

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

phenix



2024/2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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ABOUT US

MESSAGE FROM THE CHAIRMAN

In FY24/25, in the complicated and ever-changing global economic environment, the industrial pattern was profoundly adjusted, consumer demand was accelerated and upgraded, and green and low-carbon transformation has become the consensus of the industry. In the face of transformation not seen in a century, China Dongxiang firmly practices the value mission of “making sports more sustainable”, closely follows the national green and low-carbon development strategy, and continues to deepen the ESG strategic layout by focusing on the five core dimensions of governance innovation, product innovation, win-win partnership, green transformation and social responsibility. Driven by innovation, we integrate science and technology with cultural confidence, promote the sportswear industry to a new stage of modernisation, intelligence and greening, and are committed to building a Chinese sports brand with international competitiveness, helping the industry achieve sustainable development and a win-win future.

Governance builds the foundation, and strategy leads the way — Improving the modernised governance system.

We regard governance as the cornerstone of sustainable development of the enterprise. By enhancing management effectiveness and scientific decision-making, improving the modernised governance system, and strengthening the synergy among the Board of Directors, ESG Committee and management of various departments, we can ensure the standardisation and transparency of the enterprise's operations. We attach importance to risk management and compliance building and actively promote ESG management in line with international standards to provide a solid guarantee for the sound development of the enterprise.

Good products for a bright future — Reshaping the sustainable fashion paradigm.

Over the past year, we continued to advance product innovation and service upgrades. Whether it is the soft and inclusive ‘Marshmallow’ series for female consumers or the multi-scenario

sports equipment that takes into account both functionality and environmental protection, the Group has always been guided by the needs of users to improve product quality and experience. We continue to improve the quality control of the entire process and strengthen our digital capabilities, in an effort to provide customers with more convenient and efficient service experience. At the same time, through innovative marketing cases such as KAPPA’s “3-minute passion” TVC, we deepen the emotional connection between the brand and users and continue to enhance the brand’s influence. We believe that only by constantly breaking through and leading the industry trend can we create higher value for consumers and society.

Working together for a better ecosystem — Establishing a responsible value network.

We understand that the sustainable development of an enterprise cannot be achieved without the joint efforts of partners and employees. China Dongxiang continuously strengthens employee care and talent training, creates a diversified and inclusive corporate culture, and stimulates organisational vitality. At the same time, we actively promote responsible management of the supply chain and encourage our partners to work together to improve the level of sustainable development. Through an open and transparent communication mechanism, the Group has worked jointly with 94 suppliers and 332 employees to build a responsible ecosystem of mutual trust and win-win situation.

Green and sustainability at heart — Practising commitment to climate action.

China Dongxiang actively responds to the requirements of green and low-carbon development and integrates the concept of sustainability into the management of the entire life cycle of its products. We continue to promote green production and low-carbon operation, advocate recycling and resource conservation, and endeavour to reduce the impact of our operations on the environment. The Group continues to explore the innovative application of eco-friendly materials and green processes to promote the green transformation of the industry and help realise the goal of high-quality development.

Sense of social responsibility and public welfare — Building a caring enterprise together.

The value of an enterprise is not only reflected in its products and services, but also in its positive contribution to society. China Dongxiang has always integrated social responsibility into its corporate development strategy and actively participated in various public welfare activities, focusing on social issues such as youth sports, promotion of healthy lifestyles, and women’s empowerment. We continue to promote the cultivation of corporate culture, advocate the values of integrity, inclusiveness and sharing, and inspire a sense of responsibility and belonging among our employees. By supporting sports charity, donating school uniforms, promoting sportsmanship and other diversified initiatives, the Group continues to convey positive energy and contribute to the harmonious progress of society. We believe that only by becoming a caring and responsible enterprise can we win wide recognition and respect from society.

Looking ahead, China Dongxiang will adhere to a customer-centric approach, uphold integrity, maintain openness and sharing, and continuously enhance the enterprise’s sustainable development capabilities. We will work hand in hand with all partners, employees, and all sectors of society, continuously exploring and innovating in the fields of environmental, social and corporate governance, to jointly move towards a healthier and more sustainable future.

Chairman

Chen Yihong

25 June 2025



BOARD STATEMENT

China Dongxiang has always placed ESG in an important strategic position in its corporate development, attaching great importance to the integration and practice of ESG concepts in its corporate operations. To ensure the orderly and efficient advancement of ESG-related work, the Company has established a three-tier ESG governance system with the Board as the core leader, the ESG Committee for overall coordination, and business units for collaborative support. The Board, as the core body for ESG strategic decision-making, is fully responsible for the formulation of the Group's ESG policies and the supervision of their implementation, and authorises the ESG Committee to systematically advance the management of ESG issues.

Under the careful guidance of the Board, the ESG Committee regularly reviews ESG management principles, annual objectives, and decisions on material matters, actively proposes management strategies for significant issues such as supply chain labour standards, anti-corruption mechanisms and climate change response, and supervises the implementation by the relevant departments. The Group's headquarters, subsidiaries, and ESG functional departments undertake specific executive responsibilities, including supplier ESG compliance review, green office process optimisation, and employee sustainability training, ensuring deep integration of the ESG strategy with daily operations.

