewed on the official website of the Group (www.dxsport.com) and the official website of the Stock Exchange (www.hkexnews.hk). If you have any comments or suggestions on the content of this report, you are welcome to submit your comments in the Readers’ Feedback section of this report or email to ir@dxsport.com.cn.

Support climate action. Compared with the previous financial year, the Group's total greenhouse gas emissions in FY2023

decreased by ↓
13.82 %

Reduce resources consumption. Compared with the previous financial year, the Group's total packaging material consumption in FY2023

decreased by ↓
29.54 %

Embrace circular economy. In FY2023, the proportion of the Group's purchase of all shoe boxes and paper packaging materials with FSC-certification reached

100 %

With focus on establishing a diversified workplace, in FY2023, the proportion of our female staff was

65.68 %

We sponsor sports competition shows, organise skiing competitions, support women's football in China and conduct other diversified measures to promote the concept of

sports for all.

KAPPA and PHENIX continue to conduct in-depth development of eco-friendly and low-carbon products, while advocating the

green consumption concept.



Establish a sound ESG management structure comprising the Board — the ESG Committee — the ESG Working Group to

ensure that we maintain progress and leadership in the field of ESG.

Revise the "Terms of Reference of ESG Committee of China Dongxiang" to

promote clear objectives and division of labour for ESG affairs.

Identify and assess **23** core ESG issues which affect the Group's operation and development to

enhance our response to ESG risk management and opportunities.

PREFACE: A GREEN FUTURE OF CHINA DONGXIANG

REDISCOVER CHINA DONGXIANG

We are once again rediscovering China Dongxiang in a journey from reshaping the classics to exploring the future.

When we mention China Dongxiang, or recall the back-to-back KAPPA logo that drove everyone into frenzy, the iconic OMINI LOGO was engraved in every youth memory, and has been rejuvenating in the Chinese market since 2006; or when we discuss how it continues to shine on the PHENIX brand skiing clothing, which not only captured those fast and furious moments in the world of ice and snow, but also integrated technology into fashion ingeniously, creating one beautiful scenery after another in the piercing wind for extreme sports enthusiasts. As a leading international sportswear brand enterprise in China, since its listing in 2007, China Dongxiang has designed and launched more than 16,000 sportswear products in total, witnessing the changes in life of millions of consumers, while promoting its products towards a greener, healthier and more sustainable future.

China Dongxiang is more than a leader in fashion. It is also a transmitter of sportsmanship. With a boundless creative vision, it challenges the boundary between tradition and modernisation, so that “passion” is not only limited to the moment of sweat, but also its sublimation as an infinite love and pursuit of life; “pioneers” are no longer just the forerunner of time, but an attitude daring to break the norms and explore the life in the unknown; “sexiness” is redefined as the harmonious coexistence of strength and beauty, it is the confidence and pride in self-expression.

This time, what we see is a constantly evolving and innovating China Dongxiang. It is not only innovating in the field of clothing, but also striding forward on the path of culture, technology and sustainable development, using each creative attempt to broaden the unlimited possibilities of sports and fashion. From the integration of technology into intelligent clothing to the wide application of environmentally friendly materials, China Dongxiang is interpreting its responsibility and care for the future of the Earth with an unprecedented attitude.

Therefore, when we rediscover China Dongxiang, it is to witness the transformation and leap of a brand, and it is a brand-new exploration of the depth and breadth of the sports fashion. It invites us to embark on this journey together. It is not just wearing a piece of clothing, but also embracing a life philosophy, a lifestyle that constantly pursues the better, faster, stronger, without compromising elegance and style. In this process, China Dongxiang once again proves that the real trend is not about following, but about creating and leading.



During the reporting period, we were committed to the philosophy of sustainable and stable operation, and the Group made steady progress in terms of the overall performance. Through the orderly promotion of the optimisation of the omni-channel retail network, the Group's revenue maintained a stable growth trend, and key operating indicators were gradually improved, reflecting the close integration between the Group's efficient operation

and market demand. The continuous optimisation and expansion of our store network not only enhanced our market penetration, but also demonstrated our actual performance of ESG responsibilities. In particular, the operating profit of the sports business improved significantly year-on-year, demonstrating the effectiveness of our strategy to strengthen our financial foundation and improve our profitability. In line with the concept of value

sharing and in order to reward shareholders for their longstanding support to the Group, the Board has recommended the distribution of a final special dividend of RMB0.51 cent per share for the twelve months ended 31 March 2024. The Group's accumulative dividend and payout ratio since listing were RMB7.9 billion and about 88% respectively. Key financial and operational results for the financial year are shown in the diagram.



Revenue
RMB

1,744
million
yoy increase
of **3.9%**



Offline Revenue of
China Sporting
Goods Business
Segment yoy
increase of

14%



Operating Profit of
China Sporting
Goods Business Segment
RMB

106
million



Accumulative
dividend payout
ratio

88%



Number of stores

1,012

HOW WE OFFER PRODUCTS THAT MEET FUTURE NEEDS

At the forefront of sports fashion, China Dongxiang, with its operating brands KAPPA and PHENIX, is constantly exploring and defining the needs of future lifestyles. We understand that products that meet future needs must not only be trend-setting, but also technologically advanced, environmentally friendly and personalised, so as to maintain a leading position in the ever-changing market. Below are our brand introduction and core strategy of products:



Brand history

First established in 1916, the KAPPA brand started to garner market recognition in Europe during the 1960s and 1970s and before long became one of the most renowned names for casual sportswear in Europe. Since then, the world has been enchanted by the lifestyle represented by KAPPA products, so vividly identified by Omini, its unique logo featuring a back-to-back couple.



Brand positioning

After more than a decade of soul-searching and development efforts, KAPPA has further cemented its strong foundation in China. Today, KAPPA continues to carry that unmistakable sporting DNA but, on top of that, it has positioned itself as a brand for the fashionable sportive lifestyle with the core concept of "passionate, out of the ordinary and say no to mediocrity".



Core strategy of products

In line with our mission of "helping consumers to boost their self-confidence and experience the delight of being themselves as well as a healthy lifestyle with quality", we are committed to providing a variety of premium products to consumers. We have exercised stringent control over product quality to afford genuine protection for consumer rights and enhanced regulation of product label information and advertising, while resolutely safeguarding our intellectual property rights. Further, with a strong emphasis on green innovation for products, we have actively adopted frontier eco-friendly materials to send a message to consumers advocating the building of a Green Earth, as part of our effort to fulfil our corporate responsibility for environmental protection.



Brand history

Founded in 1952, PHENIX is a brand fully dedicated to skiing that strives to offer more comfortable and functional apparels for ski lovers since then. PHENIX products have featured in prestigious competitions as outfit for top-tier skiers, and have been popular among ski lovers around the world with the high-end brand image.



Brand positioning

On the back of advanced research in ergonomics, engineering and biology over the years, PHENIX has blended the skiing spirit with the philosophy of self-transcendence and attained seamless integration of function and fashion with consistent honing in its quest for excellence in quality and technology. The products have interpreted the brand new fashionable trends and features.



Core strategy of products

The PHENIX brand not only provides body protection during sports, but also meets the consumers' demands for humanisation and health protection. UV resistance, anti-static, four-sided elastic, as well as functional permeable and permanent waterproof designs have all provided consumers with excellent technological performance.

HOW WE UNDERTAKE OUR SUSTAINABILITY MISSION

China Dongxiang attaches great importance to the correlation between corporate development and society and the environment, and firmly believes that sustainability is a key element in promoting the innovation and long-term development of the apparel industry. Under the leadership of the Board, the Company actively performs its corporate citizenship responsibilities, ensures that the concept of sustainable development is embedded in every aspect of corporate operation and is extended to the entire supply chain ecology, so as to jointly build a sustainable competitive advantage in the global value chain.

China Dongxiang is well aware that building a sustainable development framework in line with international standards is crucial in the context of globalisation. In order to actively integrate into and lead the green development trend of the global sportswear industry, we take the initiative to align with the United Nations Sustainable Development Goals (SDGs) to ensure that our business strategies and operational practices resonate with the world's most advanced social responsibility and environmental protection standards.

We have identified our key priority areas in SDGs based on the Group's business characteristics and closely integrated them with the Group's environmental, social and governance (ESG) strategy as guidelines for ESG work. In vigorous support of the SDGs and China's National Plan on Implementation of the 2030 Agenda for Sustainable Development, we have implemented a number of specific measures in the identified key SDGs areas:

SDGs	China's National SDG Plan ¹	Our sustainability actions
	<ul style="list-style-type: none"> To promote fair and accessible basic medical and health care. 	<ul style="list-style-type: none"> Caring for staff occupational health and safety by providing labour protection gear, medical insurance and other assurances for staff health and safety. Arranging staff health check on a regular basis and training and promoting literacy in occupational health and safety.
	<ul style="list-style-type: none"> To enhance awareness of gender equality across all sectors in the community and to eliminate all forms of discrimination and prejudices against women and girls. 	<ul style="list-style-type: none"> Standing against any form of discrimination, endeavouring to foster diversity and resolutely opposing any acts of discrimination based on ethnicity, nationality, religion, gender, age, marital status or disability.
	<ul style="list-style-type: none"> To ensure economic growth at medium- to high-speed and to procure medium- to high-end industrial development. To curb illegal acts and crimes such as child labour and forced labour in accordance with the law and to afford special protection to minor workers aged between 16 and 18. To safeguard the proper rights of workers, such as reward for labour, rest and leaves and social insurance. To improve the employment and business venture service regime and implement the lifelong vocational skills training system. 	<ul style="list-style-type: none"> Conducting active business expansion and development and co-growth with partners to contribute to economic growth and provide more quality jobs for the community. Improving the employee candidate information identification system and stringent vetting of the age of employee candidates to ensure candidates have reached the legal age for employment. Formulating internal rules and regulations including Recruitment Management System and Remuneration Management Regulation to facilitate regulated management of staff recruitment, remuneration and working hours. Developing a staff training regime for the support of staff development and growth.
	<ul style="list-style-type: none"> To establish a fairer and more sustainable social protection system with ongoing improvements to strengthen protection of the rights of social groups such as women, minors and the disabled. 	<ul style="list-style-type: none"> Organising community welfare activities as well as a diverse range of business promotion activities leveraging our brand advantage to inspire vigour and enthusiasm.

¹ Extracted from "China's National Plan on Implementation of the 2030 Agenda for Sustainable Development".


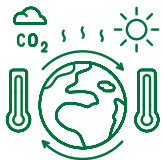



SDGs	China's National SDG Plan ¹	Our sustainability actions
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<ul style="list-style-type: none"> To adjust the economic structure and transform the approach of development with a major effort to drive sustainable production. To control the total volume of energy consumption and drive the optimisation of the mix of energy utilisation for a substantially higher level of reuse of energy resources. 	<ul style="list-style-type: none"> Making improvements to the supplier management regime to focus on the management of environmental and social risks associated with supply chains. Increasing application of eco-friendly materials and formulation of management systems and procedures governing the use of chemicals and glue agents to reduce the consumption of toxic chemicals. Forging a sustainable supply chain and encouraging suppliers to incorporate environmental concepts into their own management regimes.
<p>13 CLIMATE ACTION</p>	<ul style="list-style-type: none"> To procure promotion and education relating to climate change and environmental protection, disseminate knowledge in climate change and the concept of low carbon development, and guide active participation by the public in actions addressing climate change. 	<ul style="list-style-type: none"> Identifying the Group's principal risks and opportunities relating to climate change and conducting analysis on the impact of each risk or opportunity on the Group's future operation. Promoting the green office and green production to reduce energy consumption and lower greenhouse gas (GHG) emission. Enhancing management of environmental risks in the supply chain and empowering suppliers to adopt eco-friendly practices.
<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<ul style="list-style-type: none"> To rectify and investigate in a resolute manner misconduct and corruption practices that infringe upon public interests, ensuring stringent execution at each level of management to enhance accountability. 	<ul style="list-style-type: none"> Formulating systems for the management of anti-corruption measures, such as the System for the Countering of Improper Competition and Business Bribery and fostering a corporate image characterised by integrity and probity to ensure systematic development of the Group's business. Emphasising probity in procurement and further regulating open, fair and impartial procurement while improving standards and regulations for the admission of suppliers, as well as relevant assessment procedures and supervisory mechanism on an ongoing basis. Specialising training on probity for all Directors and staff to enhance staff understanding of the risks associated with probity and pertinent laws and regulations, so as to prevent such illegal acts.
<p>17 PARTNERSHIPS FOR THE GOALS</p>	<ul style="list-style-type: none"> To draw on experiences and financing strategies available from partnerships to encourage and promote effective partnerships with the public sector, public/private sector and civic community. 	<ul style="list-style-type: none"> Participating in industry summits/forums to gain insights into the latest achievements of raw material suppliers in sustainability and join hands with other brands to explore further options in the promotion and use of low-carbon raw materials, as well as innovative means for solving bottlenecks in the application of technologies for the reduction of carbon emission.

¹ Extracted from "China's National Plan on Implementation of the 2030 Agenda for Sustainable Development".

OUR SUSTAINABILITY COMMITMENT

In the corporate blueprint of China Dongxiang, sustainable development is not only the responsibility of the times, but also our deep-rooted belief and pursuit. In the face of the complex challenges of the global environment and society, we are well aware of the important responsibility as an industry leader. To this end, we have put forward the commitment of "A Green Future of China Dongxiang", aiming to promote the green transformation in the fields of sports, outdoor and fashion through innovation, cooperation and responsibility, and jointly start a journey to a sustainable future.

Commitment to a Green Future of China Dongxiang		
Target classification	Target content	Progress in FY2023
Advocating sustainable consumption and industry transformation 	<ol style="list-style-type: none"> Promote the transformation of technology and green industries, continue to explore more 3D design and virtual display technologies, and increase the use of environmentally friendly materials and the research and development of low-carbon products. Adhere to the attitude of openness and sharing, promote the green transformation of the industry, and actively participate in domestic and international ecological and sustainable alliances and organisations. 	<ul style="list-style-type: none"> In FY2023, we developed a number of environmentally friendly and low-carbon products. For details, please refer to the section headed "Circular Economy". In FY2023, China Dongxiang was still one of the key enterprises to join the "30·60 Carbon Neutrality Acceleration Plan" of the China National Textile and Apparel Council.
Eco-friendly and climate responsive action 	<ol style="list-style-type: none"> Strive to reduce carbon emissions generated by our own operations and encourage our business partners and suppliers to reduce carbon emissions along the value chain, supporting global initiatives. Optimise water resources management. By FY2026, the installation rate of water-saving faucets in Beijing and Shanghai offices will reach 100%, and the total water consumption of the Group will be reduced by 30%. By FY2026, all shoe boxes and paper packaging purchased by the Group will be FSC-certified. 	<ul style="list-style-type: none"> In FY2023, the total greenhouse gas emissions of the Group decreased by 13.82% as compared with that of last financial year. In FY2023, the total water consumption of the Group decreased by 3.81% as compared with that of last financial year. In FY2023, the proportion of the Group's purchase of all shoe boxes and paper packaging materials with FSC-certification was 100%.
Partner empowerment and community engagement 	<ol style="list-style-type: none"> Support our cooperative suppliers in conducting business practices for long-term growth and aim to achieve long-term sustainable development goals together. Empower growth by supporting and helping minority and disadvantaged groups to gain more equitable opportunities and achievements. 	<ul style="list-style-type: none"> In FY2023, we encouraged more suppliers to pay attention to their own ESG practices and actively obtain third-party audit certifications. In FY2023, KAPPA donated 91 school uniforms to underprivileged students. As of 31 March 2024, we supported a total of 12 underprivileged students.

In the journey to a sustainable future, China Dongxiang will continue to play a leading role, not only in offering consumers with high-quality and sustainable products, but also in becoming an important force in promoting the sustainable development of the industry and society. We understand that this is a long and difficult journey, but every step is critical. Let's work together to fulfill our commitment and protect our only home on earth to create a greener, fairer and more prosperous future.

CHAPTER 1

RESPONSIBLE CORPORATE GOVERNANCE

EFFICIENT CORPORATE GOVERNANCE

DEEPENING ESG MANAGEMENT

RESPONSIBLE INVESTMENT

INTEGRITY • TRUST

The Group continues to build a sound, transparent and efficient corporate governance structure and strives to practice high standards of business ethics. We are also well aware that accelerating ESG actions and responsible investment will accelerate sustainable transformation and value creation in a changing business environment.

UNITED NATIONS SDGS CORRESPONDING TO THIS CHAPTER



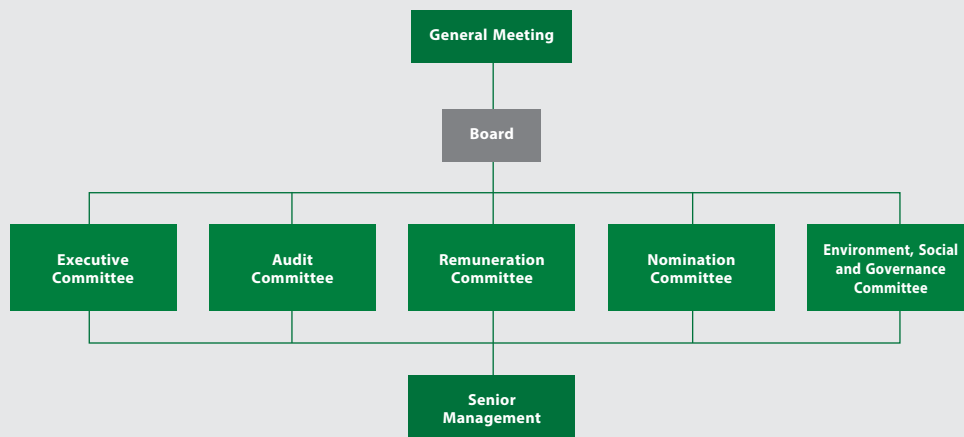
CHAPTER 1: RESPONSIBLE CORPORATE GOVERNANCE

EFFICIENT CORPORATE GOVERNANCE

China Dongxiang is committed to establishing a modern and global corporate governance model. Through continuously improving the Group's standardised governance structure and attaching great importance to investor relations management and construction of a board diversity mechanism, we have accelerated the improvement of compliance management in daily operations, created a safe and stable operating environment, boosted the attention and confidence of stakeholders in the Group, and established a global image and value commitment of Chinese enterprises.

China Dongxiang has a scientific and standardised governance system with efficient operation and clear boundaries, and continues to maintain the stable operation and sustainable development of the Company. In accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other laws, regulations and regulatory requirements, we have established a corporate governance structure with the general meeting, the Board and senior management as the main body. We regularly hold annual general meetings to communicate with shareholders fairly and transparently on the Company's business strategies and investment plans, and safeguard and respect the legitimate rights and interests of all shareholders, especially minority shareholders. Our Board is solely responsible for the overall management of the Company's business. The Board has five specialized committees, namely the Executive Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Environment, Social and Governance Committee. Each committee is

Three-Tier Governance Structure of China Dongxiang Group



responsible for managing the Company's specific strategic policies, finance, operation and other related matters in accordance with the Articles of Association, the Terms of Reference of the Committees and the authorisation of the Board.