In terms of target management and supervision, the Board reviews the achievement of environmental targets annually and dynamically sets quantitative targets for carbon emissions, energy consumption, water efficiency and waste management. This year, the ESG Committee organised several special briefing meetings to deeply analyse ESG industry trends, daily management effectiveness and future work plans, putting forward optimisation suggestions such as supply chain transparency and carbon footprint tracking, to promote the synergistic advancement of the Group's ESG practices and business development. The Group dynamically assesses the priority of ESG issues by leveraging the "materiality matrix", focusing on strengthening the protection of labour rights and interests in the supply chain, the establishment of anti-corruption mechanisms and the capacity to address climate change. The relevant assessment process and outcomes have been incorporated into the section headed "Engagement with Stakeholders" of the annual ESG Report and were reviewed and approved by the Board on 25 June 2025.



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 2024 to 31 March 2025. 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 is 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 HKEx (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.

2024/2025 ESG HIGHLIGHTS

Support climate action, actively conduct climate scenario stress testing, quantify physical risks (such as the probability of supply chain disruption due to extreme weather) and transition risks (such as replacing existing products and services with lower-emission products and services), and

continuously explore the balance between “climate governance” and “business for good”.

Disclose greenhouse gas scope 3 data for the first time,

leading more ecological partners in the value chain to low-carbon transformation through its own actions.

Control total greenhouse gas emissions. In FY24/25, the Group's total greenhouse gas emissions (scope 1 and scope 2), as compared with that of last financial year,

decreased by **51.40 %.**

Explore further model of circular economy. In FY24/25, 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 FY24/25, the proportion of our female staff was

65.96 %.

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

while advocating the green consumption concept.

Continue to advance the upgrade of its store image and optimisation of the retail experience,

enhancing brand recognition and customer satisfaction.

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.

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.

Organise ESG training and empower growth for senior management and core team members.

PREFACE: A GREEN FUTURE OF CHINA DONGXIANG

China Dongxiang from a new perspective

Every time we look back at China Dongxiang, it is a new dialogue about classics and innovation. From the iconic KAPPA back-to-back OMINI LOGO to the fusion of technology and fashion in PHENIX skiwear in the world of ice and snow, the Group has always witnessed and participated in the evolution of Chinese sports fashion with a unique attitude. Since its listing in 2007, China Dongxiang has cumulatively launched over 10,000 types of sportswear products, accompanying millions of consumers through every step of youth, growth and confidence.

Today, China Dongxiang is continuously expanding the boundaries of sports and life with a more open and diverse perspective. We not only focus on the products themselves, but also on the users' true experience and growth. In 2024, the Group innovatively launched the "Seaside Summer School" experience program, inviting teenagers to explore themselves, make friends, and gain health and happiness through the integration of nature and sports. This innovative practice not only enriches the social responsibility connotation of the Group but also allows the spirit of sports to take root and flourish in broader life scenarios.

In terms of product innovation, we continue to be user-centric, launching new products that are both comfortable and inclusive, such as the women's "Marshmallow" series, to respond to female consumers' pursuit of confidence and beauty. The KAPPA "Three-Minute Passion" TVC uses real life as an entry point to encourage the public to light up their daily lives with sports and convey a positive attitude towards life. The PHENIX brand continuously pushes the boundaries of technology and aesthetics, offering more professional and eco-friendly equipment choices for winter sports enthusiasts.

China Dongxiang has always challenged the boundaries between tradition and modernity with an unlimited creative vision. We believe that sports are not only about striving on the field, but also an expression of confidence, health and joy in daily life. We continuously explore the integrated application of intelligent technology and eco-friendly materials, driving our products towards a green, healthy and sustainable future. Every innovative attempt is a fulfillment of our responsibility to the Earth and a dedicated protection of user experience.

Rediscovering China Dongxiang is a process of witnessing its continuous evolution and courage to innovate. We invite every consumer to join us on this journey of discovery about sport, fashion and life. For KAPPA and PHENIX brand, you are not just choosing a piece of clothing, but choosing a lifestyle that is positive, open and constantly striving for excellence. True trends never stem from blind following, but rather from continuous creation and leadership.



Vision

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

Mission

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



Revenue

RMB

1,680

million



Operating profit

RMB

244

million



Profit attributable to owners
of the Company

RMB

207

million



Annual payout
ratio

70%



Number of stores

1,005

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 70% of the Group's net profit attributable to equity holders for the year ended 31 March 2025 as an annual dividend. Key financial and operational results for the financial year are shown in the diagram.

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 in Japan, the PHENIX brand is a functional apparel brand originating from skiing. It owns three product lines in the Chinese market: the professional skiing SKI series, the city functional ALK series, and the global selection GOLD series. The PHENIX brand has accompanied numerous top skiers in competitions for years and has 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, 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 checks 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
	<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.
	<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.
	<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.
	<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.

In the journey towards a sustainable future, China Dongxiang will continue to play a leading role, not only providing consumers with high-quality, sustainable products, but also striving to become an important force in promoting the sustainable development of the industry and society. We understand that this is a long and arduous journey, but every step is crucial. Let us work hand in hand, fulfill our commitments with action, jointly protect the Earth, and create a greener, fairer, and more prosperous future.

Commitment to a Green Future of China Dongxiang		
Target classification	Target content	Progress in FY2024/2025
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 and promote the green transformation of the industry. Join no fewer than 5 ecological and sustainable alliances by FY2030. 	<ul style="list-style-type: none"> In FY24/25, we developed a number of environmentally friendly and low-carbon products. For details, please refer to the section headed “PROTECT THE EARTH, GREEN PROMISE”. In FY24/25, China Dongxiang (Group) Co., Ltd. was selected for the 2024 Directory of For Good Enterprises of the For Good Awards.
Eco-friendly and climate responsive action 	<ol style="list-style-type: none"> Set science-based carbon reduction targets and commit to achieving carbon neutrality at the operational level across the Group by 2060. 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 FY24/25, the total greenhouse gas emissions (scope 1 and scope 2) decreased by 51.40% as compared with that of last financial year. In FY24/25, the total water consumption of the Group decreased by 87.30% as compared with that of last financial year. In FY24/25, 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"> By FY2026, the Group’s key suppliers will achieve 100% sustainable production and management training, and at least 80% of key suppliers will pass third-party environmental and social responsibility audits and certifications. Volunteer service: By 2026, 100% of employees will participate in volunteer service projects, with employee volunteer service hours not less than 2,000 hours. Growth empowerment: Support and help with the growth of at least 1,000 people from minority and disadvantaged groups by FY2030. 	<ul style="list-style-type: none"> In FY24/25, we encouraged more suppliers to pay attention to their own ESG practices and actively obtain third-party audit certifications. In FY24/25, KAPPA donated 54 school uniforms to underprivileged students.

AWARDS AND RECOGNITIONS



ESG-related awards and honors



2024 For Good Awards — “Top 15 in Annual ESG Sustainability”



2024 Yicai — China Corporate Social Responsibility Ranking — “Environmental and Ecological Contribution Award”



2025 Global Finance and ESG Sustainability Summit and the Presentation Ceremony of the 2nd Hong Kong Harbour International Excellence Awards — “ESG Excellence Demonstration Company of the Year”



Brand-related awards and honors



The 31st China International Advertising Festival Great Wall Awards — Gold Award in Video Advertisement and Bronze Award in Content Marketing



2024 DAwards — Creative Section — Bronze Award in Video Category (Short Film), Technical Section — Bronze Award in Fine Arts Category



Qingming Awards — Industry Marketing Case of the Year (Clothing, Shoes, Hats and Accessories Category)

CHAPTER 1

GOVERNANCE INNOVATION WITH STEADY PROGRESS

- ✔ EFFICIENT CORPORATE GOVERNANCE
- ✔ ESG STRATEGIC 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

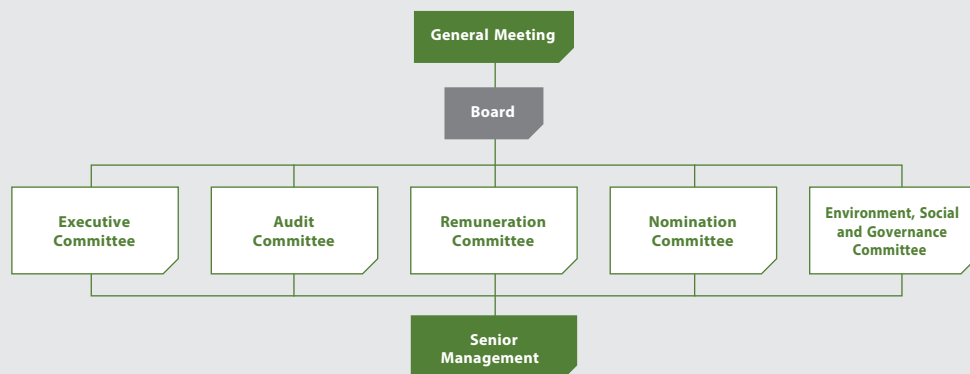
CHAPTER 1 : GOVERNANCE INNOVATION WITH STEADY PROGRESS

EFFICIENT CORPORATE GOVERNANCE

The core strategy of China Dongxiang is to build a modern enterprise governance system with global competitiveness. Through systematic optimisation of its governance structure, strengthening investor relations management and deepening board diversity, the Group aims to achieve dual enhancement in compliance operation levels and sustainable development efficiency. The Group strictly adheres to laws and regulations and regulatory requirements such as 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, and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, establishing a three-tier governance structure with the general meeting as the authority, the Board of Directors as the core decision-making body, and the senior management as the executive body, to ensure the Company's legal and compliant operations and scientific and efficient decision-making. At the same time, the Group regularly convenes annual general meetings to engage in in-depth communication with investors regarding strategic planning and financial performance through an open and transparent mechanism, with particular emphasis on safeguarding the right to information and participation of minority shareholders, thereby solidifying the foundation of trust with stakeholders.