During the Reporting Period, we held a number of general meetings and Board meetings to fully discuss and vote on various proposals to ensure that the Company's decision-making was rigorous and efficient.

General meetings during the financial year

Number of meetings held	2 (1 annual general meeting and 1 extraordinary general meeting)
Number of resolutions considered	9

Board meetings during the financial year

Number of meetings held	13
Average attendance	96.47%

In the pursuit of efficient corporate governance, we always adhere to the diversified and refined management of the Board. Such diversified composition helps us understand and respond to the complex and changing business environment more comprehensively, and bring more stable and sustainable development to the Company. In terms of Board management, we pay attention to compliance and transparency, ensure that the decisions and actions of the Board comply with the requirements of laws and regulations, and disclose relevant information to the public in a timely manner. We have defined the terms of reference of each committee to ensure that the committees of the Board can operate efficiently and provide strong support for the development of the Company. In addition, we have also strengthened audit inspections and risk control, and timely identified and responded to potential risks by regularly reviewing and evaluating the Company's financial position and business operations to ensure the Company's stable operation. In terms of investor relations management, we actively communicate with investors to understand their needs and expectations. We regularly publish financial reports and results announcements to present our operating results and future development plans to investors. By strengthening the interaction and cooperation with investors, we have established solid investor relations and provided strong capital support for the development of the Company.

Board Diversity

In the current globalised and fast-changing business environment, the diversity of the Board is an important cornerstone for the sustainable development of the Company. We firmly believe that the diversity of the Board members will not only help enterprises consider various factors more comprehensively in the process of strategic decision-making, but also bring different perspectives and innovative thinking methods to the Company, thereby enhancing the Company's comprehensive competitiveness. As of the end of the reporting period, the Group had a total of 3 executive Directors and 3 independent non-executive Directors. The nomination of Directors will be subject to a rigorous selection process. We will incorporate the diversity factors of the Board members such as industry experience, education and cultural background, ability and gender into the measurement criteria for the election of the Board.

Board members: 6 in total	Gender diversity of Board members	Male Directors: 5	Type diversity of Board members	Executive Directors: 3
		Female Directors: 1		Independent non-executive Directors: 3
	Background diversity of Board members	<p>* The executive Directors are senior managers in the sportswear industry with extensive experience in strategic management</p> <p>* The independent non-executive Directors have extensive professional experience and background in finance, economics and operation etc.</p>	Age diversity of Board members	<p>● 60-69 ● 50-59 ● 40-49 ● 39 and below</p>

Board Management

In today's corporate governance structure, the importance of Board management is self-evident. It not only serves as an incentive mechanism to motivate the members of the Board to actively perform their duties and achieve the Company's strategic objectives, but also serves as a core guarantee to ensure that the corporate governance structure is well-established, compliant operationally, transparent and effective. The compliance construction for Board management, the clear definition of the terms of reference of each committee, strict audit inspection and comprehensive risk control together constitute the core elements of this system, laying a solid foundation for the stable development and long-term value creation of the Company.

Compliance and Transparency

Comprehensive and systematic compliance management mechanisms and strategies are in place to ensure full compliance with laws and regulations, industry standards and internal policies, improve corporate governance, reduce compliance risks and ensure the long-term and healthy development of the Company. We regularly carry out compliance management system construction and certification projects in accordance with ISO 37301:2021 Compliance management systems — Requirements with guidance for use. We carry out business risk identification and assessment on 14 compliance issues including labour employment, anti-monopoly and anti-bribery, embed compliance risk management into daily operation and management, and formulate targeted improvement measures for major risk points. In addition, the Company also includes the indicator of "compliance violations" into the organisational performance of each department, and formulates corresponding scoring rules. During the reporting period, in order to further increase the awareness of legal risk prevention of employment, standardise the form of labour employment, scientifically manage and carry out human resources work, we carried out the "special training on labour and employment risks", which laid a solid foundation for building a scientific labour risk prevention system and creating a harmonious and orderly employment environment.



Special training on labour and employment risks

Risk Management

China Dongxiang always believes that sound risk management is the guarantee for the sustainable development of enterprise. The Company established and continuously optimised the risk management mechanism, strengthened internal risk control and compliance construction, strengthened audit supervision, and effectively enhanced risk management and control capabilities. We have formulated relevant system documents such as the Anti-Corruption and Anti-Bribery Reporting and Reward System of China Dongxiang (Group) Co., Ltd. and the Anti-Unfair Competition and Commercial Bribery System of China Dongxiang (Group) Co., Ltd., and clarified the responsibilities of various departments at all levels through the construction of the “Three lines of defense” for risk management to ensure the stable and compliant operation of the Company.



During the reporting period, we continued to carry out internal audit and internal control evaluation. On the basis of previous years, we carried out special investigation and audit in high-risk areas such as distributors, supply chains, and travel reimbursement through the upgrade of three major dimensions of “expanding the scope of audit”, “tapping the depth of audit” and “strengthening the audit risk warning”, and conducted in-depth analysis of key process control elements of the business, strengthened system supplement and process optimisation based on the content found, and continuously improved the management efficiency.

Anti-Corruption and Anti-Unfair Competition

In terms of anti-corruption and anti-bribery, we have formulated the Anti-Corruption and Anti-Bribery Reporting and Reward System of China Dongxiang (Group) Co., Ltd., which requires all employees to strictly abide by various regulations in the process of business and related activities. We take serious punishment measures for violations such as corruption, acceptance of bribes or request for property. Our internal control and internal audit department has set up a disciplinary violation reporting center to comprehensively collect all kinds of disciplinary violations information in all aspects of our business. At the same time, we provide online and offline modes to ensure the transparency of reporting channels. Complaint emails can be sent online to the mailbox of the internal control and internal audit department or phone call can be made to the internal control and internal audit department, and have face-to-face interviews with colleagues from the Group’s disciplinary violation reporting center offline. We accept and encourage all employees, suppliers and various partners to report any violations of laws and regulations, and ensure that the safety of whistleblowers is effectively guaranteed by improving the whistleblower protection mechanism. Any form of retaliation will be dealt with strictly and seriously in accordance with national laws and regulations and the Group’s system. **During the reporting period, the Group did not have any illegal cases due to fraud or corruption.**

China Dongxiang advocates fair competition. We abide by the Anti-Unfair Competition Law of the People’s Republic of China and other laws and regulations, and formulate the Anti-Unfair Competition and Commercial Bribery System of China Dongxiang (Group) Co., Ltd., to resolutely eliminate any acts of confusing the market and misleading consumers, and not to use bribery and other unfair competition methods to seek trading opportunities. At the same time, the Company respects and protects trade secrets, does not conduct false publicity, and ensures fairness and transparency of transactions. In online business activities, the Company does not disrupt the normal operation of online products or services and is committed to creating a market environment of fair competition. **During the reporting period, the Group was not involved in any legal proceedings related to unfair competition and anti-monopoly.**

Information Security

China Dongxiang attaches great importance to the information security and privacy protection of employees and consumers. Based on the Data Security Law of the People’s Republic of China, the Personal Information Protection Law of the People’s Republic of China, the General Data Protection Regulation (GDPR) of the European Union and other relevant laws and regulations in the places where it operates, we have formulated the IT Account Management System of China Dongxiang Group, the IT Service Catalogue of China Dongxiang Group, the IT Fixed Assets Management System of China Dongxiang Group, the Server Room Management System of China Dongxiang Group, the Internet Behavior Management System of China Dongxiang Group and other relevant systems. For the transmission of user information involving cross-border products or services, the Company strictly follows the provisions of applicable laws and regulations, and conducts legal and secure management and transmission of cross-border data to ensure the personal information security of users.

The Company has established a sound information security and privacy protection management system, integrated the implementation of privacy protection policies and related work into the Company-wide risk and compliance management, and regularly conducted internal and external reviews of the compliance of privacy policies to ensure the effective implementation of the Company’s privacy policies. In order to ensure the effective operation of the system, the Company regularly conducts internal audits and regulatory audits on information security every year, and accepts follow-up audits by external institutions. **During the financial year, the Company had no information and privacy leakage incidents.**

DEEPENING ESG MANAGEMENT

China Dongxiang has always integrated ESG management into its business operations. We have formulated and continued to pay attention to our short, medium and long-term ESG strategic priorities, target achievement and performance, and continued to promote and deepen our own sustainable development. We continue to promote the Board's participation in the Group's ESG affairs, and ensure the effective implementation and supervision of ESG principles from the strategic level to the implementation level through a sound ESG management structure. At the same time, we always adhere to the principles of openness and transparency, regularly communicate with stakeholders such as shareholders, employees, customers and suppliers, and continuously adopt opinions and expectations to ensure that we maintain progress and leadership in the field of sustainable development.

Board Statement

The Board of China Dongxiang assumes full responsibility for the Group's ESG strategy and reporting. We have authorised the ESG Committee to be responsible for supervising the effective implementation and actions of the Group's ESG issues. The Board, with the assistance of the ESG Committee, is responsible for supervising the Group's ESG policies and practices; the ESG Committee reviews and makes recommendations to the Board on the management approach and work in relation to ESG, and regularly reviews and makes decisions on work objectives, report disclosure and relevant material ESG issues. The Group, its subsidiaries and ESG-related departments are responsible for carrying out specific ESG work, including implementing ESG-related action plans, coordinating ESG work in an efficient and orderly manner, and promoting ESG-related practices. We regularly assess the materiality of ESG issues, and the specific assessment process and results are detailed in the sub-sections headed "Engagement with Stakeholders" and "Matrix of Material Issues" of the Group's annual ESG report. The Group's ESG Committee assisted the Board to comprehensively identify major ESG risks related to the Group, including supply chain labour standards, anti-corruption, climate change and other risks, and formulated relevant countermeasures. We also required relevant departments to implement specific actions in operation management.

During the reporting year, the ESG Committee organised and participated in 2 ESG work report meetings, at which it listened to and understood important matters such as ESG development trend, ESG daily management effectiveness and ESG work plan for the financial year, and made recommendations on the Group's future ESG management. The Board reviews the achievement of environmental targets annually and sets targets for the next financial year. During the reporting year, the Board has reviewed and revised the environmental targets related to business operations in terms of carbon emissions, energy use, water efficiency and waste reduction. This report also discloses the above environmental, social and governance-related issues in detail, which has been reviewed and approved by the Board on 26 June 2024.

ESG Management

A sound ESG management structure ensures the effective implementation and supervision of corporate strategies and operations in terms of environmental, social and corporate governance, and is also the key to achieving sustainable development goals and improving ESG performance. During the reporting period, we established a comprehensive and sound ESG management structure, and revised the "Terms of Reference of ESG Committee of China Dongxiang" on 20 March 2024 (You can access it at www.hkexnews.hk), laying the foundation for systematically promoting sustainable development in the future. As the highest decision-making body for the Group's ESG work, the Board is responsible for reviewing the overall strategic direction and goals of ESG to ensure the long-term and sustainable development of the Company. The ESG Committee, as the executive management, works under the guidance of the Board, and is responsible for the specific implementation of ESG strategies, supervision of the formulation and implementation of ESG-related policies and standards, and ensuring the coordination between ESG objectives and the Company's overall business objectives. As the specific implementation layer of ESG work, the ESG Working Group is responsible for the implementation of ESG concepts in the daily business of each department.



ESG management structure of China Dongxiang

Board

- Comprehensively supervises and approves the Company's ESG strategies, medium and long-term ESG plans, annual plans of the ESG Committee, and the formulation and implementation of ESG policies;
- Reviews the Company's major ESG issues and the progress in achieving ESG goals;
- Reviews and determines ESG risks and opportunities related to the Company's development.

ESG Committee

- Formulates short, medium and long-term ESG development visions, strategies and management approaches for the Group;
- Oversees the formulation and implementation of the Group's environment, social and governance targets, and regularly reviews the progress of accomplishing those targets and the actions and support required thereof;
- 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 ESG;
- Continuously monitors diversified communication channels with various stakeholders, and ensures the collection of opinions or suggestions on the Group's ESG for continuous improvement;
- Reviews the Group's annual ESG related results, including the ESG report, ESG policies, ESG performance, actions and commitments, honours and recognition, etc.

ESG Working Group

- Adopts ESG practices and achieves ESG performance based on ESG goals;
- Establishes ESG risk management process, identifies and evaluates ESG risks and opportunities on a daily basis;
- Collects ESG demands from stakeholders and accurately communicates the Group's ESG practices and achievements;
- Be responsible for the statistics and collation of ESG information, report disclosure and brand promotion on a regular basis.

Engagement with Stakeholders

We highly value the engagement with stakeholders, and always take their opinions and demands as important considerations for the Group's strategic planning and as important driving forces for continuous promotion of ESG management. We actively engage with stakeholders through multiple channels to understand and respond to their needs in a timely manner. On the basis of the previous financial year, we reorganised and identified our stakeholder groups during the reporting period, forming a total of 9 stakeholder groups including government and regulatory authorities, investors/shareholders, customers and consumers, suppliers/distributors, industry associations/peers, employees, environment, the general public, media, NGOs/communities. We achieve transparent and two-way communication with stakeholders through diversified channels, with a view to achieving win-win cooperation.

Major stakeholders	Government and regulatory authorities	Investors/ Shareholders	Customers and consumers	Suppliers/distributors	Industry associations	Employees	Media	NGOs/communities	General public
Primary concerns and expectations	<ul style="list-style-type: none"> Responding to national development strategy Risk and compliance management Promoting industry development Driving local economic and social development Product quality and safety 	<ul style="list-style-type: none"> Corporate governance Risk and compliance management Stable investment returns Disclosure of operating information Technological R&D and Innovation 	<ul style="list-style-type: none"> Product quality and safety Technological R&D and Innovation Enhancing customer service Smart travel Information security and privacy protection 	<ul style="list-style-type: none"> Forging a sustainable supply chain Supplier empowerment and training Win-win cooperation 	<ul style="list-style-type: none"> Product quality and safety Technological R&D and Innovation Intellectual property management Win-win cooperation 	<ul style="list-style-type: none"> Protection of employee rights Occupational health and safety Career development path Work-life balance 	<ul style="list-style-type: none"> Information disclosure and dissemination Interaction with media 	<ul style="list-style-type: none"> Environmental protection Poverty alleviation Education support Maintaining transparent, open, and timely communication with them 	<ul style="list-style-type: none"> Community donation Driving local economic and social development Minimising negative environmental impact
Engagement and parties involved	<ul style="list-style-type: none"> Formulating carbon neutrality strategy Supporting rural revitalisation Responding to regulatory requirements Strengthening government-business communication Providing job opportunities Increasing R&D investment 	<ul style="list-style-type: none"> Establishing a sound governance mechanism Timely disclosure of operating information Enriching communication channels with investors Increasing R&D investment 	<ul style="list-style-type: none"> Increasing R&D investment Conducting customer satisfaction surveys Handling customers' feedback and complaints Conducting events at brand member day Conducting online and offline activities Operating social media Developing a sound data security management system 	<ul style="list-style-type: none"> Conducting supplier review and assessment Conducting on-site research and inspection Promoting responsible procurement Optimising distributor network Improving supplier management system 	<ul style="list-style-type: none"> Participating in the formulation of industrial standards Increasing R&D investment Enhancing industry-academia-research cooperation Promoting industry information exchange and sharing 	<ul style="list-style-type: none"> Organising staff symposiums Implementing commercial insurance plan Maintaining open communication channels Conducting employee activities 	<ul style="list-style-type: none"> Holding press conferences Holding product launch events Conducting media day activities 	<ul style="list-style-type: none"> Promotion of sports-for-all culture Community engagement and cooperation projects Open day and seminar 	<ul style="list-style-type: none"> Supporting rural revitalisation Launching charity volunteer programs Providing job opportunities Promoting green production and operation

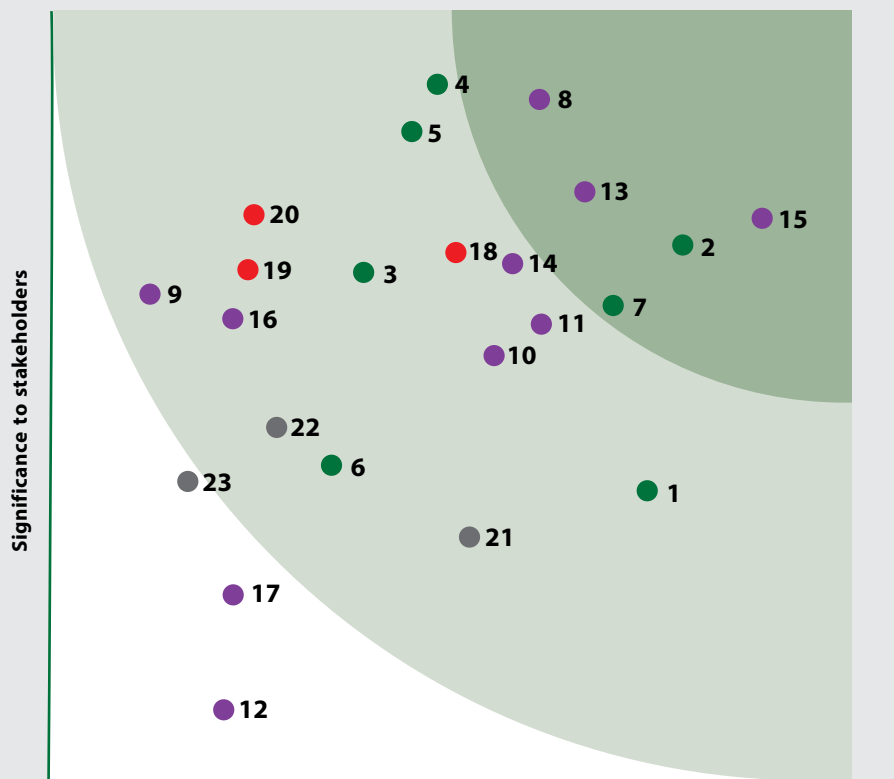
Materiality Assessment

To better identify and evaluate the priority of relevant ESG issues in the financial year and the next two years, during the reporting period, we invited external expert consultants to carry out the materiality assessment of ESG issues through four major work steps.