As the core body for the Group's strategic decision-making, the Board has established five specialised committees: the Executive Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Environmental, Social and Governance Committee. In accordance with the Articles of Association and the authorisation of the Board, these committees undertake specific functions such as supervising strategic execution, reviewing financial compliance, incentivising senior management remuneration, evaluating director nominations, and implementing ESG strategies, respectively, thereby forming a governance closed-loop with clear responsibilities and synergistic collaboration. Through continuous improvement of its governance mechanism and compliance culture, China Dongxiang has not only achieved steady operation and business growth but also established a transparent and credible global corporate image in the capital market. In the future, the Group will further promote high-quality development through high-standard governance, deeply integrate ESG concepts into its corporate operations, create long-term value for stakeholders, and help Chinese enterprises play an exemplary role in the global governance system.

Three-Tier Governance Structure of China Dongxiang Group



During the reporting period, we held a general meeting and a number of 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	1
Number of resolutions considered	8
Board meetings during the financial year	
Number of meetings held	16
Average attendance	100%

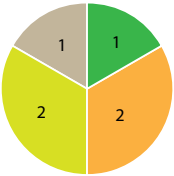
In the process of building an efficient corporate governance system, we consistently regard board diversity and refined management as core strategies. A diversified board composition significantly enhances a company's ability to navigate complex business environments. By attracting professionals from diverse backgrounds, the Board fosters multi-dimensional decision-making perspectives and provides robust support for the company's steady development and long-term strategic planning.

In the Board's management practices, we strictly adhere to the principles of compliance and transparency, ensuring that all decisions and actions comply with laws and regulations such as the Company Law and the Securities Law, as well as regulatory requirements. We foster an open and transparent governance ecosystem by regularly disclosing governance information and promptly responding to market concerns. To ensure governance effectiveness, we have further refined the scope of authority of each specialised committee, clarified specific functions such as strategy execution, financial supervision, and remuneration incentives, and promoted efficient synergy between the Board's decision-making and execution systems. At the same time, we strengthen audit inspection and risk control mechanisms, systematically identifying and mitigating potential risks through regular financial reviews, business risk assessments and internal control process optimisation, thereby safeguarding business continuity.

On investor relations, we uphold the concept of "two-way empowerment", actively communicating the Company's value and growth potential to investors through regular results briefings, financial reports, and strategic planning documents; at the same time, we establish multi-channel communication mechanisms to deeply listen to market feedback and precisely address investor needs. This interactive model not only strengthens the trust foundation of the capital market but also injects continuous momentum into the Company's long-term development through a virtuous cycle of capital and strategy.

Board Diversity

Against the backdrop of accelerated restructuring of the global business landscape and continuous improvement of the market environment, board diversity has become a core strategic element for enterprises to achieve sustainable development. We deeply recognise that a diversified board composition is not only the cornerstone for optimising strategic decision-making, but also a key driving force for stimulating organisational innovation. By attracting board members with cross-industry experience, diverse cultural backgrounds and differentiated professional capabilities, enterprises can build multi-dimensional decision-making perspectives, systematically enhance risk prediction capabilities and strategic foresight, and then solidify their comprehensive competitive barriers in a complex and ever-changing business ecosystem. As at the end of the reporting period, the Board of the Group comprised three executive Directors and three independent non-executive Directors, forming a balanced governance structure of “strategic execution” and “independent oversight”. In the process of nominating and selecting directors, we have established a three-dimensional evaluation system centred on “competency fit — experience complementarity — background diversity”. This system primarily assesses candidates’ depth of experience and resource integration capabilities in core areas such as retail, consumption, finance and technology, focusing on their suitability for key functions like strategic planning, risk management and ESG governance. Concurrently, factors such as educational background, cultural perspective and gender composition are incorporated into the comprehensive scoring to ensure the Board possesses both an international vision and localised insights. Through this scientific selection mechanism, we continuously optimise the Board’s competency matrix, injecting long-term momentum into the Group’s global presence and sustainable development.

Board members: 6 in total	Gender diversity of Board members	Male Directors: 4	Type diversity of Board members	Executive Directors: 3
		Female Directors: 2		Independent non-executive Directors: 3
	Background diversity of Board members	* The executive Directors are senior managers in the sportswear industry with extensive experience in strategic management	Age diversity of Board members	 <div><div></div>60-69</div> <div><div></div>50-59</div> <div><div></div>40-49</div> <div><div></div>39 and below</div>
		* The independent non-executive Directors have extensive professional experience and background in finance, economics, engineering and operation etc.		

Board Management

In the corporate governance system, board management is not only the core engine driving strategy implementation but also the foundational mechanism for long-term value creation. Through the systematic development of a “motivation-supervision-risk control” tripartite governance framework, board management not only stimulates the performance motivation of its members with scientific incentive mechanisms, promoting deep synergy between the Company’s strategic goals and shareholder value, but also establishes compliance as its foundation, clarifying the boundaries of authority for each specialised committee, and strengthening the closed-loop management of audit supervision and risk control, thereby forming a governance ecosystem that covers the entire chain of decision-making, execution and supervision. This system provides structural assurance for enterprises to resist external risks and seize market opportunities by ensuring sound governance structure, operational compliance and information transparency, ultimately injecting long-term impetus into sustainable development.