<p>1. Identification of ESG issues</p>	<p>By building an extensive evaluation system and dimension, we screened and determined ESG issues, and finally determined 23 ESG issues with a high degree of relevance to the Group's business. The dimensions of reference include:</p> <ul style="list-style-type: none"> • National policies and regulatory requirements, such as China's "30 • 60 Dual Carbon" strategy; • The main standards of the ESG report and the requirements of related initiatives, including but not limited to the HKEX ESG Reporting Guide, the Recommendations on Climate-related Financial Disclosures (TCFD), the Sustainability Reporting Standards of the Global Reporting Initiative (GRI), the Sustainability Accounting Standards of the Sustainability Accounting Standards Board (SASB) and the United Nations Sustainable Development Goals Initiative (SDGs); • International mainstream ESG rating requirements, such as MSCI ESG Index, CDP (Carbon Disclosure Project); • International and domestic ESG and sustainable development trends; • The sustainable development trend of the industry.
<p>2. Engagement with stakeholders</p>	<p>Through professional survey tools, we collected the materiality assessment and future improvement suggestions of different stakeholders on our ESG issues. We collected a total of more than 200 questionnaires, and all the 6 members of our Board participated in the survey and put forward strategic and constructive suggestions for our ESG work.</p>
<p>3. Materiality assessment of ESG issues</p>	<p>On the basis of the results of the stakeholder survey, we determined the highly material issues, moderately material issues and general material issues by combining the Company's current and future development strategy, industry trend, and communication with senior management, and drew a matrix of material issues.</p>
<p>4. Approval and confirmation of materiality of ESG issues</p>	<p>The priority of material issues produced and the matrix of material issues were submitted to the ESG Committee for approval.</p>

Materiality matrix of China Dongxiang ESG issue



Significance to the finance, operation and development of the Company

● Environmental issues ● Social issues ● Corporate governance issues ● Other issues

Issue category	Number	Name of issue
Environmental issues	1	Greenhouse gas emissions
	2	Promoting the reduction of product carbon footprint
	3	Reduction of wastes and pollution
	4	Chemical management
	5	Procurement of raw materials
	6	Promotion of recycle packaging
	7	Mitigation of climate change
Social issues	8	Protection of employee rights
	9	Employee development
	10	Diversity, equity and inclusion
	11	Health and safety
	12	Information security and privacy protection
	13	Sustainable supply chain management
	14	Delivering reliable products
	15	Delivering eco-friendly products
	16	Responsible marketing
	17	Community engagement and contribution
Corporate governance issues	18	Stable operation
	19	Business ethics management
	20	Anti-corruption and anti-unfair competition
Other issues	21	ESG risk management
	22	Sustainable investment
	23	Promoting the development of sustainable fashion industry

RESPONSIBLE INVESTMENT

In the current global economic and social context, sustainable investment and responsible investment have gone beyond the idealised concept, and have gradually become one of the core drivers of the global capital market. China Dongxiang attaches great importance to the ESG performance and commitment of its partners in the development of its investment business. During the reporting period, with the concept of prudent and diversified investment layout, we focused on optimising the structure of investment assets, strengthened close communication with investment project managers, and hoped to pay attention to the ESG strategies and directions of core investment partners to ensure that our investment business formed high-quality capital through professional, sustainable and responsible investment activities for the benefit of the future.

Our Investment Business Partner — CPE

CPE is an asset manager with an international perspective and extensive China experience. With a long-term vision and value investment strategy, CPE provides innovative investment solutions to leading firms from the following four key sectors — technology and industrial, healthcare and wellness, consumer, and infrastructure. China Dongxiang started working with CPE in 2011. Within the cooperation framework, in addition to paying attention to financial returns, we also hope to extend the perspective to the environmental friendliness and social responsibility performance of investment targets, so as to ensure that the invested enterprises not only have good economic benefits, but also have a satisfactory performance in supporting the realisation of the national dual-carbon strategic goals, promoting fairness and justice, and contributing to the community.

CPE has always advocated responsible investment. With the mission of “investing for a better world” for a long time, CPE regards ESG as the foundation and guarantee for creating long-term value for investors, invested companies, employees and the society, and is the ESG pioneer in China’s PE fund industry. In

August 2021, CPE officially signed The UN-supported Principles for Responsible Investment (“INPRI”), becoming a signatory as an investment manager member. In addition, CPE established an ESG management committee and an ESG working group, and established six position statements at the fund level.

In FY2023, CPE won a number of ESG awards in the industry due to its excellent ESG practices, including the “2023 ESG Excellent Institution in China’s Equity Investment Market” by Zero2IPO, the “2023 Evergreen Award — ESG Equity Investment Contribution Award” by Caijing Magazine, the “2022–2023 Collection of Outstanding ESG Investment Cases” by the 21st Century Venture Capital Institute, the “2022–2023 Special ESG Investment Contribution Institution” by the 21st Century Business Herald, and the “Future Sustainable Investment” Excellent Case of 2023 by the Beijing Private Equity Association.

CPE adheres to the ESG concept throughout the entire investment management cycle. Its portfolio companies also create a better environment together with the fund, bringing more meaningful social value while realising commercial value. For example, during the investment period of China Dongxiang, CPE successfully invested in and exited a waste incineration project, which, due to the application of its leading waste-to-energy technology and comprehensive energy utilisation capabilities, has provided China Dongxiang Group with different dimensions of guidance to optimise supply chain management reform under the coordination of CPE.

Our Investment Business Partner — Yunfeng Capital

Established in 2010, Yunfeng Capital is a professional private equity investment institution committed to becoming an excellent enterprise for the future, accompanying enterprises to create long-term value and build a better future together. In the cooperation with Yunfeng Capital, China Dongxiang focuses on the field of health and sustainable consumption and invests in enterprises that can lead consumers

towards a healthier and more environmentally friendly lifestyle. Through these investments, we are not only creating economic value, but also cultivating a consumer market that pays more attention to health and environmental awareness, laying a solid foundation for achieving social sustainability goals.

Yunfeng Capital has always advocated responsible investment, incorporated ESG into the whole process of investment management, corporate strategy, operation management, corporate culture and other aspects, and practiced responsible investment with the concept of “creating long-term value for the society and promoting sustainable development”, so as to establish long-term goals with the invested enterprises and create long-term value together. To achieve sustainable growth and resilient value, Yunfeng Capital has implemented a comprehensive ESG management system, including ESG policies, codes of conduct and post-investment ESG management policies. In addition, Yunfeng Capital has established an ESG investment committee to oversee and manage the implementation of ESG principles in its investment portfolio, and to launch ESG strategies in line with its operational objectives through collaboration with portfolio companies.

During the reporting period, Yunfeng Capital won a number of external ESG recognitions and awards, including the TOP20 ESG Investment Institutions of 2023, the TOP50 Best ESG Practice Investment Institutions in China of 2023, the 2023 For Good Awards — the TOP10 Most Influential Investment Institutions, and the Best ESG Practice Award of Venture Capital Institution of 2023.

In the future, China Dongxiang will continue to explore more innovative cooperation paths with Yunfeng Capital, encourage and support more enterprises and projects to embrace new technologies and new materials through responsible investment, reduce resource consumption and earth load, and work with global partners to inject capital impetus into the development of a greener, healthier and fairer world.



CHAPTER 2

SUSTAINABLE SPORTS FASHION

CHAPTER STORY — A VALUE-FIRST CHINA DONGXIANG

PRODUCT PIONEER

RESPONSIBLE MARKETING

SERVICE AND SUPPORT

QUALITY · WIN

Driven by its mission of “helping users to boost their self-confidence and experience the delight of being themselves as well as a healthy lifestyle with quality”, the Group continues to promote quality reform and innovation and accelerate product diversification, aiming to provide consumers with high-quality and diversified products and promote “Made in China”, “China Service” and “China Brand” to step into the global ranks.

UNITED NATIONS SDGS CORRESPONDING TO THIS CHAPTER



CHAPTER 2: SUSTAINABLE SPORTS FASHION

CHAPTER STORY — A VALUE-FIRST CHINA DONGXIANG

For the Spring/Summer 2024 season, KAPPA embarked on a brand new journey, showcasing its profound understanding of harmonious coexistence with nature through the new “KAPPA PLAYER Light Outdoor” series. This is not just a fashion innovation but also a heartfelt dialogue with nature.

The story begins with a young team of KAPPA designers who love nature and advocate for ecology. During their off hours, designers often escape the hustle and bustle of the city to enjoy the vibrant outdoor scenery. At the same time, they also invite colleagues and partners to go hiking, mountain climbing, and camping, measuring life with their footsteps and experiencing everything around them. It was a group of designers who love the outdoors that decided to use their designs to let more people experience the freedom of the outdoors and a love for nature.

The inspiration for the “KAPPA PLAYER Light Outdoor” series comes from the forest, the streams, and every piece of land. Because of this origin, we aim to imbue every piece of clothing with an environmental mission. Each product is not merely a combination of fabric and thread, but also carries a gentle care for the Earth. Our designers hope that when people wear these clothes, they can feel the touch of nature and hear the whispers of the wind.

This series not only captures the vibrant vitality of the spring and summer seasons but also advocates for an attitude of living freely. It encourages every wearer to appreciate the beauty of nature during outdoor activities, embrace a positive and active outdoor lifestyle, and enjoy the simple pleasures of outdoor living. Whether it's hiking, picnicking, or leisurely strolling, this series makes every outing more enjoyable with its lightweight and comfortable design.

The core formula of the KAPPA PLAYER Series is “semi-saturated bright colours” + “functional fabrics” + “layering designs”. These design elements together form KAPPA’s unique light outdoor style.

- **Semi-saturated bright colours** are the colour schemes for natural healing, such as the colours of blue sky, green trees and yellow flowers, which can uplift people’s spirits. These colours not only make your outdoor activities vibrant, but can also heal the fatigue brought by urban life.
- **Functional fabrics** are used to cope with the changing light outdoor exploration scenarios. The brand incorporates key technologies such as water resistance and UV50+ sun protection into garment designs, making them more suitable for hiking and creek walking activities. The combination of lightweight fabrics and loose silhouettes, as well as the use of four-way stretch materials, enhance the comfort and flexibility of outdoor clothing.
- **Layering designs** allow each garment to be freely matched with other styles. Windbreakers, vests and t-shirts showcase magical effects under different layering combinations. Detachable pants that can be combined with full suits of the same colour scheme in different lengths. Mesh diagonal chest pockets on pocket tees provide more styling possibilities. This flexibility enables every wearer to find their unique style and enjoy the freedom of outdoor living.

You might ask, what makes the newly launched KAPPA PLAYER Light Outdoor series different when we compared with the traditional outdoor series? The key lies in the word “PLAYER”. Nowadays, the essence of popular outdoor activities is fun and leisure, and the KAPPA PLAYER series was created to perfectly align with this style of outdoor play. The designers have comprehensively integrated the brand’s classic elements with current popular dressing styles and functional designs for light outdoor activities.

KAPPA believes that true fashion is not just about looking glamorous on the outside, but also about having inner peace and contentment. At the boundary between the city and nature, KAPPA hopes everyone can find their own peace and happiness. Put on the “KAPPA PLAYER Light Outdoor” series, step into nature, feel life, and let every day be filled with energy and hope. This is the story of KAPPA and of everyone who loves life and nature.



PRODUCT PIONEER

In the strategic blueprint of China Dongxiang, we have gradually explored and established four cornerstones to promote the continuous evolution of our products. Firstly, we have built and strengthened a diversified product matrix, aiming to expand our coverage and deepen our development in segments; secondly, we have adhered to quality excellence to ensure excellence in every step from raw materials to finished products; thirdly, we have integrated technological innovation and leveraged emerging technologies to drive product and function upgrades; and fourthly, we have promoted the integration of environmental protection and fashion, and led the green trend without fear of using sustainable materials.

Diversified Product Matrix

In the context of global competition and consumption upgrading, China Dongxiang deeply recognises that building a diversified and flexible product matrix is the key to maintain competitiveness and meet the diversity of market demand. Through the operation of the KAPPA and PHENIX brands, China Dongxiang has created a diversified product system covering a wide range of consumer groups, integrating fashion and functions, and spanning multiple market segments, so as to achieve market penetration, brand influence expansion and sustainable growth.



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 historic DNA 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 character of the KAPPA brand, with a view to attracting young consumer groups by mixing the brand's unique attributes and stories with popular fashion.



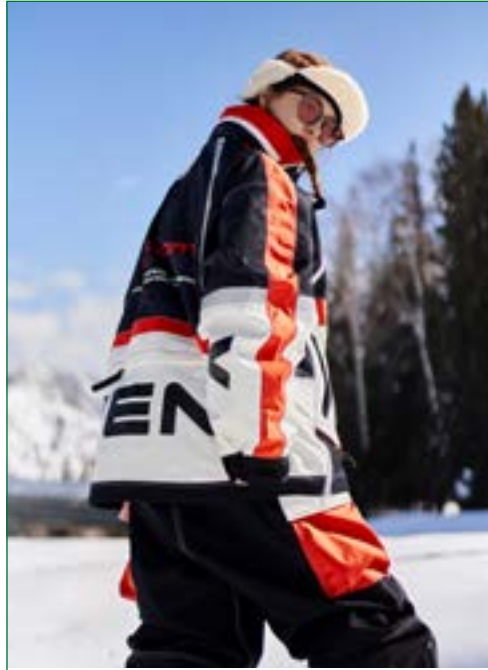
KAPPA Gara Series

During the reporting period, the KAPPA Gara Series continued to foster its core competitiveness through a combination of functional technology with fashionable designs. K-TECH, the technology platform launched by the brand, has continued to incorporate integrated technologies into KAPPA Gara products. The application of K-UVCUT and K-ICEKOOL technologies in combination has brought sporting products with a strong sense of substance and fashion to consumers, such that fashion comes with extra comfort in testimony to KAPPA's premium quality.



PHENIX X-niX Single-board Series

During the reporting period, PHENIX relaunched the X-niX Single-board Series with a 90s retro style, incorporating distinctive style elements while maintaining the high-quality fabrics and functional technology details that the phenix brand consistently upholds. While retaining the original retro elements, it also integrates the single-board skiing mix-and-match style favoured by youngsters to offer highly personalised appearances for single-board skiers.



PHENIX SP27 Single-board Series

During the reporting period, SP27 single and double-board ski clothing, as one of the brand's flagship products, has won the favour of many ski lovers with its excellent performance and stylish appearance. Using professional 3L composite waterproof elastic fabric, the outdoor professional-grade wind and snow protection allows for carefree adventures with a loose, lightweight, and highly resilient design.



PHENIX × FR2 Co-brand Series

During the reporting period, PHENIX launched a co-branded series with renowned Japanese fashion brand #FR2 under the theme of "The Year of The RABBIT" which incorporated the classic tones and logos of #FR2 in addition to an interpretation of PHENIX signature standalone products and defining elements in an eye-catching new appearance.



Shoes Series

During the reporting period, the iconic signature products of our footwear segment — the Sneaker Family and the King's Family — delivered spectacular business performance during the second and the third quarters, culminating in a full sold-out of the footwear category. The innovative Millennium Skate Shoes and the TIFO football sneaker, the brand's next-in-line new product, both commanded strong sales and exceptional appeal to buyers. The TIFO football sneaker is expected to become a key product family on which our efforts will be focused in the next 2–3 years.



Accessories Series

During the reporting period, stable growth in the sales of accessories was reported. We continued to look to the brand's sporting DNA as we created accessories with brand characteristics matching the overall style of our apparel products to enhance market competitiveness. Meanwhile, the joint operation of online accessories business also reported rapid development, as a specialised e-commerce platform for accessories was established to enhance online marketing. Our online sales increased with the successful development of consumer groups and launch of a range of bestselling products.

Delivering Products You Can Trust

Driven by its mission of "helping users to boost their self-confidence and experience the delight of being themselves as well as a healthy lifestyle with quality", we have exercised stringent control over product quality, consistently enhanced supplier management, forged a sustainable supply chain and empowered partners along the value chain in a joint effort to supply consumers with a variety of products of premium quality.

We firmly believe that good product quality is the key to brand success. The Group strictly abides by the Product Quality Law of the People's Republic of China in all aspects of product development, sampling, production and sales, and ensures that the products comply with the national and industry standards including GB 18401-2010 National Basic Safety Technical Specifications for Textiles, GB-T 22853-2009 Knitted Sportswear Standard, GB 30585-2014 Children's Shoes Safety Technical Specification, GB/T 15107-2013 Athletic Shoes Standard, GB 20400-2006 National Standard for Limits of Harmful Substances in Leather and Fur, GB 31701-2015 Safety Technical Specifications for Infant and Children Textile Products and QB/T 2673-2023 Footwear Product Labeling.

To ensure that the products meet the excellent standards in every link from design, development to final production, the Group has carefully formulated a comprehensive quality control and technical specification system, including but not limited to the Kappa Materials Internal Control Standards, KAPPA Apparel Quality Standards, Apparel Template Sewing Process Manual, Dongxiang Group Operational Manual for (Footwear) Sample Development, Dongxiang Group Operational Manual for (Footwear) Technology and Production, Standards for Properties of Raw Materials for Footwear, Footwear Property Testing Methods and other series of product quality standard manuals, to regulate the process standards of products from development to mass production. During the reporting period, we further sorted out various internal product quality assurance standards and implementation procedures to ensure that product quality is strictly controlled at all stages of product development.





Stage of Product Development

- **Before materials enter the factory:** The forefront of the supply chain is controlled strictly by implementing comprehensive screening and pre-approval processes for raw materials to be entered the production line;
- **After the materials arrive at the factory:** Physical properties test on the materials used is conducted and the safety performance of the products being developed is evaluated to prevent any safety problems from occurring during product use. The factory conducts further random tests based on the testing report on the incoming materials. Sub-standard materials will be returned directly in order to control product quality at source;
- **Formal development stage:** Special materials undergo special treatment. For instance, in the development of socks using heat-generating yarn, suppliers are required to provide relevant authoritative testing reports and numerical data for development evaluation.

Stage of Product Sampling

- **Cross-departmental safety review:** The development department, production department and sales department jointly conduct safety evaluations on the potential risks of products in use;
- **Internal feedback loop:** Trial use of sample products by internal staff members is arranged to identify and solve any issues at an early stage and prevent the supply of defective products to the market.

Stage of Product Production

- **During sample review:** Samples manufactured by the factories are confirmed, and production is arranged by the factories after such samples have passed the product performance test;
- **During the production process:** The quality inspection staff exercise strict supervision over the production process to ensure stringent compliance with production safety standards;
- **Before the finished products leave the factory:** Upon completion of production, the Group's designated development and product officer inspects the quality of the products at the factories;
- **Before the products are sent to the warehouse:** The testing agency conducts inspections in accordance with standard testing requirements to ensure that the fabric finished products are qualified before they can be sent to the warehouse;
- **After warehousing:** After the products are delivered to the logistics department, the Group's warehouse quality assurance staff conduct random tests in accordance with relevant standards to ensure compliance of product quality with stipulated requirements.

Stage of Product Sales

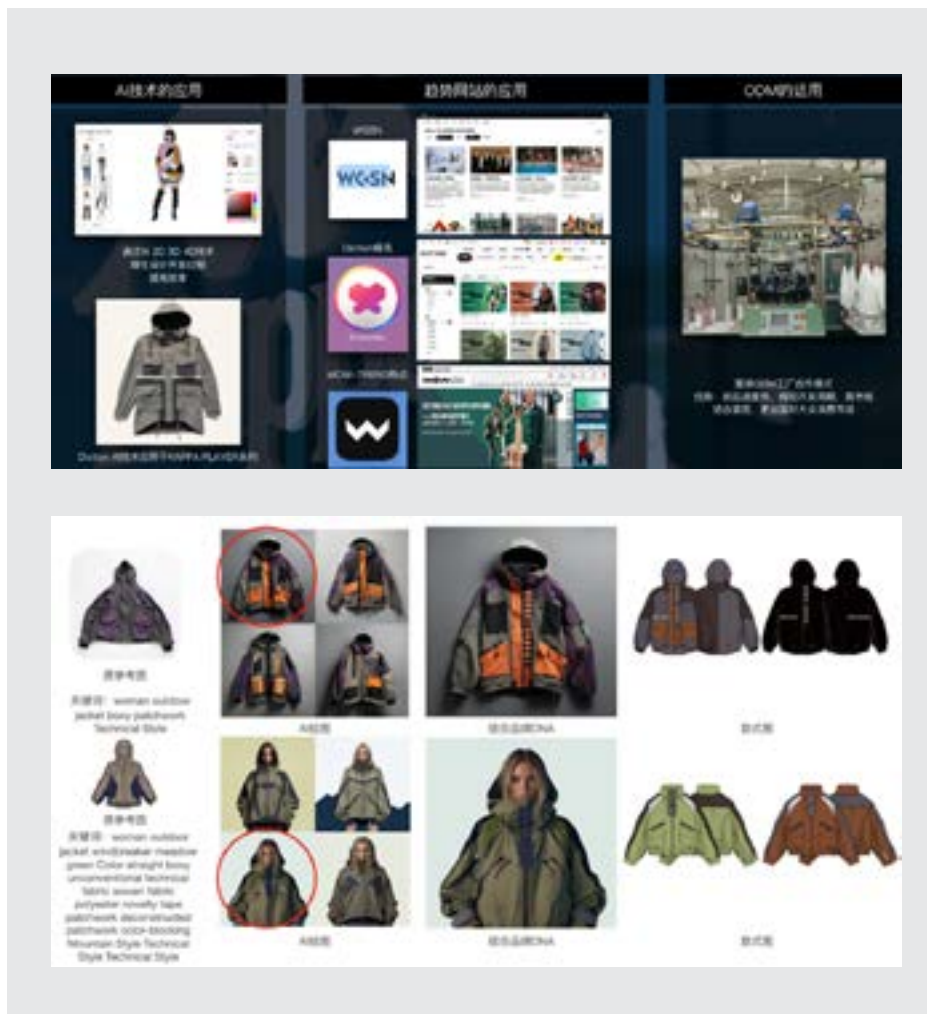
- **Third-party re-inspection before launch:** Third-party quality inspection of ordered products is conducted to prevent the marketing of any products that are subject to quality issues;
- **Consumer voice-driven improvement:** The Group values and monitors on a continuous basis the opinions and suggestions of consumers and conducts store inspection from time to time to solicit consumers' opinions and make adjustments in connection with product issues identified through consumers' feedback, as well as provide target-specific repair and replacement services based on the experience in use and needs of consumers;
- **Comprehensive service system and continuous optimisation:** The Group has formulated the binding Undertaking for Three Guaranteed Services relating to Product Quality, Standards for Return of Defective Products as well as the process for recalling and handling defective products, and regularly provides feedback on quality issues to suppliers to continuously improve product quality.

We deeply understand that excellent product quality is the key to win market trust and drive the continuous growth of our brands. Therefore, the Company has comprehensively upgraded the quality control system, covering the whole chain management from raw material screening, production and processing, finished product inspection to after-sales service, to ensure that each product can meet or even exceed the industry standards and consumers' expectations. In addition, the Group regularly conducts internal sharing sessions with national quality inspection authorities on product quality-related matters and conducts on-site quality standard training and Q&A sessions to enhance and strengthen employees' awareness of quality control of the Company.

By strengthening the quality management of the whole chain and strictly abiding by every link from raw materials to after-sales, we have enabled our products to exceed the standards and win the trust of the market.

Embracing Innovative Technology

At present, a new round of global scientific and technological revolution and industrial transformation is accelerating, and the "front-runners" of scientific and technological innovation such as artificial intelligence, new energy and new materials are changing our way of life and work with unprecedented efforts. Adhering to the attitude of openness, exploration and embracing new things, China Dongxiang always think about how to drive the development of the sports and leisure apparel industry through scientific and technological innovation, accelerate the development of new wearing scenarios, and vigorously promote the digitalisation of the industry. During the reporting period, we used new technologies, new materials and new processes to develop innovative products, integrating technology and sustainable concepts into every process to improve product performance and added value, and optimising and empowering supply chain management, marketing and user experience through the use of AI technology, trend websites and ODM to improve overall competitiveness.



Coexistence of Environmental Protection and Fashion

The charm of sustainable fashion lies in the fact that we have always been committed to designing fashionable and environmentally friendly products for consumers with a responsible determination for the "next generation", and truly promoting sustainable consumption and lifestyle. In the context of promoting sustainable development, China Dongxiang aims to create a development vision that can support the development of the fashion industry and earth friendliness. We attach great importance to the innovative R & D and production of low-carbon products, and continuously reduce the negative impact of products on the environment and natural resources by increasing the use of environmentally friendly materials and reducing the use of hazardous chemicals, so as to convey the concept of green consumption to consumers and create a responsible corporate image.

For more information about the use of environmentally friendly materials and the development of low-carbon products, please refer to the section headed "Circular Economy".

RESPONSIBLE MARKETING

To ensure the legality and sense of responsibility of advertising, the Group fully complies with the framework of national laws and regulations, including the Advertising Law of the People's Republic of China, the Guideline for Enforcement relating to Absolute Terms in Advertising and the Administrative Measures Governing Internet Advertising, strictly manages advertising and strives to practice responsible marketing. Through the following four aspects of refined management measures, we practice high-standard marketing guidelines.

Contents of commercials



We have consistently adopted an approach of decentralised management under a centralised leadership based on the principles of truthfulness and compliance. For the respect of third-party intellectual property rights, the unauthorised editing, tampering and dissemination any graphics, typefaces, texts, software and musical compositions, among others, is prohibited to ensure the truthfulness of the promotional materials and avoid misleading consumers.

Vetting of commercials



We have continued to improve the vetting system and procedures for product advertising and promotion, requiring all information and contents to stringently undergo the Group's vetting procedures prior to dissemination and strictly prohibiting untruthful statements or exaggerated advertising. In FY2023/2024, we maintained a vetting procedure regarding speeches used in customer service communications and materials disseminated to third parties to prevent the use of terms prohibited under the Guideline for Enforcement relating to Absolute Terms in Advertising promulgated by the State Administration for Market Regulation.

Placement of commercials



We have adopted a project accountability system, under which designated personnel are appointed to manage the placement of commercials, to ensure the lawfulness and compliance of the advertising contents, so as to prevent any infringement of rights in advertising. Meanwhile, any individual or enterprise that publishes advertisements or other promotional materials in the name of the Group without approval or authorisation will instantly be held legally liable.

Product label



We have attached great importance to the transparency and regulation of product label information. In strict accordance with GB/T 8685-2008 Textiles Care Labelling Code Symbols, GB 5296.4-2012 Instructions for Use of Consumer Goods Part 4 : Textiles and Apparel and other pertinent national and industry standards, we require truthful communication of product information in the product labels and prohibit any untruthful information to enable consumers to clearly identify and access product information, thereby enhancing consumers' trust in the brand and fostering a responsible corporate image.

In the journey of brand building of China Dongxiang, we not only adhered to the bottom line of advertising compliance, but also actively explored diversified and innovative marketing strategies to deepen consumers' awareness of our brand and emotional connection. We believe that the true brand power comes from the integration of creativity and sincerity. Therefore, we have broken the traditional framework and used various means such as digital marketing, cross-sector cooperation and experiential marketing to tell brand stories and convey brand value. Through accurate market insight, we have designed a series of creative marketing activities to reach all corners of consumers' life and stimulate resonance, so that the brand image of China Dongxiang will become more vivid and deeply rooted in the hearts of the people.

"Back to Back with Mother Earth" (Go Green, Be Cool)



Project description

- Amid the global green trend in sports fashion and the enthusiasm of the Asian Games, KAPPA was poised to leverage the opportunity of the Asian Games to reach new heights in sustainable fashion. By partnering with our ambassador Sun Yiwu, we launched the "Back to Back with Mother Earth" green initiative during the Asian Games, simultaneously releasing a creative promotional video **#Go Green, Be Cool#** to showcase a cutting-edge lifestyle and our commitment to environmental protection.



Project results

- Hundreds of consumer feedback were received on Xiaohongshu, sparking a wave of creative enthusiasm among consumers and rekindling memories of KAPPA for some.
- The overall exposure reached **10 million** (Xiaohongshu + Moments), with releases on core mainstream media, empowering KAPPA's brand assets in the long term.



➤ A creative and life-affirming promo



➤ Key visual and LOGO of the IP "Back to Back with Mother Earth"

Sponsoring a sports variety show “We Never Stop”



Project description

- In response to the upcoming physical competition variety show craze by Tencent, Mango TV, and iQIYI, and riding on the outdoor sports trend emerging at the beginning of the year, KAPPA seized the opportunity brought by the **S+ rating variety show “We Never Stop” of iQIYI**. The show features Li Chen as the “Creator”, with Su Bingtian and Zhang Weili as “Officers”, gathering 100 fitness influencers. This precisely targets the sports and fitness community, helping the brand enter the prime period of apparel sponsorship.



Project results

- KAPPA has advanced in the number of rights, ranking second among sponsoring brands with 232 rights, **and all team members in the show wore KAPPA apparel.**



TIFO launched integrated marketing



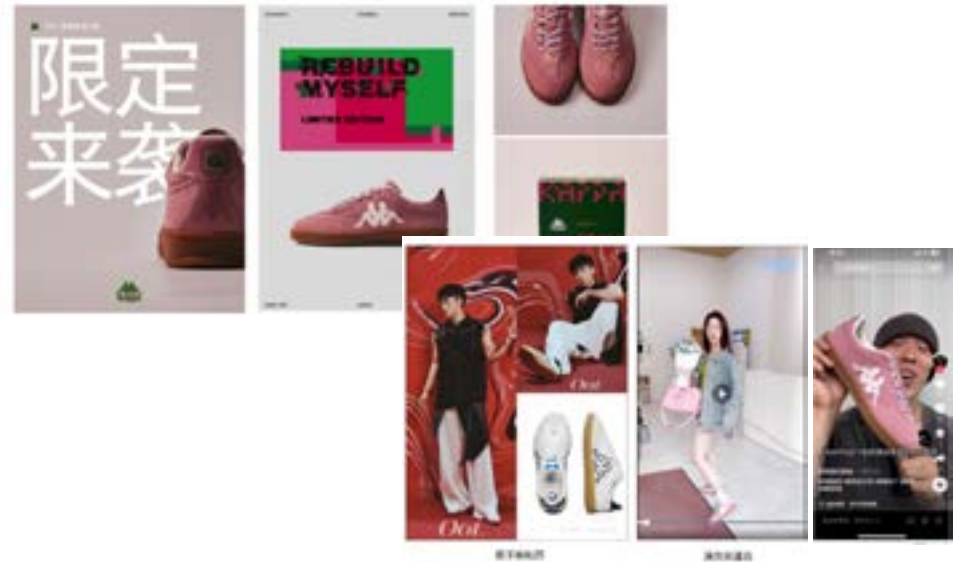
Project description

- Riding the wave of the online craze for German Army Trainer, KAPPA launched the TIFO series, focusing on co-creation of event marketing with trendsetter Xia Jiahuan, achieving traffic conversion from limited co-creation to mass sales. The project, themed “REBUILD MYSELF”, adopts a dynamic perspective to achieve evolution through continuous self-reinvention and innovation. Using the concept of “pixels” to symbolise the unique story and value of each pair of shoes, which aims to drive both brand and product, **dual conversion of awareness and sales is achieved.**





Project results

- Remained at **Top 1** for Tmall’s add-to-cart sales.
- A total of **over 100 posts** were published on Xiaohongshu, with an exposure of **over 16 million**, a readership of over 1.7 million, and the #KAPPA German Army Trainer topic garnered over 1 million views.



During the reporting period, the PHENIX brand was poised for a new journey. It meticulously planned a series of key marketing promotion activities to explore the unknown with global consumers, break self-imposed limits, and jointly write a new chapter on courage, innovation, and aesthetics.

PHENIX brand’s key marketing promotion activities for FY2023

Project name	Project description	Project effect
<p>PHENIX x NIO Life Co-branded Product Collaboration</p> 	<p>In the second half of 2023, PHENIX and NioLife, the lifestyle brand of NIO, jointly launched the “Leap Over the Snow Line” co-branded ski equipment series. The series cleverly combines PHENIX’s specialised fabric technology with classic fit, integrating NIO’s classic colours and labels, providing a “NIO (new) PHENIX” aesthetics on show for NIO owners and fans who pursue quality and passion. It is sold exclusively on the NIO members’ platform, fully leveraging NIO’s strong brand community effect and customer stickiness, successfully reaching the target audience.</p>	<ul style="list-style-type: none"> • Covering nearly 300,000 NIO brand car owners; • Inspiring more cross-industry collaboration possibilities for PHENIX brand.
<p>Team building snow gear collaboration with East Buy</p> 	<p>In December 2023, PHENIX collaborated with the renowned lifestyle brand “East Buy” to organise a team-building event at the Chongli Thaiwoo Ski Resort, focusing on the experience and promotion of high-end skiing equipment. During the event, the top hosts of East Buy took to the stage in person, fully equipped in selected ski gear from the collaboration. They not only shared the joy and techniques of skiing on-site but also continuously released a series of vivid and intriguing videos and posts via major self-media platforms, including Weibo, Douyin, Kuaishou, and Xiaohongshu, documenting the entire process from gearing up to the experience of skiing. This sparked enthusiastic discussions and widespread attention among fans, successfully “fermented” and created a hot topic.</p>	<p>PHENIX search index surged, with total online traffic exceeding 100 million.</p>



SERVICE AND SUPPORT

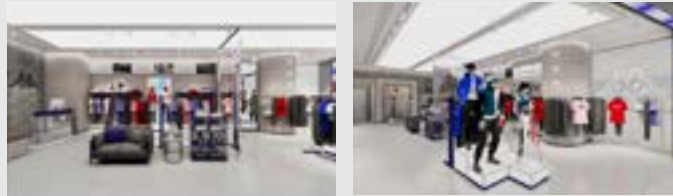
The Group is well aware that service and support are an indispensable bridge between brands and consumers. We not only focus on product innovation and design, but also are committed to providing considerate and worry-free service experience, effectively protecting the rights and interests of consumers, and actively building and maintaining a responsible and trustworthy corporate image.

The Group strictly abides by the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the E-Commerce Law of the People's Republic of China, the Product Quality Law of the People's Republic of China and other relevant laws and regulations, formulates and continuously refines the Customer Service Operation Process and the Customer Complaint Handling Process, standardises customer complaint response and handling methods, improves consumer privacy protection management, and continuously improves customer service quality and level. In accordance with relevant laws and regulations, we have formulated the Undertaking for Three Guaranteed Services relating to Product Quality to provide consumers with after-sales consultation, defective product judgment, product maintenance, product return and exchange and other services, so as to effectively protect the rights and interests of consumers and provide customers with a safe consumption experience and satisfactory after-sales services.

1. Offline store service

KAPPA & PHENIX stores are committed to providing customers with a warm and professional shopping environment. We not only optimise the layout of the store to ensure a clear and orderly display of products, but also provide professional sports equipment consultation to help customers select the most suitable equipment according to their personal needs.

During the financial year, the Group launched the "sixth generation+" project, where the image design of "sixth generation+" conveys the character and narrative of a century-old brand through space design language, seeking a breakthrough after the combination of aesthetics and retail functions. To provide young consumers with a fashionable and trendy space experience, simple and high-quality materials such as sandblasting stainless steel and art paint were used in image design. The rough and meticulous textures complement each other and are rich in layers. A simple design structure was used in image design, highlighting the products with a sense of fashion sports design and catering to the preferences of young consumers.



2. Online e-commerce service

One-stop shopping platform: The official websites of KAPPA and PHENIX and stores on major e-commerce platforms such as Taobao, JD.com, Dewu and Douyin provide 24/7 online shopping experience with detailed product information and safe and fast payment.

Intelligent recommendation system: Based on big data algorithm, it provides customers with personalised product recommendations to improve shopping efficiency and satisfaction.



On 1 May 2024, the first KAPPA image store in China at Changsha IFS was officially opened. Located in the core area of the CBD, the image store integrates modern design and fashion elements to create a unique brand experience space. Unlike traditional retail stores which have a bright and eye-catching lighting atmosphere, the store adopts an innovative layout of holographic screens. Through holographic screens, KAPPA not only displays the latest quarterly product series, but also displays the design concept and process characteristics of the product through dynamic demonstration. By simply staying in front of the screen, consumers can enjoy the realistic and vivid holographic projection effect as if the physical goods are close at hand, thereby creating a brand-new shopping experience.

This innovative retail model combining cutting-edge technology and immersive experience not only enhances the image of the KAPPA brand in the minds of consumers, but also explores new possibilities for the future development of the retail industry. It is believed that KAPPA will bring consumers a brand-new shopping experience with more beautifully touch through digital means such as holographic screens.



Improving Membership Mechanism

To further enhance customer loyalty and brand interaction, we have carefully designed and optimised our membership system, in particular, we have comprehensively upgraded the privileges of Platinum members, the points accumulation mechanism and the interactive experience, and we are committed to providing our members with a more personalised and privileged shopping experience.

Privileges for Platinum members: During the special member day events, members of Platinum and above classes will receive exclusive phone invitations from the brand to enjoy one-on-one in-store privileges. Platinum members entering the store will be presented with a selection of high-quality gifts that not only represent the brand's dedication, but also reward members for their loyalty and increase their sense of honour. In addition, we provide one-on-one personal consultancy services, from shopping advice to personalised matching suggestions, to ensure that every Platinum member enjoys meticulous care and professional services.

Double points accumulation: On members' day or during other designated time periods, all members who make purchases in the store can enjoy double points accumulation, which speeds up the accumulation of points and enables members to redeem their favourite prizes or services faster, effectively enhancing members' consumption motivation and satisfaction.

Rich interactive experience: We set up a "check-in" wall with brand characteristics, encouraging members to take photos and share them on social platforms, and we launched a blind box lucky draw to inject elements of surprise and fun to members' shopping experience. Prizes range from exquisite peripherals to limited-edition items, and every blind box offers an opportunity to explore the brand's surprises. In addition, we provide exquisite cold meals and relaxing communication space, so that members can exchange ideas with other members or brand representatives while enjoying food, thereby creating a warm social atmosphere and deepening the emotional connection between the brand and members.

Through the above measures, we aim to build a multi-level, interactive and rewarding membership ecosystem that not only lets members enjoy the material benefits, but more importantly establishes an emotional connection, thereby deepening brand loyalty and promoting long-term member activation and healthy brand development.

Strengthening After-Sales Service

While continuously optimising the customer experience, we are keenly aware of the importance of after-sales service, particularly in the fine operation of defective product management and product repair and maintenance. The following are the key measures we have taken in these areas:

Optimisation of defective product management mechanism: In strict compliance with relevant national laws and regulations, we have established a comprehensive defective product management system to ensure that every step, from recovery, professional judgement to return and exchange, is efficient and transparent. This process is designed to respond quickly to customer needs and protect consumers' rights and interests from being infringed. Meanwhile, through the systematic analysis of defective products, we can feed back into the production process and continuously improve the quality of finished products.