Compliance and Transparency

Enterprises systematically strengthen governance effectiveness and risk prevention and control capabilities by establishing a compliance management mechanism that covers all business scenarios. We have established a three-in-one compliance management model of “systematic development — certification assessment — dynamic optimisation” based on ISO 37301:2021 “Compliance Management Systems — Requirements with Guidance for Use” as the framework benchmark. We conduct full-cycle risk scans for 14 core compliance areas, including labour employment, anti-monopoly and anti-bribery, deeply embedding compliance requirements into strategic decision-making, business execution and daily operational processes. By establishing a special improvement mechanism for significant risks, differentiated control plans are formulated for high-risk areas to ensure the forward-looking nature and effectiveness of risk responses.

To strengthen the incentive and restraint mechanism for compliance governance, we have incorporated “compliance violation incident rate” into the performance evaluation system of departments and organisations, and formulated corresponding quantitative scoring rules to promote the penetration of compliance responsibilities to business units. During the reporting period, in the area of labour employment, we conducted “Special Training on Labour Employment Risk Prevention and Control”, focusing on key scenarios such as labour contract management, rights protection and dispute resolution. This built a compliance management system covering the entire chain of recruitment, performance of duties and resignation, providing institutional assurance and capability support for creating a legal and standardised human resources ecosystem.



Compliance Training

Risk Management

We attach great importance to risk management, considering it crucial for ensuring the stable development of the enterprise. We actively build and improve a three lines of defense model, aiming to identify, assess, and respond to potential risks through a systematic approach. The first line of defense is the Company's business departments, which are the primary responsible parties for risk management in their respective areas, directly controlling risks in business operations. The second line of defense consists of supporting functional departments, which comprehensively collect disciplinary information from various areas to assist business departments in carrying out risk management work. The third line of defense is the Internal Control and Audit Department, which is responsible for establishing and improving the Group's risk control system, providing methodologies and tools, independently assessing the effectiveness of business risk management, investigating fraud and holding accountable. The three lines of defense perform their respective duties while collaborating, forming a comprehensive, multi-level risk prevention and control network, effectively ensuring the stable development of the enterprise.

"Three lines of defense" for risk management of China Dongxiang

First line of defense

Business departments of the Company

- are the first responsible persons for risk management in the area under their control, and are responsible for controlling risks in business operations.

Second line of defense

Supporting functional departments

- are responsible for the comprehensive collection of all kinds of information on disciplinary violations in various fields, and supporting business departments to effectively carry out risk management work.

Third line of defense

Internal control and internal audit department

- is responsible for establishing and improving the Group's risk control management system, providing methods and tools, and conducting independent assessment of the effectiveness of business risk management, and implementing the investigation and accountability of fraud.

In terms of development of risk management system, we have formulated various rules and regulations including the "Internal Control Manual", and we have continuously ensured the orderly conduct of risk identification, assessment and verification through multiple technical tools at the implementation level. This year, we continued to strengthen our audit work and constantly optimised our audit measures. On the one hand, the audit scope was expanded to include new content such as distributor statements and review of gifts for sales stores, so as to ensure that the audit comprehensively covers key business aspects. On the other hand, the audit depth was enhanced, and detailed checks were conducted on matters such as the booking time of distributor deposits. In addition, an audit risk alert was issued to the Group's Finance Department, emphasising risk control over the semi-annual warehouse inventory-taking to ensure the safety of the company's assets and the stability of its operations.

Anti-Corruption and Anti-Unfair Competition

In the area of anti-corruption and anti-bribery, China Dongxiang has formulated the "Anti-Corruption and Anti-Bribery Reporting and Reward System", requiring employees to strictly abide by regulations in business activities, and severely punishing violations such as corruption and bribery. The Internal Control and Audit Department has established a Disciplinary Violation Reporting Centre to comprehensively collect disciplinary information from all aspects of the business operation. The Company has opened online and offline reporting channels, where reports can be made online via email or phone, and offline through in-person meetings. We encourage employees, suppliers and partners to report illegal and non-compliant acts, improve the whistleblower protection mechanism and severely punish retaliators. During the reporting period, the Group did not have any illegal cases due to fraud or corruption.

China Dongxiang actively advocates a market environment with fair competition, and we strictly comply with the Anti-Unfair Competition Law of the People's Republic of China and other relevant laws and regulations, and have specifically formulated the "System Against Improper Competition and Business Bribery of China Dongxiang (Group) Co., Ltd". We firmly resist acts that confuse the market and mislead consumers, and eliminate the use of unfair competition methods such as bribery to obtain business opportunities. At the same time, great importance is attached to respecting and protecting trade secrets, eliminating false advertising, and ensuring fair and transparent transactions. We must not disrupt the normal operation of network products or services in network operations. During the reporting period, the Group was not involved in any legal proceedings related to unfair competition or anti-monopoly practices.



Compliance training on anti-corruption and unfair competition

In the current financial year, China Dongxiang has attached great importance to compliance training on anti-corruption and unfair competition. To solidify the foundation of ethical operations and strictly condemn the practice of commercial bribery, the Company specifically conducted anti-corruption training in Nanjing, Dalian, Tianjin and other locations. This training had a specific target, explicitly requiring the participation of finance department personnel and manager-level positions from all regions. Through such training, China Dongxiang has further strengthened its employees' compliance awareness, laying a solid foundation for fostering a fair market environment and a corporate culture of integrity.