Upgrade of repair and maintenance services: We are committed to streamlining the return and exchange process to ensure that customers can complete their returns and exchanges conveniently and enhance customer satisfaction. No matter you are ordering online or buying in a physical store, we promise to provide a seamless and hassle-free return and exchange experience, combined with a fast return mechanism to reduce customer waiting time and increase shopping confidence.

PHENIX One-Stop Service for Repair and Maintenance

Given the specialised and unique needs of ski equipment, PHENIX offers targeted maintenance services, including paid and unpaid options, to ensure that every piece of ski equipment is maintained at its peak performance level. From blade sharpening to equipment maintenance, all the tasks will be handled by our team of specialists to make customers' snow trips worry-free.



Brand day events in FY2023



The service and support system of China Dongxiang not only focuses on problem solving, but also strives to create additional value that exceeds expectations, ensuring that every consumer can enjoy high-quality products while experiencing considerate, convenient and premium all-round services. Whether it is the fashionable sports trend of KAPPA or the professional ski area of PHENIX, we strive to accompany every consumer to a more wonderful life journey with the best service.

CHAPTER 3

EXCELLENT PARTNERSHIPS

CHAPTER STORY — AN INCLUSIVE AND OPEN CHINA DONGXIANG

OUR EMPLOYEES

RESPONSIBLE SUPPLY CHAIN

FOSTERING INDUSTRY DEVELOPMENT

MANKIND • HARMONY

As a responsible corporate citizen, China Dongxiang actively promotes the development of sustainable partnerships, and is committed to creating stable economic, social and environmental values for employees, suppliers and industry partners. We strive to facilitate value change and build sustainable competitiveness embedded in the global value chain.

UNITED NATIONS SDGS CORRESPONDING TO THIS CHAPTER

CHAPTER 3: EXCELLENT PARTNERSHIPS

CHAPTER STORY — AN INCLUSIVE AND OPEN CHINA DONGXIANG

In Autumn 2023, China Dongxiang successfully held a grand autumn sports meeting themed “Moving Forward with Passion and Momentum”. As the first offline large-scale sports event after the pandemic was completely over, the sports meeting was not only representative and bore memorial meaning, but also demonstrated the Company’s inclusive and open cultural atmosphere and its spirit full of vitality.

More than 300 employee representatives from over 10 systems and sales regional companies gathered together and in the form of group competitions, exchanges and cooperation among departments were deepened. Entrance and roll calls, creative entry ceremony, athlete’s pledge, speech given by the leaders and other sessions, together they demonstrated the formal and solemn side of the Company. In addition, a variety of activities such as warm-up exercises, track and field events, football exhibition matches, and fun competitions have enabled employees to unleash their passion and enjoy the happiness of doing sports.

The employees appreciated and highly praised the sports meeting. It was not only because they actively participated and competed with their best effort, but also because of the unity, collaboration, inclusiveness and openness they showed in the competition. We encourage employees of different grades, ages and cultures to exchange and collide. Such spirit is what China Dongxiang has been advocating and practicing.

The autumn sports meeting was not only a feast of sports activities, but also an excellent opportunity to display the Company’s brand image, vitality, cohesion and cultural atmosphere. It made every employee deeply experience the Company’s inclusive, open and positive atmosphere, and further enhanced the sense of belonging and cohesion of our employees.

“Moving Forward with Passion and Momentum” China Dongxiang autumn sports meeting 2023



OUR EMPLOYEES

We always prioritise the rights and interests of employees and regard them as the foundation of stable development of the enterprise. We are committed to creating a safe and healthy workplace for our employees, which is not only the responsibility of an enterprise, but also our mission. To achieve this goal, we have formulated and implemented a comprehensive staff employment and labour rights protection system to ensure that every employee is treated fairly and impartially. At the same time, we care about the physical and mental health and all-round development of our employees and help them realise their personal value. We firmly believe that the long-term development of the enterprise and the harmonious progress of society can only be achieved if our employees grow together with the enterprise.

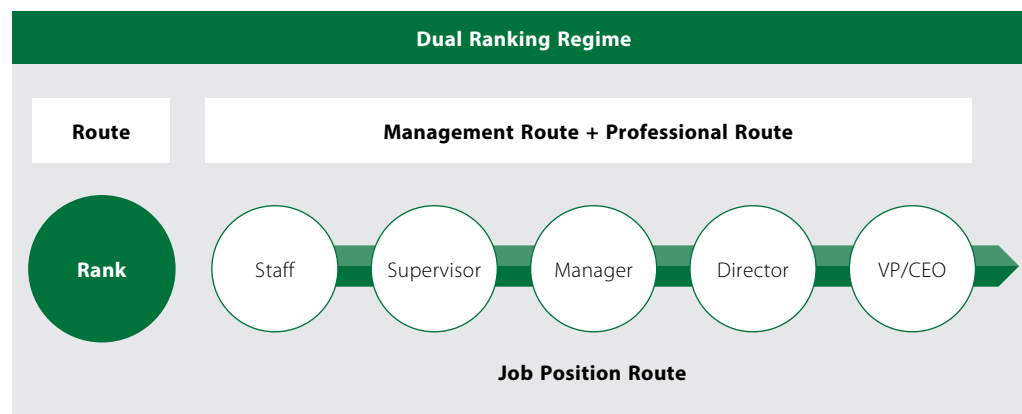
Equality in Employment

We always take a series of laws and regulations such as the Labour Law of the People's Republic of China and the Labour Contract Law as the action guide, and continuously optimise our Recruitment Management System, Remuneration Management Regulation and Attendance Management Regulation to ensure that the fairest and most reasonable treatment is given to staff in terms of recruitment, remuneration and working hours, and fully protect the legal rights of every employee. We adhere to the original aspiration of staff employment and labour rights protection, and resolutely eliminate any form of child labour and forced labour. We have established a comprehensive employee candidate information identification system to strictly review the age information of each candidate to ensure that each employee meets the legal employment age.

An inclusive and equal working environment has always been pursued, and we stand against any form of discrimination. Every employee will be given equal opportunities and fair treatment regardless of ethnicity, nationality, religion, gender, age, marital status or disability. Once any potential discrimination or ethical corporate behaviour is identified, we will take prompt action to ensure that the problem is resolved in a timely and proper manner. We value the contribution of every employee and look forward to working with each of them to create a better future together. We actively expand diverse channels for talent recruitment, including campus recruitment, public recruitment, and staff referral, aiming to attract high-calibre candidates to join our big family. As at 31 March 2024, we had 350 energetic and creative employees. We look forward to working with you to create brilliant achievements together!

Accelerating Growth

We have continued to develop and improve our staff promotion mechanism. With the formulation of the Promotion Management System and Group Staff Career Development System, we have established a systematic mechanism for staff promotion covering the application for promotion, qualification vetting for promotion, work report for promotion and assessment of promotion. To broaden the scope for staff career development, we have established a dual ranking regime comprising the professional route and the management route. For different positional pathways, we have formulated a promotion route to provide staff with diversified career development pathways.



Through improvement of our performance appraisal and management system, we ensure that each employee gets impartial and objective assessments. We require all departments to formulate clear key performance indicators and provide tracking, instruction and timely feedback in respect of staff performance. In the course of daily operation, we actively communicate with staff to listen to their challenges and needs they face in work and provide timely support and assistance.

We execute performance assessments on a regular basis to gain a comprehensive understanding of the performance of employees. In the course of the assessment, we work out performance improvement plans together with our staff and help them to enhance their individual competence and work performance continuously. During the Reporting Period, we cancelled the mandatory distribution of appraisal results, and adjusted the corresponding rules of scoring and coefficient for evaluation indicators. Also, to ensure impartiality of the performance assessment, we have introduced a feedback mechanism, allowing staff's disagreement with the outcome of the assessment. If our staff have any doubts towards the outcome of the performance assessment, they may file complaints in writing, after which the Group will reassess the relevant performance to ensure fairness and impartiality of the assessment results.



Performance Appraisal Score	Performance Appraisal Coefficient	Standard for Reference
100 points (exclusive) — 120 points (inclusive)	Performance appraisal coefficient corresponds to performance appraisal score	Exceeding the ability requirements of the position; On the basis of ensuring the timely completion of work tasks, effective methods can be found and applied to improve efficiency; Very positive, serious and responsible working attitude;
90 points (exclusive) — 100 points (inclusive)	Performance appraisal coefficient is 100%	Meeting the working ability requirements of the position; Able to complete work tasks on time and effectively; Good working attitude;
80 points (exclusive) — 90 points (inclusive)	Performance appraisal coefficient corresponds to performance appraisal score	Basically meeting the working ability requirements of the position; Basically completing the work tasks on time and effectively; Average working attitude;
80 points and below	Performance appraisal coefficient corresponds to performance appraisal score	Failing to be competent for the job position; Failing to complete work tasks on time; Negative working attitude;

Adhering to the idea of “staff first”, we continue to devote our efforts to strengthening the building of team of talents, and firmly believe that staff growth and taking off of the enterprise are complementary to each other. Within the Group, we have carefully developed a range of internal training systems, such as the Training Management System, System for the Management of Training of New Employees and System for the Management of External Training, etc., aiming to meet the personalised development needs of employees at different job positions, grades and business segments.

In FY2023, we fired on all cylinders and held wonderful training feasts one after another at the Group level. The new employees started their voyage here, and the senior management elites brainstormed here. The store managers trained their leadership, the sales team honed their service skills, and the students of the rudimentary vocational skills class consolidated their foundation. This series of offline training not only improved the general aptitude and competence of staff, but also made work and learning full of fun and vitality! We expect every employee to shine bright in their own ways on the fertile soil of growth! Persisting in the “staff-centric” approach, we consistently strengthen our team building in a bid to achieve both staff growth and corporate development in a win-win scenario.

Senior Management Training

This year’s senior management training program was carefully planned and aimed at promoting deep integration within the senior management team. In order to strengthen mutual trust and cohere common understanding, and ensure that everyone’s goals are highly consistent, we have deliberately selected a challenging environment, the Hobq Desert, to carry out this one-of-a-kind training.

During the four-day training, 15 management members walked through the Hobq Desert together. The difficult environment not only tested their willpower and teamwork spirit, but also prompted them to support one another in the face of difficulties, to open up and jointly face challenges. This special experience has not only left a profound collective memory for them, but also further conveyed the Chinese sports culture of tenacity and courage. In addition to walking through the desert, we also intersected various meaningful activities and sharing sessions. These activities not only enriched the training content, but also provided opportunities for management members to have in-depth exchanges and enhance mutual understanding and trust. Through this series of well-designed training sessions, we have successfully promoted the deep integration of our senior management team and laid a solid foundation for their future work.



New Employee Training

Compared with the past, we have made a great breakthrough in new employee training. In order to increase the mutual trust within the team, improve the team cohesion, and have new employees perceive the corporate culture more comprehensively, we arranged cultural integration training in Huairou, with a total of 62 trainees and 2.5 days of training. Through training, new employees have a deeper understanding of the Company’s history and corporate culture, and are more familiar with each other.

According to the survey and statistics of the training results, it was found that everyone had a more profound understanding and knowledge of the brand history, corporate culture, history of development and future direction, core values, and the growth experience of senior management, and that everyone deeply felt the family culture of China Dongxiang and the vitality of team members, which developed a stronger sense of belonging to the Company. Teamwork has strengthened the connection between one another, and promoted the closeness and trust among new employees.

At the subsidiary level, we also attach great importance to the training and development of staff. In FY2023, our subsidiaries carefully planned a series of staff training courses. These courses aim to strengthen employees' abilities in understanding of products, sales skills, service skills and display foundation through a combination of theoretical learning and in-store hands-on practice. We firmly believe that only when employees are equipped with solid professional knowledge and efficient working skills can they create greater value for the Company.

"Training and Practice in One, Explode when Triggered Skills Competition" was held on 11 July 2023 and 10 August 2023, respectively at Changsha Atour Hotel and Changsha Fangyuanhui Store. With the goal of "improving efficiency and strengthening operation", this activity improved employees' business skills and teamwork ability through practical drills within a cycle of one month. Combined with competitive competitions to stimulate employees' enthusiasm for learning and vitality for innovation, employees could grow in competition and make breakthroughs in challenges. The competition was not only a contest of skill, but also an accumulation of intelligence and experience, allowing employees to hone their skills in practice and contribute their wisdom and strength to win the battle for the Company.



Health and Safety

We have strictly complied with pertinent laws and regulations, such as the Labour Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, Regulation on Work Related Injury Insurances and Fire Control Law of the People's Republic of China, and provide a healthy and safe workplace for staff through internal systems such as the System for Benefit Management. During the Reporting Period, there were no work-related injuries or fatalities within the Group, and there was no material breach of laws and regulations pertaining to staff health and safety by the Group. In connection with occupational health and safety, we adhere to the principle of "life is priceless" and are committed to building a comprehensive and rigorous management system. In order to protect the safety of front-line production employees, we have equipped them with "superhero equipment" — high-quality labour protection supplies to ensure that they can also be protected in all aspects during their busy work. Our safety supervision team, like a group of "safety guardians", patrol all corners from time to time to ensure the compliance of operation specifications and ensure labour protection supplies are properly worn, so as to build a solid safety barrier for every employee.

In addition, we understand the importance of fire safety, therefore, every factory went under strict fire safety inspections to ensure that every corner is up to safety standards. We also regularly hold fire drills and training so that employees could become real "fire-fighting little experts", which not only improves their awareness of safety and prevention, but also enhances their self-rescue ability, which builds a solid defense line for the safe development of the enterprise.



We spare no effort in caring for the physical and mental health of our employees. We provide staff with a full range of supplementary medical insurance and life insurance, which is like preparing a “health protection umbrella” for them, under which they are well-protected despite illness, accident or childbirth. For staff in retail stores, we also purchased additional employer’s liability insurance to make it more secure and reassuring at work. We always put the health and safety of employees first, and create a safe and warm working environment for employees!

At the same time, we understand that the health needs of each employee are unique, so we customise different types of physical examination items for them according to their gender, age and other factors to meet their personalised health needs. We are committed to creating a healthy, safe and comfortable working environment for our staff, so that every employee can feel warmth and care at work.

We attach great importance to the dining environment and meal quality of employees. During the Reporting Period, we comprehensively upgraded and renovated the staff canteen to further ensure the dining experience and health of employees. We have established a meal supply management committee consisting of employee representatives from various departments, aiming to involve more people in the work of meal supply management, which is related to people’s well-being, and have selected a more satisfactory meal supply company; in terms of ensuring the safety of meals, all of our meals are made on the same day when the ingredients are purchased. We strictly check the qualifications of the supplier’s chefs, the health certificates of the service personnel and their physical conditions, spot check the hygiene of the supplier’s central kitchen, and ensure that the sample of every meal is kept for reference. In addition, our meal supply committee gives feedback and participates in dining experience on an irregular basis, so as to foster the daily supervision on staff dining and secure food safety and health for our staff.



Diversified Life of Employees

In line with a “people-centric” philosophy, we provide a diverse range of staff benefits to enhance humanity care. Moreover, we organise a rich variety of staff activities and encourage active staff participation to strengthen the sense of belonging, internal cohesion and solidarity of the team.

Staff Benefits

In gratitude to our staff for their dedication and hard work, we have provided them with a wide range of benefits on top of their salaries and wages, including a number of exclusive benefits such as internal purchase discounts, meal allowance, communication allowance, factory residence allowance, nursery allowance and daily necessities, among others. Moreover, we have built facilities such as the gym room, dance club and boxing club to encourage workout and exercise after office hours for a better work-leisure balance. During the Reporting Period, based on the actual needs of our staff, we newly added Parents Meeting Leave and Golden Title Leave to further create a warm and harmonious workplace and enrich the diversified working experience of employees.

Additional benefits 1: Parents Meeting Leave



In order to support employees to participate in the group activities of their children in schools, the Company has specially introduced the Parents Meeting Leave. If employees need to take leave for group meetings organised by the schools where their children are studying in, upon the provision of only the relevant supporting documents, the Company will grant 0.5 working day of paid leave.

Additional benefits 2: Golden Title Leave



In order to celebrate the joy of the employee’s children’s name being titled on the golden board, which is being successfully admitted by colleges and universities, the Company has specially introduced the Golden Title Leave. After receiving the offer letter, employees can apply to the Company for a paid holiday of three consecutive working days based on the letter, and employees can use it to accompany their children to their admission or make relevant preparations for admission.

At the same time, in order to better meet the needs of employees in dining this year, we decided to raise the meal allowance standard. For employees working in first-tier cities, including Beijing, Shanghai, Guangzhou, Shenzhen and Hong Kong, we raised the subsidy standard for working meals to RMB30 per person per day. For employees working in non-first-tier cities, the subsidy standard for working meals is set at RMB20 per person per day. This initiative aims to ensure that employees can enjoy more reasonable and satisfactory dining experiences during their work.

Company Celebration Event

During the period from 10 April to 18 April 2023, the Company successfully held the first company celebration event that covered the entire Group and the back-office personnel of the regions online. The event aimed to have new and old employees review the 21-year development history of the Company, deepen employees' impression of the Company's history through "prize quizzes", and give away company celebration benefits. The activities included the photo-taking session "Showing off My 21", the online quiz "Dongxiang History Express", and the company celebration gourmet festival. More than 280 employees participated in the event, and they showed their rich creativity and enthusiasm by discovering or creating elements related to "21". This event not only enhanced the sense of belonging and cohesion among employees, but also effectively enhanced the popularity of the Company's celebration day and the publicity effect of the Company.

In addition, China Dongxiang's 2024 Annual Party with the theme of "Together for a Loong Sustainable Future", once again returned to offline for the first time in five years after the pandemic, bringing a unique immersive experience. In the annual party, besides the attempt of letting employees sign up for programmes voluntarily for the first time for them to fully show their talent and confidence, employees could deeply feel the openness and inclusiveness of the Company by freely participating and enjoying the diversified design of game activities and rich prizes. From the renewal of the office area to the distribution of work gift packages for the new year, and to the presentation of various fun games and the wonderful dinner, the whole annual party was filled with joy and surprise. The employees said that this annual meeting not only made them feel the charm of the Company's culture, but also enhanced the solidarity and internal cohesion among the teams, injecting new vitality into the work ahead.



Joyful Team Building

"All I Want for" Christmas Party has become a long-awaited festival welfare activity for our employees. During the Christmas event, employees enjoyed the warmth and joy of the festival as they drank fine wine and enjoyed a sumptuous western meal. The upbeat performance of DJ, wonderful interactive games and blind box giveaways continued to elevate the atmosphere. The heavyweight "turkeys" brought the party to its climax. Employees performed their programmes on stage, danced together and released their passion and energy as much as possible. This event not only made employees feel the Company's care and warmth, but also promoted the exchange and interaction among employees across departments, further enhancing solidarity and internal cohesion of teams.



▶ "All I Want for" Christmas Party



▶ "Sports for Health" Shuttlecock Kicking Challenge

On top of that, in order to draw employees' attention to work-life balance and to convey a sports culture, we specially launched a special shuttlecock kicking activity on 23 November 2023. This activity aimed to provide a relaxing and pleasant leisure sports platform for 25 employees from six systems and eight departments during lunch break. Employees showed their skills of kicking shuttlecock and made new friends through individual challenges; the team challenge on the other hand stimulated everyone's team spirit, forming teams on the spot to break other teams' records brought an air of excitement as well. The Company took this opportunity to provide employees with an opportunity to relax, and to convey the philosophy of actively partake in sports and pursuing a healthy life.

At the subsidiary level, we also carefully planned several wonderful employee activities. In July 2023, our Changsha subsidiary held a "Naked Heart Meet-up", in which we had sincere heart-to-heart talk with our employees at Wyndham Changsha. By understanding the planning and outlook of our employees, we have enhanced the team's resonance and confidence. In December 2023, we held a special birthday party for back-office employees in a cinema. Through birthday parties, sharing a cake and watching movies together, everyone could feel the warmth of the team in joy. This not only improved the well-being of our employees, but also brought a moment of peace to their busy work. Besides, in Spring 2024, we organised the "More Youthful on the Path" trail-walking activity in Hunan. Employees walked together and completed a 42 kilometres environmental route. This not only trained the team but also demonstrated our commitment to environmental protection and public welfare. We have contributed to society with actual deeds.

These activities not only enriched the spare time of employees, but also greatly enhanced the solidarity and internal cohesion of teams. In the future, we will continue to hold more meaningful activities to create more surprises and experiences for employees and promote the continuous progress of the Company together.



▶ Birthday parties



▶ "More Youthful on the Path" trail-walking activity in Hunan

RESPONSIBLE SUPPLY CHAIN

In the process of building a responsible supply chain, we always adhere to the philosophy of sustainable development and strictly control the entry barriers of suppliers. We pay attention to the product quality of suppliers and insist on selecting suppliers that meet high standards and have strict quality control systems as partners. At the same time, we also attach great importance to the training and development of suppliers. Through holding regular training courses and sharing sessions, we help suppliers improve their quality, management capabilities and environmental awareness, to jointly promote the green and efficient development of the supply chain. We believe that only by working with excellent suppliers can we ensure the stability and reliability of the supply chain and create greater value for society and the environment.

Criteria for Supplier Admission

In the process of suppliers' admission, we adhere to the principle that suppliers are required to have experience in manufacturing for first-tier domestic and international brands and all suppliers are subject to strict on-site visits and general assessments by the Group to be admitted to the Group's suppliers' list.

We have formulated a set of detailed evaluation standards, which covers various dimensions such as corporate background, operational credentials, business philosophy, ESG assessment, financial conditions, development capabilities, technological strength, production regime and quality standards. Through the all-round assessment and rating of suppliers in a comprehensive manner, we rate our suppliers in four classes, A, B, C, or D, and Class D suppliers will definitely not be considered.

In addition, we conduct supplier audit on multiple levels and make careful observations, including infrastructure and hardware facilities, development and production capabilities, production process management, operational capabilities, on-site management capabilities and implementation of relevant standards. Priority is given to suppliers who are in compliance with ISO9001 Quality Management Systems certification, BSCI (Business Social Compliance Initiative) certification, FSC (Forest Stewardship Council) certification and OEKO-TEX series certification to ensure that their product manufacturing process and quality management are standardised, reasonable and institutionalised. During

the financial year, we evaluated all newly appointed suppliers with our supplier admission assessment to ensure the stability and efficiency of the entire supply chain system.

Appraisal of Suppliers

In the supplier appraisal stage, we require suppliers to follow a strict quality control process, from raw material procurement to product manufacturing, and each step is subject to strict quality testing. We have established a regular quality assessment mechanism with suppliers to continuously track and monitor product quality. For products with quality issues, we will require suppliers to make immediate rectification and take corresponding correction measures to ensure the stability and reliability of product quality. Such heavy emphasis on product quality not only reflects our responsible attitude towards consumers, but has also earned us wide recognition and trust from the market. While pursuing the establishment of long-term and stable partnerships with suppliers, we are also committed to the sustainable development of the supply chain and thoroughly evaluate the environmental and social risks in each step.

Environmental Risk Assessment

In terms of environmental risk assessment, we have adopted a series of stringent measures. First, we conduct on-site audits of suppliers' environmental protection facilities and raw materials to ensure that the materials meet environmental standards. We explicitly require suppliers to comply with environmental laws and regulations, and give preference to enterprises who have passed ISO14001 Environmental Management System certification, ISO50001 Energy Management System certification and other standards. We strictly review the operation process of suppliers in heavy pollution processes such as printing, dyeing and spraying to ensure that they meet the national and local environmental standards. If there are any violations on the part of the supplier, we will demand rectification within a designated timeframe, failing which we will terminate cooperation with such supplier. At the same time, we actively promote the use of eco-friendly materials, formulate management systems for chemicals and glue treatment agents, and strive to reduce the use of hazardous chemicals. Every year, we conduct sampling inspections on products to ensure product safety, including the testing of key indicators such as PH value, formaldehyde content, odour and biodegradable oncogenic aromatic amine dyes.

In order to encourage suppliers to integrate the concept of environmental protection into their management system, we require suppliers to regularly furnish accreditation testing reports under standard regimes such as CTI (Test & Testing Certification), ITS (Intertek Testing Services), SGS (Société Générale de Surveillance S.A.), ZDHC (Zero Discharge of Hazardous Chemicals) or FSC (Forest Stewardship Council) certification, and encourage them to use sustainable raw materials to reduce the negative impact on the environment. This not only protects the occupational health and safety of employees, but also provides safer, more eco-friendly and healthier products to consumers.



Social Risk Assessment

We also uphold a rigorous attitude in social risk assessment. Priority is given to suppliers in compliance with domestic and international industry standards, such as ISO45001 Occupational Health and Safety Management Systems certification and Business Social Compliance Initiative (BSCI) to ensure labour compliance and occupational health and safety management. We pay attention to the legal compliance of labour employment as well as the skill level and operational proficiency of workers, to evaluate the stability of their production capacity, and estimate the actual production capacity to reasonably arrange orders. At the same time, we will include suppliers' performances in working hours management, remuneration and benefits and staff training in the general assessment regime to ensure that the rights and interests of employees are protected. In addition, we also assess the safety of the

raw materials and production processes selected by suppliers through on-site inspections, so as to protect the health and safety of suppliers' employees and consumers.

Empowering Suppliers

We place a strong emphasis on communication with suppliers with a view to achieving cooperation and mutual benefits along the supply chain. Supplier training has been conducted in numerous aspects including production management, quality standards, consumer demands and developments in the industry. During the Reporting Period, we drew on latest quality and process technique standards, the Group's process technique quality management personnel conducted inspection in the product lines of suppliers on a regular basis and carried out on-site guidance for quality improvement to enhance suppliers' understanding of the Group's requirement

for product quality. In November 2023, we held a supplier training in Xiamen Amoy to promote the e-commerce quick-reorder production mode and optimise the supply chain. At the same time, we encouraged suppliers to carry out product technology innovation and facilitated co-growth with suppliers.

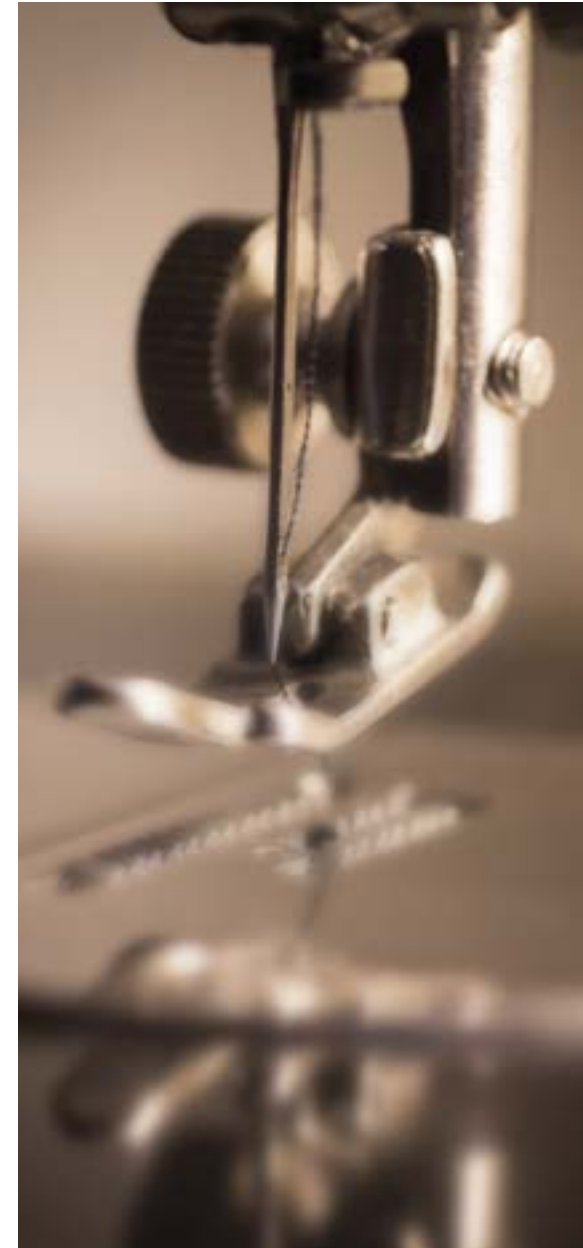
In addition, we have specifically increased bilateral interactions this year, inviting supplier partners to participate in our decision-making process and provide more valuable opinions. For instance, suppliers are invited to participate in the quarterly ordering meeting to experience the atmosphere and overall process of the ordering meeting. In the meantime, after the launch of each seasonal product meeting, we will visit the supplier's site for on-site handover and routine factory inspections during the three stages of sample sizing, sample approval, and mass production.



Preproduction confirmation communication meeting and process inspection



On-site quality standards training for suppliers



FOSTERING INDUSTRY DEVELOPMENT

We always place talent cultivation and industry-academia-research collaboration at the core of our development strategy. We deeply understand that talent cultivation is a key factor in driving industry development, and industry-academia-research collaboration is an important bridge for knowledge transformation and technological innovation. At the same time, by engaging more ecological partners, we can contribute more to the sustainable development of the industry.

Based on this, we collaborate closely with Beijing Institute of Fashion Technology every year to achieve resource sharing, complementary advantages, and jointly promote technological innovation and product upgrades in the field of fashion design. Through years of collaboration, we have not only selected a group of talented and innovative fashion designers but also made significant breakthroughs in exploring cutting-edge technologies in the field of fashion design, advancing fabric technology research, and enhancing design concepts and colour coordination. We also look forward to establishing cooperative relationships with more outstanding universities

and colleges and research institutions, jointly promoting the in-depth development of industry-academia-research collaboration, and uncovering more new talents.

As an important sector in promoting carbon peaking and carbon neutrality, the Chinese textile and apparel industry has always been an active force in global sustainable governance. We actively respond to the call of the Social Responsibility Office of the China National Textile and Apparel Council, becoming one of the first enterprises to support the national 30•60 carbon neutrality plan since 2021. We are deeply aware of the importance of environmental protection and always integrate the concept of environmental protection into every segment of our corporate operations. Under the dual carbon goals of carbon peaking and carbon neutrality, we continuously optimise environmental management policies and implement energy-saving and emission reduction measures to reduce the impact of production, transportation, and group operations on the environment. We actively advocate and practice the environmental philosophy, working together with employees, suppliers, and other partners to contribute to green and sustainable development.



“30•60 Innovative Climate Action and Carbon Neutrality Acceleration Initiative by Chinese Fashion Brands” officially launched

CHAPTER 4

EARTH PRESERVATION ACTION

CHAPTER STORY — A GREEN CHINA DONGXIANG

CLIMATE ACTION

CIRCULAR ECONOMY

CHEMICAL SAFETY

GREEN • ACTION

Adhering to the concept of green development, we continuously take systematic measures in climate action, circular economy, and chemical safety management, striving to build an environmentally friendly enterprise and jointly create a sustainable future with stakeholders.

UNITED NATIONS SDGS CORRESPONDING TO THIS CHAPTER



CHAPTER 4: EARTH PRESERVATION ACTION

CHAPTER STORY — A GREEN CHINA DONGXIANG

“My family is a stickler for recycling old clothing.” — Sun Yiwen

KAPPA's choice of green living is a choice of new fashionable lifestyle. We focus on “sustainable fashion”, an environmentally friendly branch line that is strongly related to us, and call on everyone to join us in continuing to live with passion and make life sustainable. During the financial year, China Dongxiang joined hands with Sun Yiwen, a member of China National Fencing Team and the gold medalist of the women's epee individual at the 32nd Tokyo Summer Olympics, to launch an initiative for sustainable fashion known as “Back to Back with Mother Earth”. With this opportunity, we talked face-to-face with Sun Yiwen about her life, her Asian Games, and her thoughts on sustainable fashion.

Sun Yiwen has a keen insight into fashion since she was a child, but her understanding of fashion is unique and she believes that fashion is not just about pursuing trends and novelty, but more closely related to environmental protection and sustainability. Sun Yiwen's family has a special tradition, which is the recycling of old clothing. From a young age, she would wear old clothing from her siblings, and after she grew up, those clothing she once cherished would be passed on to her younger siblings. Sun Yiwen is influenced by this tradition and deeply understands the meaning of recycling of clothing, which is not only about resource saving, but also about environmental protection.

As time passed, Sun Yiwen grew up and began to think more deeply about the relationship between fashion and environmental protection. She found that many people have been purchasing new clothing in pursuit of fashion, which not only caused a waste of resources, but also brought huge pressure to the environment. From the point of view of an athlete, Sun Yiwen's training process also includes the assumption of social responsibility, and this initiative for sustainable fashion with KAPPA — Back to Back with Mother Earth — is one of the things she has practiced and perfected.

“This initiative for sustainable fashion is no longer limited to concepts, but provides a practical path for everyone from reuse to recycling and sharing of old clothing, reducing unnecessary consumption and promoting responsible consumption. This initiative allows everyone to discover that fashion and environmental protection are not two non-intersecting parallel lines, and environmental protection is not a slogan that is difficult to implement.”

Therefore, Sun Yiwen began to share her green living tips on her social platforms and encourage more people to join the activity. She shared the stories of recycling old clothing at home and shared her experience on how to remake old clothing and refresh them with new vitality. Her sharing has attracted increasing attention, and more and more people have begun to realise the close connection between fashion and environmental protection.

This activity not only deepened users' understanding of the new image of KAPPA, but also made the concept of green and sustainability deeply rooted in the minds of people. With more than 10 million times of exposures, the KAPPA brand conveyed a green, healthy and environmentally friendly lifestyle to the whole society through the core mainstream media. This has not only brought a long-term positive impact on KAPPA brand assets, but also set a green and sustainable benchmark for the entire industry.

Looking ahead, KAPPA will continue to adhere to the concept of green and sustainable development, so that every consumer can feel the positive energy brought by the brand through more innovative and interesting activities. We believe that under the guidance of KAPPA, a green and sustainable lifestyle will become a choice for more people and together we will contribute to a better future for the planet.



“Don't have to work that hard, just be cool”

Do it anytime, anywhere.

All changes start small.



Being eco-friendly is all about attitude, go green, be cool.

CLIMATE ACTION



As the world attaches great importance to tackling climate change, the apparel industry is facing huge opportunities and challenges of low-carbon transformation. We adhere to the concept of green development and actively tackle climate change. Under the supervision of the Board, we actively promote the management of climate change risk identification and opportunity response, continue to explore energy efficiency improvement and improve resource utilisation efficiency, minimise waste discharges, and try our best to control greenhouse gas emissions, so as to contribute to the achievement of carbon neutrality.

Tackling Climate Change

We understand that tackling climate change is a common cause of mankind. Under the strategic goals of carbon peaking and carbon neutrality proposed by the state, we have deeply identified the major climate change risks and potential opportunities faced by the Group, and conducted a detailed analysis of the impact of these risks and opportunities on the Group's future operations. Based on the assessment of these risks and opportunities, we will consistently enhance management and take practical measures to actively respond to the challenges brought by climate change. The risks and opportunities related to climate change faced by the Group cover acute physical risks, chronic physical risks, policy and legal change risks and opportunities brought by market changes. Based on the risks identified, we have formulated a comprehensive emergency plan to enhance its climate resilience.