Information Security

China Dongxiang has always regarded the security of employee and consumer information as the lifeline of the enterprise. Based on the Data Security Law of the People's Republic of China, the Personal Information Protection Law, the EU GDPR and other global compliance requirements, we have built a system covering IT accounts, service catalogs, fixed assets, server room management and internet access behavior, and established a mechanism for legal data transmission and security control for membership business scenarios. By deeply integrating the privacy protection policy into the enterprise risk and compliance management system, the Group implements a "system construction-process control-compliance review" trinity strategy. On one hand, it regularly conducts internal and external privacy policy compliance reviews to ensure that policies are synchronised with legal dynamics; on the other hand, it establishes an annual information security internal audit and external follow-up audit mechanism, achieving zero information leakage incidents in the financial year, which validates the effectiveness of the system.

To respond to the challenges of data security and permission management in the rapid development of e-commerce business, the Company conducts systematic training across all business modules, covering system design logic, business operation SOPs, and permission adaptation solutions, with a focus on strengthening awareness of data full lifecycle security protection. After the training, business process penetration testing and authority allocation verification are conducted to ensure that technical protection is deeply matched with business scenarios, forming a closed-loop management mechanism of "training-testing-optimisation". This practice not only strengthens the compliance foundation but also enhances the risk resistance of business systems through capacity building, thereby fortifying the data security barrier for global operations.

ESG STRATEGIC MANAGEMENT

As a Hong Kong-listed company, China Dongxiang has always upheld a strong sense of responsibility, deeply integrating ESG (Environmental, Social and Governance) concepts into its core corporate strategy, thereby building a full-cycle management system encompassing “strategic planning — implementation — performance tracking”. Through the effective collaboration of the Board, the ESG Committee and the ESG Working Group, we respond to the expectations of the capital market and the public with a robust and forward-looking ESG management model.

As a leader in the apparel industry, China Dongxiang not only deeply implements ESG principles in its internal management but is also committed to promoting the transformation of the entire apparel industry towards a greener, more sustainable direction, setting a benchmark for responsibility and accountability in the industry. In respect of climate risk management, during the reporting period, we leveraged the capabilities of third-party expert institutions to comprehensively upgrade and improve our climate change response report, fully and accurately presenting China Dongxiang’s governance, strategy, risk management, indicators, and targets related to climate change, thereby helping the Company actively address climate change challenges and achieve sustainable development.

China Dongxiang actively practices the concept of sustainable development, and has specially organised ESG-themed training for its senior management and key team members. The training focuses on the cutting-edge trends, policies, regulations, and corporate practice cases in the ESG field, with in-depth explanations from industry experts. It aims to enhance the awareness and understanding of senior management regarding sustainable development, enabling them to integrate sustainability concepts into corporate strategic planning and decision-making. Through this training, the senior management personnel gained a deeper understanding of sustainable development, injecting new vitality and impetus into China Dongxiang’s green and long-term development.

ESG Management

A sound ESG governance structure is crucial for enterprises, as it not only ensures the effective implementation and oversight of corporate strategies and operations in environmental, social, and corporate governance aspects, but also serves as a key element for achieving sustainable development goals and enhancing ESG performance. During the reporting period, we established a comprehensive and complete ESG governance structure and continuously revised the document named “Terms of Reference of ESG Committee of China Dongxiang” (available at www.hkexnews.hk), laying a solid foundation for systematically advancing our sustainable development work.

The Board, as the highest decision-making body for the Group’s ESG work, is responsible for reviewing the overall strategic direction and objectives of ESG, ensuring the Company’s long-term, sustainable development. As the executive management, the ESG Committee operates under the guidance of the Board, specifically implementing the ESG strategy, overseeing the formulation and execution of relevant policies and standards, and ensuring that ESG objectives align with the Company’s overall business goals. The ESG Working Group is the specific implementation level, responsible for integrating ESG concepts into the daily operations of departments.



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 always place great importance on communication with stakeholders, deeply understanding that their opinions and demands are not only indispensable key considerations in the Group's strategic planning process but also the core driving force for continuously elevating ESG management to new heights. To truly understand the needs of stakeholders and respond actively, we proactively engage in in-depth communication with all parties through a variety of communication channels. Building on the experience of the previous financial year, during the reporting period, we re-evaluated and precisely identified stakeholder groups, ultimately delineating nine representative stakeholder groups: government and regulatory authorities, investors/shareholders, customers and consumers, suppliers/distributors, industry associations/peers, employees, the general public, media, and NGOs/communities. By building diversified and comprehensive communication bridges, we strive to achieve transparent and efficient two-way interaction with all stakeholders, working together for a win-win situation.