Type of risk/opportunity	Potential impact	Measures in response
Physical risks — acute 	<p>Acute physical risks faced by the Group include but are not limited to drastic climatic conditions such as thunderstorm, flood, typhoon and extreme low temperature, among others. The Group's major directly-operated plant are located in Jiangsu Province, a region along the eastern coast of China which is more susceptible to climate change. Meanwhile, the Group's operational outlets and warehouses are located across various regions in China, which could be subject to a higher level of acute risks.</p> <p>Drastic climatic conditions may damage the power facilities, water supply facilities and production and operational equipment required by the Group's production and operation and could increase its operating costs as a result. In the event of extreme climatic conditions, the Group may be required to suspend operation and production because of inclement weather and unable to distribute its product shipments according to normal schedules owing to the blockade of transport routes resulting in failure to deliver its orders on time, which will in turn undermine the Group's revenue.</p>	<p>The Group will establish an extreme weather warning mechanism and formulate in stages the extreme weather emergency plan and administrative measures for business continuity, acquire professional emergency and first aid equipment and organise safety knowledge training and emergency drills for employees.</p> <p>The Group will carry out inspection of equipment on a regular basis and identify and eliminate any safety hazards in a timely manner. The Group is also gradually replacing energy-intensive and old facilities and equipment with energy-efficient, water-saving and environmentally friendly facilities to improve the efficiency of resource utilisation.</p>
Physical risks — chronic 	<p>Chronic physical risks faced by the Group include but are not limited to rising sea level, rising average temperature, and increasing frequency and severity of extreme weather conditions, among others. Raw materials for the outfit, footwear and accessories manufactured and marketed by the Group are to a large extent dependent on natural fibres such as cotton. Therefore, the pattern of agricultural plantation and cost of agricultural produces are closely associated with the Group's operating costs and access to raw materials.</p> <p>Rising sea level caused by chronic climate change could shrink the size of arable land on a global basis, therefore reducing the volume of cotton production; rising average temperature could affect the growth rate of cotton, thereby reducing the volume of cotton production; increasing frequency and severity of extreme weather could also affect the volume of cotton production. With the decrease in production volume of cotton, the unit price of cotton will go up, thereby increasing the Group's procurement cost.</p>	<p>The Group will continue to monitor climate changes and the frequency of extreme weather conditions in the lands of origin of its raw materials, as well as climate change conditions such as rising sea level, in order to identify in a timely manner any chronic physical risks that might affect the production volume of raw materials.</p> <p>We will prudently assess the climate change risks faced by suppliers and consider a diversified procurement strategy to reduce our dependence on any single supplier, thereby enhancing the stability of our raw material supply chain and reducing the risk of supply-chain disruption caused by climate change.</p> <p>We will also conduct optimisation estimates on the consumption of fabrics at the stage of fabric procurement and perform precision cutting at the stage of production to enhance the efficiency of fabric consumption in a comprehensive manner.</p>



Type of risk/opportunity	Potential impact	Measures in response
<p>Risks associated with the transitional period — policy and law</p> 	<p>The Chinese government is highly concerned with climate change and has continued to enhance relevant laws and regulations in terms of volume and their binding force, whilst setting the goals for “carbon peaking and carbon neutrality”. Meanwhile, the stock exchange and other regulatory authorities have imposed more exacting requirements for the disclosure of climate-related information by listed companies, directing corporations to provide more complete, detailed and reliable disclosures of their initiatives to address climate change.</p> <p>The increasingly rigorous regulatory policy requires the Group to enhance its competence in climate change management, data statistics and information disclosure, presenting challenges to the Group in terms of sustainable operation and compliance in information disclosure relating to climate change which could increase the Group’s compliance cost.</p>	<p>The Group will closely monitor policies relating to climate change to determine the policy situation, conduct investigations on legal compliance relating to climate change on a regular basis and review compliance status of the Group’s relevant systems and practices, and will update the relevant systems in a timely manner as required under the laws and regulations.</p> <p>In view of increasingly rigorous requirements for information disclosure, the Group will enhance its reserves of knowledge and manpower in relation to climate change issues and strengthen staff training in association with external institutions to improve its ability to respond to policy changes regarding climate change. We have been actively involved in work relating to climate change, including participation in initiatives such as “30 • 60 Accelerating Carbon Neutrality for the Chinese Textile and Garment Industry”, “Sixth FIS International Footwear Innovation Summit” and “Eighth Footwear Materials Summit”, among others, to explore and roll out initiatives in carbon emission test and evaluation for the full life cycle of textile products.</p>
<p>Opportunities — market changes</p> 	<p>Increasingly, consumers have become aware of the severity of the issue of climate change and have switched their buying preference towards low-carbon products and eco-friendly enterprises. Therefore, the building of an eco-friendly brand image and the provision of more low-carbon and eco-friendly products to consumers could attract more consumers to become followers of our brand and could contribute to growth in the Group’s revenue.</p>	<p>The Group will enhance innovation and application of low-carbon products and give priority to low-carbon and eco-friendly products and services by introducing more applications of eco-friendly materials in its footwear and tee-shirt products, such as bio-based fibre and recycled polyester yarn, among others. The Group will also enhance its effort to promote low-carbon products and the low-carbon philosophy, in order to foster a positive brand image while actively undertaking responsibilities in carbon reduction. In addition, we will closely monitor changes in consumer preference and increase our effort in the R&D of innovative green products, in order to supply consumers with green products meeting their sporting preferences and needs.</p>

Energy Transition

Energy transition is a key measure for enterprises to tackle climate change and achieve low-carbon development. We have established a systematic energy consumption management system to comprehensively collect and analyse energy consumption data across all aspects of production and operations, continuously clarified energy-saving responsibilities and established stringent inspection systems. On such basis, we have implemented a series of measures to continuously improve energy efficiency in office equipment, air conditioning, lighting, and the selection of clean energy, and have set phased energy consumption quotas and energy-saving targets. During the reporting period, we fully integrated and applied the Feishu system in our office software, utilising features such as online editing of cloud documents to further reduce carbon emissions and resource waste associated with traditional office processes like document printing and paper document transmission.

We continue to strive to create energy-efficient offline stores and actively transform towards digitalisation, automation, and intelligence. Through a series of practical and effective operational management measures, innovative and efficient equipment and technical solutions, we continuously reduce the consumption of electricity, refrigerants, and other energy sources. We install LED lights in stores to reduce the number of high-power main lights used, and adjust or reduce spotlights as appropriate based on lighting conditions to decrease electricity consumption. We have also installed inverter air conditioners in all stores to reduce energy consumption. At the end of daily operations, store personnel carefully check and ensure that all electrical equipment are turned off.



Energy-saving management of office equipment

The power equipment is turned on daily from 8:30 to 20:30, and the last employee to leave is responsible for turning off the power in their area. Additionally, employees are reminded via OA every Friday and before holidays to turn off the power, thereby reducing unnecessary electricity consumption and minimising fire and other safety hazards.



Energy-saving management of air-conditioning

Before and after the cooling season each year, air conditioners are regularly inspected, maintained, and serviced. The operating hours of the equipment are controlled by zones from 8:00 to 17:00 to ensure low energy consumption operation of the air conditioners.



Energy saving management of lighting

In the office areas, all lights are LED and automatically turn off at 8:30 p.m. every night to save electricity consumption caused by lights being left on when the office is not in use. During the employees' overtime period, we will provide single-storey power supply for the employees on the relevant floors.



Selection of clean energy

The Company installed solar water heaters to fully utilise solar energy and provide hot water for employees in washrooms in winter.

Meanwhile, we are also committed to enhancing the awareness of green development among all internal employees, encouraging organisations to strengthen communication with consumers, and integrating sustainable awareness and behaviour into daily work and life consumption. We actively engage in green office practices, enhance staff awareness of green and low-carbon concepts through low-carbon environmental protection themed training, and encourage employees to leverage the influence of the Company and brand to drive more consumers and the public to participate in climate action.

Optimisation of Resource Utilisation

Water resources are the indispensable and major resources for the production and operation of enterprise, and we attach utmost importance to their sustainable use. In terms of water resource management, we have established the “Water Conservation Management System” to implement the water conservation policy of “environmental compliance, water conservation first, economic discharge, and scientific management.” By continuously improving the water usage statistics and monitoring system, we can grasp the water usage situation in each production link in real time. At the Taicang factory, we promote water conservation awareness among all employees, advocate the habit of “turning off water supply when not in use”, and

post water-saving signs next to washbasins. At the same time, we have also set phased water quotas and conservation targets and continuously improved water use efficiency through measures such as optimising processes and adopting advanced water-saving technologies.

The sustainable use of materials is a key aspect of our circular economy practices. To maximise the efficiency of raw material utilisation, we have effectively deployed three major strategies: process upgrade and optimisation, defective product recycling, and finished product packaging optimisation. This not only enhances the efficiency of raw material usage but also reduces production costs, further demonstrating our commitment to and pursuit of environmental protection.

Reduction of Wastes and Pollution

We place great emphasis on the classification management and compliant disposal of waste, and actively promote waste reduction measures in the administrative operations of the Group. We have set up a used paper recycling area beside the printers to collect wastepaper, old courier document paper bags, and cartons for recycled use by staff. Hazardous wastes such as ink boxes and toner cartridges generated by printing equipment are centrally handled by qualified third parties for compliant recycling and disposal to ensure proper handling of these items. We purchase bottled drinking water on a centralised basis to minimise the number of waste bottles generated. At our Shanghai office, we have formulated the Shanghai KAPPA Waste Sorting System

based on the Shanghai Household Waste Management Regulations to ensure that staff members strictly comply with waste sorting requirements, further strengthening waste recycling management.

In the production process, we focus on reducing the generation of waste and wastewater. During the stage of product design and production, we make precise layout designs based on key parameters such as tested width and shrink rate provided by the fabric warehouse, with a view to maximising the utilisation rate of raw materials and minimising the waste of fabric leftovers. In terms of wastewater, we continuously optimise production processes to reduce unnecessary water usage while adopting advanced washing technologies to minimise the water consumption per unit product. During the stage of product distribution and transportation, we prioritise the use of recyclable paper boxes to reduce wastage of wood products. Meanwhile, during the product recycling stage, we have strengthened the recycling mechanism for fabrics and sample garments and actively promoted the circular reuse of resources.

On store operations, we also actively implement waste reduction measures. Currently, all hangers used in the Group’s stores have obtained Global Recycling Standards (GRS) certification, demonstrating significant reusable value. During the store renovation process, we uniformly approve and procure decoration materials that meet environmental protection requirements, and minimise the use of wall panel coatings to reduce the impact of decoration and renovation materials on the environment. When stores undergo renovation and upgrade, our construction contractors will uniformly recycle reusable materials such as lighting and hangers, thereby effectively reducing resource wastage.



Process optimisation and upgrade

We continuously improve production process to enhance the utilisation rate of raw materials and reduce loss and waste during the production process. Meanwhile, we introduce advanced cutting technology to minimise fabric leftovers in the raw material cutting process.



Defective product recycling

For defective products generated during the production process, we have established a comprehensive recycling mechanism. Through reprocessing or reuse, we achieve the secondary use of resources.



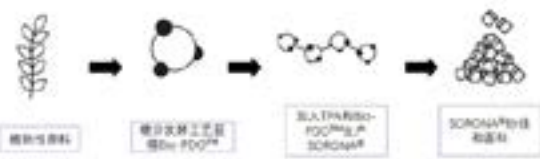


Finished product packaging optimisation



We optimise product packaging solutions to reduce the usage of packaging materials, while adopting recyclable packaging materials to minimise the environmental impact of packaging.

CIRCULAR ECONOMY





Following the “14th Five-Year Plan” for Circular Economy Development in China, the Circular Economy Action Plan of European Union and other relevant policies and initiatives at home and abroad, China Dongxiang adheres to the product design concept of minimising environmental impact, emphasising the innovation, research, and production of low-carbon products. By increasing the use of eco-friendly materials and reducing the use of hazardous chemicals, we continuously minimise the negative impact of our products on the environment and natural resources, convey the concept of green consumption to consumers, and build a responsible corporate image.





During the reporting period, the main eco-friendly materials used in KAPPA brand products were as follows:

Product category	Fabric type	Characteristics or principles	Application	Illustration
Apparel	Bio-based fiber — SORONA® (1977)	<p>This fabric contains 37% plant-based renewable raw materials (plant-based starch sugar). Compared to traditional nylon fabric, the product manufacturing process of SORONA® could reduce consumption of petroleum resources by approximately 37%, energy consumption by 30% and greenhouse gas emission by 63%.</p> 	Approximately 270,000 orders of apparel products in FY2023/2024 used SORONA® fiber.	
	Bio-based fiber — EcoCosy®	<p>The fabric uses EcoCosy® wood-based fibers, which are sourced from responsibly managed plantations certified by international authorities. During the growth process of plantations, they bask in sunlight and water, absorb carbon dioxide, reduce greenhouse gas emissions, and decrease carbon footprint. 100% bio-based certified, it is naturally biodegradable in 28 days, recyclable and renewable.</p>	Approximately 10,000 orders of apparel products in FY2023/2024 used EcoCosy® fabric.	

Product category	Fabric type	Characteristics or principles	Application	Illustration
Shoes	TPU (thermoplastic polyurethane elastomers) material	This material is recyclable and reusable and does not produce waste such as escaped burrs and extruded waste glue, thereby effectively increasing the efficiency of the consumption of materials.	In FY2023/2024, the Group's Kappa brand has produced more than 200,000 pairs of footwear containing TPU.	
	PU (polyurethane)	Polyurethane soles have the advantages of low density, soft texture, good elasticity, comfortable and lightweight to wear; good oxidation resistance, and excellent abrasion resistance.	In FY2023/2024, more than 60,000 pairs of footwear containing PU were produced.	

PHENIX consistently upholds the concept of circular economy, integrating sustainable development into every aspect of product development. We firmly believe that only by striving for excellence in every process can we bring truly safe, reliable, and high-quality products to consumers. During the reporting period, the main eco-friendly materials used in PHENIX brand products were as follows:

Product category	Fabric type	Characteristics or principles	Application	Illustration
Apparel	Smawarm® Eco Cotton	<p>Using multi-layer composite of different low thermal conductivity materials, the fineness of the fiber is only 1/3 of the feather, preventing body heat loss. The fiber is thoroughly blended with natural mineral powder, and due to the porous nature of the powder, it can play a filtering role to eliminate various odours and bacteria and other harmful substances in the air. Additionally, as it contains trace metals and has moisture-absorbent and fast-drying properties, it can reduce the static electricity issues associated with wearing clothes in winter.</p> 	In FY2023/2024, Smawarm® Eco Cotton has been used in 20% of our products.	
	PrimaLoft® Eco Cotton	<p>Made from recycled plastics and recyclable, this heat-insulating fabric is conducive to resource conservation and efficient utilisation.</p> 	Approximately 10,000 orders of apparel products in FY2023/2024 used PrimaLoft® Eco Cotton.	

Product category	Fabric type	Characteristics or principles	Application	Illustration
	Recycled Polyester Yarn	<p>ECO polyester fiber is used. Through physical processing methods, waste PET plastic bottles are melted into PE chips, and then spun and woven, which effectively reduce the ecological burden.</p> 	<p>Approximately 2,000 apparel products in FY2023/2024 used recycled polyester fabric.</p>	
Apparel	ECOUSE recycled polyester fabric	<p>Made from raw materials such as plastic bottles and wood waste generated during the manufacturing process, it is increasingly being used in yarn, cotton, fabric, and textile products.</p> 	<p>In FY2023/2024, the product line in Japan used Japan Toray's ECOUSE recycled polyester fabric.</p>	

CHEMICAL SAFETY

We are committed to establishing a comprehensive chemical safety management system to ensure that the chemicals used in our production and operation activities are responsible towards employees, consumers, and the environment. We will minimise chemical risks to the greatest extent through standardised chemical management processes, strict access supervision, and effective monitoring and control, thereby creating safer and greener products for society. At the same time, we will also continuously optimise processes, select more eco-friendly alternative chemicals, and consistently improve the safety of chemical usage processes.

Chemical Safety Management

We have established and gradually improved a chemical management system and processes covering the entire process of procurement, transportation, storage, usage, and disposal. We strictly abide by relevant laws and regulations, regularly assess the safety of chemicals, and identify potential risks. During the production process, we use advanced monitoring equipment to carry out real-time monitoring of key indicators and promptly identify and address any anomalies. We have also established an emergency response plan to ensure that any chemical spill

incidents can be handled and addressed quickly and effectively. We have designated personnel responsible for chemical management and established a sound ledger and early warning mechanism. All tasks related to chemicals have clear responsibilities and operational standards, and relevant personnel must undergo professional training before being officially appointed to the position. We conduct regular chemical risk assessments and formulate continuous improvement plans accordingly. At the same time, we have also established a comprehensive chemical accident emergency mechanism to ensure a quick response and effective control. During the reporting period, we invited third-party independent testing organisations to conduct comprehensive chemical testing on apparel, footwear products, and materials according to relevant domestic and international standards, covering categories such as pH value, formaldehyde content, pesticides, phthalates, aromatic amine dyes, and carcinogenic dyes. In the future, in addition to strengthening the safety management of the entire life cycle of chemicals, we plan to formulate a systematic chemical phase-out plan, committed to gradually eliminating chemicals that pose potential risks to the environment and health.

Management of Suppliers' Chemicals

We have designated personnel responsible for chemical management and established a sound ledger and early warning mechanism. All tasks related to chemicals have clear responsibilities and operational standards, and relevant personnel must undergo professional training before being officially appointed to the position. We conduct regular chemical risk assessments and formulate continuous improvement plans accordingly. At the same time, we have also established a comprehensive chemical accident emergency mechanism to ensure a quick response and effective control.

Training and Empowerment

We provide systematic chemical safety training for relevant staff, including chemical identification and classification, operational procedures, and emergency handling. At the same time, we also organise regular drills and knowledge competitions to continuously enhance employees' awareness of chemical safety and operational skills. Further, we also require core suppliers to regularly organise these training courses

and maintain training records. We also conduct on-site inspections periodically to ensure that the staff of suppliers have acquired the necessary knowledge and skills in chemical safety. Our chemical management system can only truly function if the internal staff of suppliers possess solid chemical safety awareness and operational capabilities.

Through the aforementioned measures, we are gradually reducing the impact of chemicals on the environment and employee health, providing safer and greener products to society. We will continue to increase our investment and efforts in this area to make due contributions to the comprehensive green transformation of chemicals.



CHAPTER 5

CONVEYING CIVIC VALUES

CHAPTER STORY — CHINA DONGXIANG WITH WARMTH

PROMOTING SPORTS CULTURE

PUBLIC WELFARE AND CHARITY

COMMUNITY ENGAGEMENT

COMMUNITY • INTEGRATION

We persist in continuous attention of and deep integration with the community, focusing on the promotion of sports culture, poverty alleviation and community engagement, actively investing resources, fulfilling social responsibility, giving back to society through actions, and developing together with the community.

UNITED NATIONS SDGS CORRESPONDING TO THIS CHAPTER

CHAPTER 5: CONVEYING CIVIC VALUES

CHAPTER STORY — CHINA DONGXIANG WITH WARMTH

We discovered many bright faces of girls playing football as we walked through different parts of China. We attempted to look for feminine power in an extensive amount of footage and the power means protecting and taking care of one another, and it means companionship. It does not fade but accumulates as time goes by. The story brought us to Rongjiang county of Guizhou province, which is nationally famous for its Kam culture, and has visitors from everywhere stunned by its "Village Super League". The road sign of the Rongjiang Chengbei Stadium says "Goal for Life", and more than 50,000 spectators swarmed into the Stadium the day the 2024 Village Super League was held. It does not matter if you play football or not, you will fall in love with the sport naturally as you arrive here.



Zheng Maohuan, a Kam girl, is the only female player in the Zhongcheng Village Team of Rongjiang county who plays the centre back in the team. Since joining the team in 2023, she could always feel doubts surrounding her despite that everyone else in the team has always been taking good care of her, and the doubt has always been about the difference between physical attributes of male and female, inevitably. Nevertheless, Zheng faced these doubts with an open mind. Besides giving her best in regular trainings, she occupied herself with extra trainings aiming to surpass her male counterparts. She set a goal for herself, "Score a clutch goal in the match!"

She obtained the Certificate of the National Second-Class Athlete in the second year at high school, and entered the university with this specialty. Moreover, she has gained recognition from her parents and has become an idol for kids who love playing football now because of the "Village Super League". "Whether it is about my pursuit of further education or becoming a female football player, the "Village Super League" has made a difference to my life, which I had never thought about in the past."



Persisting in a sport and proving to the world that girls and boys are equally good, the spirit of Steel Roses that always perseveres and never says never has turned adversity into poetry. It motivates passion with sweat and hope arises from despair, which is in line with how the KAPPA brand adopts "passionate, out of the ordinary and say no to mediocrity" as its core value and continue to cultivate and be China Dongxiang with warmth on the basis of passing on the gene of sports.

PROMOTING SPORTS CULTURE

“Fashionable sports” demonstrates our firm commitment to the concept of sports for all. The two major brands, KAPPA and PHENIX, not only represent the cutting-edge fashion trend, but also bear our deep understanding and respect for sports culture. We spare no effort to integrate the brand’s values with the concept of sports for all. Through the promotion of fashionable sports, we stimulate the enthusiasm of more people to participate in sports and enjoy the fun brought by sports. This is not merely the pursuit of our brand, but also our responsibility and commitment to society.

As the three major platforms, namely Tencent Video, Mango TV and iQIYI, launched sports competition variety shows, KAPPA captured the pulse of this trend with keen insight and decisively sponsored iQIYI’s “We Never Stop”. The variety show was rated as internal S+ grade, which attracted the joining of celebrity guests such as Li Chen, Zhang Yuqi, Su Bingtian and Zhang Weili, and the wonderful participation of 100 well-known fitness influencers in the industry. The sponsorship of KAPPA not only provided professional clothing support for the show, but also conveyed the idea of fitness for all to the public through this platform. Along with the broadcast of the show, niche sports such as frisbee, cycling, camping and river tracing have gradually entered the public’s vision and become a new choice for more and more people to pursue health and vitality. The sponsorship of KAPPA this time has undoubtedly injected new vitality into fitness for all. It shows people that workout is not only for professional athletes, but also a lifestyle that every individual can participate in and enjoy. Let us follow the pace of KAPPA and join the ranks of fitness for all to pursue a healthy and joyful life together!

PHENIX has been dedicated to promoting double-board freestyle skiing, and has even advocated everyone to break the status quo and dare to explore new areas. In 2023, PHENIX held multiple promotion activities for sports culture, including the PHENIX “Brothers Cup” Alpine Skiing Cup Competition and the PHENIX x chicamp freestyle training camp, which attracted the participation of nearly 4,000,000 people across the network. We not only targeted experienced contestants with these activities, but also beginner skiing enthusiasts. Under the guidance of the coach team, they experienced the fun of freestyle skiing in 1-2 days and enjoyed the pleasure of skiing, which comprehensively promoted the idea of sports for all.



PHENIX “Brothers Cup” Alpine Skiing Cup competition



PHENIX x chicamp freestyle training camp

Keketuohai Ski Resort in Xinjiang appeals to countless sports lovers with its spectacular natural views and quality skiing conditions. This is an excellent place for challenging oneself and experiencing speed and passion, as well as the charisma of nature. To promote the culture of freestyle skiing at the beginning of the snow season and encourage more sports lovers to experience skiing, we launched an activity of collecting fun sports videos throughout the network, from which we selected several popular content creators and invited them to the Keketuohai Ski Resort to ski with new skis, experience the products of PHENIX and learn about the Group’s business. Meanwhile, we invited sports influencers, artists and national freestyle skiers to participate all together, so that more people understand and start to like freestyle skiing.



PUBLIC WELFARE AND CHARITY

We have always regarded public welfare and charity as an integral part of our corporate development. As an influential enterprise, we shoulder the important responsibility of giving back to society and caring for the disadvantaged groups. Therefore, we not only pursue excellence in the business field, but also take actions in the area of public welfare and charity actively, and contribute to society through various forms such as donations, assistance, volunteer service, etc. We are aware that public welfare and charity is not merely a social responsibility, but also an embodiment of values. We will continue to be committed to this, deliver love and hope to society, and build a better future concertedly.

KAPPA, a brand that focuses on more than fashion trends, also strives to promote feminine power and public welfare actions in remote areas. In regard to product design, our KAPPA brand provides female consumers with female-friendliness as a unique design philosophy, aiming to bring along more convenience while showcasing one's style and power. In terms of public welfare activities, we encourage women to bravely pursue their dreams, express themselves and be the strong in life. We regularly carry out charitable donation activities in remote areas to send warmth and hope to those in need with actual deeds.

Regarding our school uniform business, we participate in charity sales organised by schools every year and donate the proceeds from the charity sales to remote impoverished mountainous areas. During high school entrance examination and college entrance examination in June every year, we give away uniforms to teachers of graduation classes, so that teachers can wear them together on their way to the examination venues with students, giving students an extra boost of confidence. We give away to schools with graduation classes, serving more than 1,000 teachers in total. The teachers in the uniform take photos with students of graduation classes, leaving beautiful memories for the students. Throughout FY2023, KAPPA donated 91 school uniforms to impoverished students, donated more than 1,000 examination uniforms.



Teachers accompanying their students to exams wearing KAPPA "sure-win uniforms"



COMMUNITY ENGAGEMENT

We attach great importance to the establishment of a stable and effective community communication mechanism, insist on giving back the gains of corporate development to society, and actively carry out social responsibility practices. We take into consideration the impact of business activities on the community and the public and assist the development of the community by communicating with and listening to them. During the financial year, we gave full play to our brand advantages, organised and carried out diversified business promotion activities to build a brand with “warmth, attitude and depth”, and conveyed a positive spirit to youngsters in the new era.

KAPPA customised and designed more than 50 student outfits for a school in Beijing, covering four seasons of a year and a variety of occasions. The customised design of various types of clothing such as the same design on different colours, different designs on different colours, knitted, woven, cotton-feather and both men and women styles has met the student’s diversified choices for student outfits. At the beginning of the cooperation, we clearly understood the school’s history and culture, teaching philosophy, intended clothing effect and other basic information, and proceeded to the first round of designs. More than 80 designs were selected from over 100 designs as candidates for samples. After the samples were produced, 50 samples were finally selected as the ultimate bulk production category. Students can order through an online mini-programme. The ordering process is simple and fast, and products will be delivered in 48 hours. In the meantime, we are equipped with online customer service to reply in real time, which brings a convenient and fast experience to parents and is well received by schools, parents and students.



APPENDIX:

HKEX ESG REPORTING GUIDE INDEX

Provisions, Subject Areas, Aspects, General Disclosures and KPIs		Section of disclosure or remarks
Aspects, General Disclosures and KPIs	Description	Section of disclosure
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	EARTH PRESERVATION ACTION — CLIMATE ACTION
KPI A1.1	The types of emissions and respective emissions data	APPENDIX — TABLE OF KEY PERFORMANCE INDICATORS
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	APPENDIX — TABLE OF KEY PERFORMANCE INDICATORS
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	APPENDIX — TABLE OF KEY PERFORMANCE INDICATORS
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	APPENDIX — TABLE OF KEY PERFORMANCE INDICATORS
KPI A1.5	Description of emission target(s) set and steps taken to achieve them	EARTH PRESERVATION ACTION — CLIMATE ACTION

Provisions, Subject Areas, Aspects, General Disclosures and KPIs		Section of disclosure or remarks
Aspects, General Disclosures and KPIs	Description	Section of disclosure
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	EARTH PRESERVATION ACTION — CLIMATE ACTION
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	EARTH PRESERVATION ACTION — CLIMATE ACTION
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	APPENDIX — TABLE OF KEY PERFORMANCE INDICATORS
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	APPENDIX — TABLE OF KEY PERFORMANCE INDICATORS
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	EARTH PRESERVATION ACTION — CLIMATE ACTION
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	EARTH PRESERVATION ACTION — CLIMATE ACTION
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	APPENDIX — TABLE OF KEY PERFORMANCE INDICATORS

Provisions, Subject Areas, Aspects, General Disclosures and KPIs		Section of disclosure or remarks
Aspects, General Disclosures and KPIs	Description	Section of disclosure
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources	EARTH PRESERVATION ACTION — CLIMATE ACTION
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	EARTH PRESERVATION ACTION — CLIMATE ACTION
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	EARTH PRESERVATION ACTION — CLIMATE ACTION
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	EARTH PRESERVATION ACTION — CLIMATE ACTION
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	EXCELLENT PARTNERSHIPS — OUR EMPLOYEES
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	APPENDIX — TABLE OF KEY PERFORMANCE INDICATORS

Provisions, Subject Areas, Aspects, General Disclosures and KPIs		Section of disclosure or remarks
Aspects, General Disclosures and KPIs	Description	Section of disclosure
KPI B1.2	Employee turnover rate by gender, age group and geographical region	APPENDIX — TABLE OF KEY PERFORMANCE INDICATORS
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	EXCELLENT PARTNERSHIPS — OUR EMPLOYEES
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	APPENDIX — TABLE OF KEY PERFORMANCE INDICATORS
KPI B2.2	Lost days due to work injury	APPENDIX — TABLE OF KEY PERFORMANCE INDICATORS
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	APPENDIX — TABLE OF KEY PERFORMANCE INDICATORS
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	EXCELLENT PARTNERSHIPS — OUR EMPLOYEES
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	APPENDIX — TABLE OF KEY PERFORMANCE INDICATORS
KPI B3.2	The average training hours completed per employee by gender and employee category	APPENDIX — TABLE OF KEY PERFORMANCE INDICATORS



Provisions, Subject Areas, Aspects, General Disclosures and KPIs		Section of disclosure or remarks
Aspects, General Disclosures and KPIs	Description	Section of disclosure
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	EXCELLENT PARTNERSHIPS — OUR EMPLOYEES
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	EXCELLENT PARTNERSHIPS — OUR EMPLOYEES
KPI B4.2	Description of steps taken to eliminate such practices when discovered	EXCELLENT PARTNERSHIPS — OUR EMPLOYEES
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	EXCELLENT PARTNERSHIPS — RESPONSIBLE SUPPLY CHAIN
KPI B5.1	Number of suppliers by geographical region	APPENDIX — TABLE OF KEY PERFORMANCE INDICATORS
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	EXCELLENT PARTNERSHIPS — RESPONSIBLE SUPPLY CHAIN

Provisions, Subject Areas, Aspects, General Disclosures and KPIs		Section of disclosure or remarks
Aspects, General Disclosures and KPIs	Description	Section of disclosure
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	EXCELLENT PARTNERSHIPS — RESPONSIBLE SUPPLY CHAIN
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	SUSTAINABLE SPORTS FASHION — RESPONSIBLE MARKETING
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	SUSTAINABLE SPORTS FASHION — SERVICE AND SUPPORT
KPI B6.2	Number of products and service related complaints received and how they are dealt with	SUSTAINABLE SPORTS FASHION — SERVICE AND SUPPORT
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	SUSTAINABLE SPORTS FASHION — RESPONSIBLE MARKETING



Provisions, Subject Areas, Aspects, General Disclosures and KPIs		Section of disclosure or remarks
Aspects, General Disclosures and KPIs	Description	Section of disclosure
KPI B6.4	Description of quality assurance process and recall procedures	SUSTAINABLE SPORTS FASHION — PRODUCT PIONEER
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	RESPONSIBLE CORPORATE GOVERNANCE — EFFICIENT CORPORATE GOVERNANCE
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	RESPONSIBLE CORPORATE GOVERNANCE — EFFICIENT CORPORATE GOVERNANCE
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	RESPONSIBLE CORPORATE GOVERNANCE — EFFICIENT CORPORATE GOVERNANCE
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	RESPONSIBLE CORPORATE GOVERNANCE — EFFICIENT CORPORATE GOVERNANCE

Provisions, Subject Areas, Aspects, General Disclosures and KPIs		Section of disclosure or remarks
Aspects, General Disclosures and KPIs	Description	Section of disclosure
KPI B7.3	Description of anti-corruption training provided to directors and staff	RESPONSIBLE CORPORATE GOVERNANCE — EFFICIENT CORPORATE GOVERNANCE
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	CONVEYING CIVIC VALUES — PUBLIC WELFARE AND CHARITY, COMMUNITY ENGAGEMENT
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	CONVEYING CIVIC VALUES — PUBLIC WELFARE AND CHARITY, COMMUNITY ENGAGEMENT
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	CONVEYING CIVIC VALUES — PUBLIC WELFARE AND CHARITY, COMMUNITY ENGAGEMENT



TABLE OF KEY PERFORMANCE INDICATORS

KPI	Unit	FY2021/2022	FY2022/2023	FY2023/2024
Sustainable Sports Fashion				
Number of products voluntarily recalled	Piece	0	0	0
Number of products mandatorily recalled	Piece	0	0	0
Excellent Partnership				
Total number of staff	Person	376	471	350
Number of staff by gender				
Total number of male staff	Person	140	155	121
Total number of female staff	Person	236	316	229
Number of staff by age group				
Total number of staff aged 30 or below	Person	59	51	48
Total number of staff aged 31 to 50	Person	306	400	290
Total number of staff aged 51 or above	Person	11	20	12
Number of staff by grade				
Total number of management staff	Person	101	86	80
Total number of non-management staff	Person	275	385	270
Number of staff by geographical region				
Total number of staff in Mainland China	Person	374	469	348
Total number of staff in Hong Kong, Macau and Taiwan	Person	2	2	2
Total number of staff in other overseas regions	Person	0	0	0

KPI	Unit	FY2021/2022	FY2022/2023	FY2023/2024
Group staff turnover rate	%	28.92%	26.98%	37.39%
Staff turnover rate by gender				
Male staff	%	27.84%	26.89%	33.52%
Female staff	%	29.55%	27.02%	39.26%
Staff turnover rate by age group				
Staff aged 30 or below	%	27.16%	32.00%	31.43%
Staff aged 31 to 50	%	29.49%	26.61%	36.96%
Staff aged 51 or above	%	21.43%	20.00%	58.62%
Staff turnover rate by staff grade				
Management staff	%	21.70%	25.86%	13.98%
Non-management staff	%	31.25%	27.22%	42.06%
Staff turnover rate by geographical region				
Staff in Mainland China	%	28.92%	27.06%	37.52%
Staff in overseas regions, Hong Kong, Macau and Taiwan	%	0.00%	0.00%	0.00%
Percentage of employees receiving training by gender				
Percentage of male staff receiving training	%	60.71%	71.61%	70.25%
Percentage of female staff receiving training	%	69.07%	73.10%	58.08%
Percentage of employees receiving training by staff category				
Percentage of management staff receiving training	%	55.45%	69.77%	77.50%
Percentage of non-management staff receiving training	%	69.82%	71.95%	57.78%



KPI	Unit	FY2021/2022	FY2022/2023	FY2023/2024
Average training hour per employee by gender				
Average length of training per person for male staff	Hour	3.27	13.26	7.52
Average length of training per person for female staff	Hour	4.12	15.80	6.72
Average training hour per employee by staff category				
Average length of training per person for management staff	Hour	4.85	9.02	9.13
Average length of training per person for non-management staff	Hour	3.47	16.53	6.20
Number of working days lost due to work injury in the financial year	Day	60.50	34.50	45.50
Number of work-related fatalities in the past three years	Person	0	0	0
Rate of work-related fatalities in the past three years	%	0.00%	0.00%	0.00%
Total number of suppliers	Number	71	62	53
Number of suppliers by geographical region				
Number of suppliers in Eastern China	Number	32	40	34
Number of suppliers in Central China	Number	8	2	1
Number of suppliers in Northern China	Number	16	2	1
Number of suppliers in Southern China	Number	15	15	14
Number of suppliers in Northern China	Number	0	3	3

KPI	Unit	FY2021/2022	FY2022/2023	FY2023/2024
Earth Protection Scheme				
Direct greenhouse gas emission (scope 1)	tCO ₂ e	26.12	16.79	14.84
Indirect greenhouse gas emission (scope 2)	tCO ₂ e	1,282.51	1,228.07	1,057.95
Total greenhouse gas emissions (scope 1 and scope 2) ¹	tCO ₂ e	1,308.64	1,244.86	1,072.79
Greenhouse gas emission intensity by employee	tCO ₂ e/person	1.56	1.98	3.07
Greenhouse gas emission intensity by revenue	tCO ₂ e/RMB million	0.75	0.71	0.62
Greenhouse gas emission intensity by area	tCO ₂ e/square metre	0.06	0.05	0.05
Total energy consumption ²	MWh	2,129.86	2,008.73	1,181.80
Direct energy consumption	MWh	105.00	67.40	58.55
— Petrol	MWh	81.87	51.60	49.94
— Diesel	MWh	23.13	15.80	8.61
Indirect energy consumption	MWh	2,024.86	1,941.33	1,123.25
— Purchased electricity	MWh	2,024.86	1,941.33	1,123.25
Total water consumption ³	Tonne	30,649.76	35,807.60	34,444.48
Water consumption intensity by employee	Tonne/person	81.52	76.02	98.41

¹ Due to its business nature, the significant air emissions of the Group are greenhouse gas emissions, arising mainly from the use of fuels and electricity generated from fossil fuels. The Group's greenhouse gas inventories encompass carbon dioxide, methane and nitrous oxide. Greenhouse gas accounting is presented in carbon dioxide equivalent in accordance with 2019 Baseline Emission Factors for Regional Power Grids in China issued by the Ministry of Ecology and Environment of the People's Republic of China and the 2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories issued by Intergovernmental Panel on Climate Change (IPCC).

² Energy consumption data is calculated based on the consumption of electricity and fuel as well as the conversion factors provided by the General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020), the national standards of the People's Republic of China. The electricity purchased externally excludes the data of the Harbin office, as the electricity fees of Harbin offices are included in the property management fees, hence electricity consumption cannot be calculated separately.

³ Water consumption includes tap water consumption of district offices in Beijing, Nanjing, Dalian, Wuhan and Kunming and Taicang Factory. Water tariffs of district offices in Shanghai, Shenzhen, Zhengzhou, Changsha are included in property management fees, hence the water consumption cannot be calculated separately. We have conducted estimates according to the 2021 China Water Resources Bulletin published by the Ministry of Water Resources of the People's Republic of China.



KPI	Unit	FY2021/2022	FY2022/2023	FY2023/2024
Water consumption intensity by area	Tonne	1.21	1.56	1.66
Total packaging material ⁴	Tonne	1,357.10	940.01	662.29
— Plastic	Tonne	/	/	152.14
— Paperboard	Tonne	/	/	509.15
Packaging material intensity by revenue	Tonne/RMB million	0.71	0.56	0.38
Total hazardous waste ⁵	Tonne	0.13	0.12	0.11
Hazardous waste intensity by employee	Tonne/person	0.0002	0.0002	0.0003
Total non-hazardous waste ⁶	Tonne	28.56	54.05	54.95
Non-hazardous waste intensity by employee	Tonne/person	0.03	0.08	0.16
Conveying Civic Values				
Number of school uniforms donated	Piece	/	/	91

⁴ Packaging materials mainly include paperboards, plastic bags and packaging paper purchased during the Reporting Period for clothing, shoes, accessories and logistics.

⁵ Hazardous wastes involved in the Group operations primarily include waste toner cartridges and ink boxes.

⁶ Non-hazardous wastes involved in the operations of the Group primarily include office waste, leftover materials and waste electronic equipment. Office waste is disposed of collectively by property management companies, while leftover materials and waste electronic equipment approved for retirement are recycled and disposed of by recycling operators.

READERS' FEEDBACK

Dear Readers,

Hello!

Thank you for reading this report. We sincerely look forward to your comments and valuable suggestions on this Report, so that we can continuously improve our ESG work and improve our ability and level of responsibility fulfillment! We solemnly undertake to keep your personal information strictly confidential.

Multiple choice questions: (Please select "✓" in corresponding locations)

- For China Dongxiang, your identity is:
 Staff Consumer Supplier Supervisory body Media
 Others (Please specify)
- Your overall impression of this report is:
 Very good Relatively good Average Relatively poor Very poor
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 Very high Relatively high Average Relatively low Very Low
- You think the structure of the report is:
 Very reasonable Relatively reasonable Average Relatively poor Very poor
- You think the report format design and presentation form are:
 Very good Relatively good Average Relatively poor Very poor

Open questions

- What aspects of the Report are the most satisfactory to you?

- What information you would like to learn about further is needed to be disclosed in this report?

- What are your comments and suggestions on our ESG work?

Please provide your information to us if it is convenient for you:

Name: _____

Telephone number: _____



Our contact information: ir@dxsport.com.cn

DONGXIANG

We look forward to working with you to
create a more sustainable
China Dongxiang!