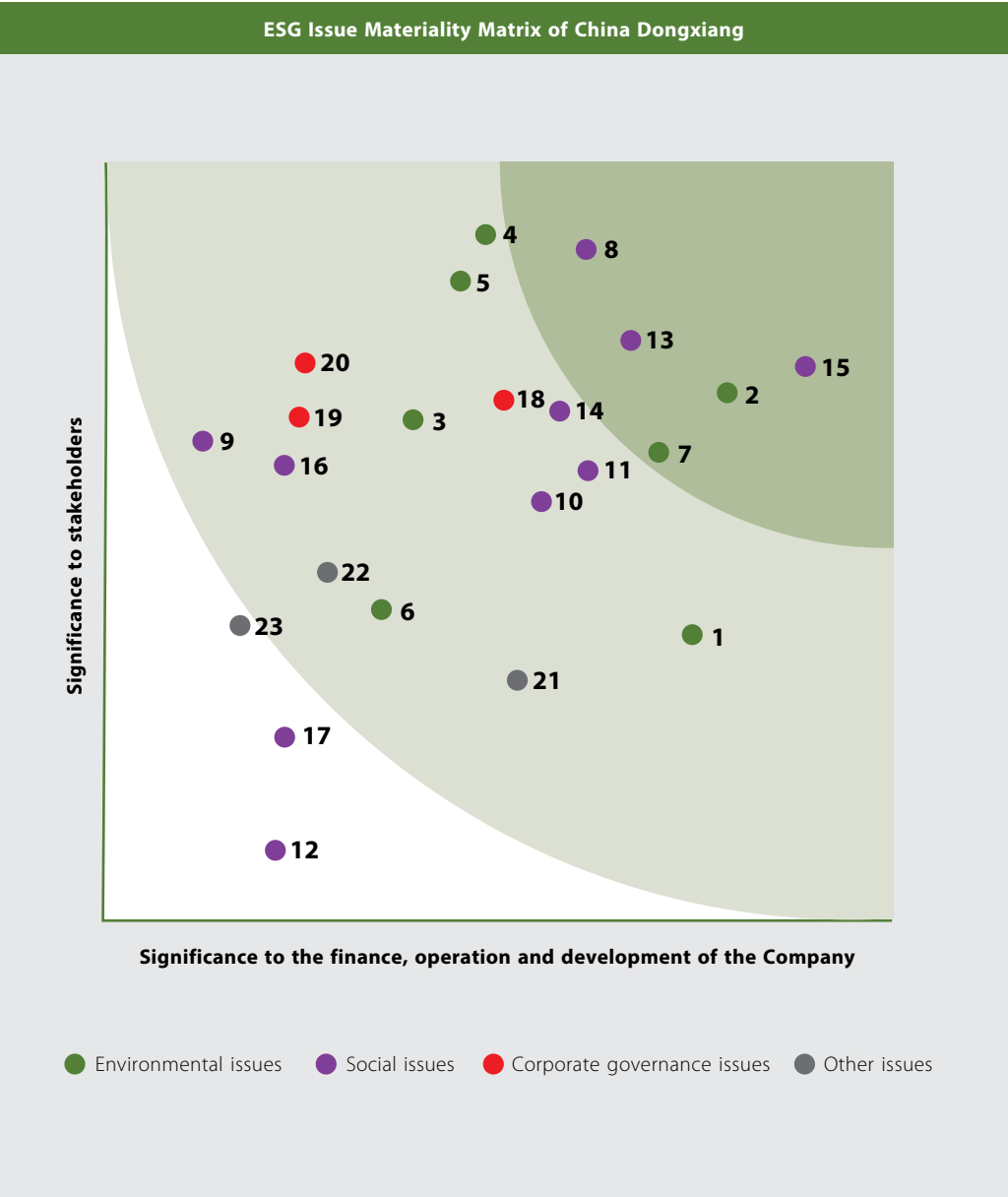
Major stakeholders	Government and regulatory authorities	Investors/ shareholders	Customers and consumers	Suppliers/distributors	Industry associations/ peers	Employees	General public	Media	NGOs/communities
Primary concerns and expectations	<ul style="list-style-type: none"> Responding to national development 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"> Community donation Driving local economic and social development Minimising negative environmental impact 	<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
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 Organising auto club and other clubs 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 Building the Geely Health Platform Building a talent forest Implementing the "Gratitude Fund" scheme 	<ul style="list-style-type: none"> Supporting rural revitalisation Launching charity volunteer programs Providing job opportunities Promoting green production and operation 	<ul style="list-style-type: none"> Holding press conferences Holding product launch events Conducting media day activities 	<ul style="list-style-type: none"> Social responsibility report and sharing Community engagement and cooperation projects Open day and seminar

Materiality Assessment

To better identify and evaluate the priority of relevant ESG issues in the financial year and the next two years, we carried out the materiality assessment of ESG issues through four major work steps.



1. Identification of ESG issues	<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.
2. Engagement with stakeholders	<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>
3. Materiality assessment of ESG issues	<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>
4. Approval and confirmation of materiality of ESG issues	<p>Priority of material issues produced and the matrix of material issues were submitted to the ESG Committee for approval.</p>



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 overall trend of global economic and social development, sustainable investment and responsible investment have broken free from the shackles of the idealised concept, and have gradually become the core drivers of the global capital market. China Dongxiang attaches great importance of consideration to the actual performance and firm commitment of ESG matters of its partners when advancing its investment business. During the reporting period, with the concept of prudent and diversified investment layout, we are committed to optimising the structure of investment assets, and actively maintaining close communication with investment project managers. In the meantime, we pay close attention to the ESG strategic planning and development directions of core investment partners, striving to build a high-quality capital system through professional, sustainable, and responsible investment practices, both achieving steady development in the present and creating long-term value for 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 philosophy, CPE offers innovative investment solutions to leading firms from the key sectors including technology and industrial, consumer and healthcare, and infrastructure. China Dongxiang started working with CPE in 2011. In the course of cooperation, 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 delivered excellent results 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”, 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. CPE established an ESG management committee and an ESG working group, and established six position statements at the fund level. In August 2021, CPE officially signed The UN-supported Principles for Responsible Investment (“UNPRI”), becoming a signatory as an asset manager member.

With its unrelenting efforts and significant achievements in ESG advocacy and practice, CPE has successively been awarded multiple honours, including “2023–2024 Top 10 Institutions for Practicing Sustainable Investment/ ESG in China’s Equity Investment Industry ” by the Beijing Private Equity Association (BPEA), “2024 Green Finance Benchmark” by Southern Metropolis Daily, and the 2021 Evergreen Award — Sustainable Development Benefits Award, 2022 Evergreen Award — Sustainable Development Innovation Award, and 2023 Evergreen Award — ESG Investment Institution Contribution Award, all presented by Caijing Magazine.

CPE has consistently penetrated ESG concepts throughout the entire investment lifecycle and fully incorporated them into its development framework, and is committed to promoting the synergistic development of portfolio companies and funds to create a better environment together. While maximising commercial value, we actively create more meaningful social value.

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, 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. These investments not only creates economic value, but also cultivates a consumer market that pays attention to health and environmental awareness, laying a solid foundation for social sustainability development.

Yunfeng Capital has actively advocated responsible investment, incorporated ESG concepts into the whole process of investment management, corporate strategy, operation management, corporate culture and other aspects. Adhering to the concept of “creating long-term value for society and promoting sustainable

development”, they practiced responsible investment, 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 established a comprehensive ESG management system. At the same time, an ESG investment committee was established to oversee 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 “2023–2024 Top 20 Chinese Equity Investment Institutions ” awarded by the Beijing Private Equity Association, the “2024 For Good Awards | TOP 10 Best Practices Award in Annual Impact Investment — Best Green Economy Investment Practice Award” awarded by Xiangguang Weilai, the “Annual ESG Investment Institution” awarded by Securities Times, the “Best ESG Practice Investment Institution in China of 2024” awarded by 36Kr, and the “Best ESG Practice Award of Venture Capital Institution of 2024” awarded by CYZone.

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

Our Investment Business Partner — TH Capital

Established in 2007, TH Capital is a professional private equity investment platform originated from Tsinghua University. Its team has 18 years of experience in private equity investment and is committed to becoming an excellent private equity investment institution that maintains stable performance in the long term. China Dongxiang is collaborating with TH Capital to jointly explore investment opportunities, leveraging its professional capabilities.

TH Capital adheres to a top-down investment strategy, thoroughly analyses industry cycle opportunities, and applies a portfolio investment philosophy to strategically invest in multiple high-growth niche industries, thereby creating long-term stable returns for investors. The capital focuses on investing in leading enterprises in niche industries, with a focus on high-growth areas such as advanced manufacturing and high-end equipment, new generation information technology, carbon neutrality, and cutting-edge technology. TH Capital officially joined the UNPRI in 2019 and signed the PRI Statement on Environmental, Social and Corporate Governance (ESG) in Credit Ratings, initiated by the organisation. As one of the earliest domestic investment institutions to join the UNPRI, TH insists on investing in excellent enterprises with long-term development goals, and focuses on their performance in the aspects of environment, social responsibility, and corporate governance, rather than solely pursuing short-term financial performance. Invested projects, such as Zhongchu Guoneng’s 100MW advanced compressed air energy storage technology and demonstration project, have demonstrated excellent performance in green and low-carbon energy transition. They are not only advanced and applicable but also mature, reliable, and economically sound, capable of synergistically promoting goals such as carbon reduction, pollution reduction, green expansion, and growth. This provides solid technical support for the comprehensive green transition of the economy and society, achieving an organic unity of economic, social, and environmental benefits.

In FY2024, TH Capital’s portfolio companies achieved remarkable results. In early 2025, Zhongchu Guoneng’s 100MW advanced compressed air energy storage technology and two demonstration projects, invested by TH Capital, were selected for the Green Technology Promotion Catalogue (2024 Edition), ranking first in the “Green and Low-Carbon Energy Transition” category. This also marks the only green technology in the field of compressed air energy storage to be selected, fully demonstrating TH Capital’s excellent foresight and significant achievements in the sector of green investment.

TH Capital has achieved remarkable results in the investment field, leveraging its professional investment capabilities and active practice of ESG principles. In the future, China Dongxiang will cooperate with TH Capital to continuously identify quality projects and jointly create more value for investors and society.

CHAPTER 2

PRODUCT PIONEER GUIDED BY RESPONSIBILITY

- ✔ CHAPTER STORY — CHINA DONGXIANG THAT LIVE THROUGH SPORTS
- ✔ PRODUCT PIONEER
- ✔ QUALITY ASSURANCE
- ✔ RESPONSIBLE MARKETING

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.

UNITED NATIONS SDGS CORRESPONDING TO THIS CHAPTER



CHAPTER 2: PRODUCT PIONEER, GUIDED BY RESPONSIBILITY

CHAPTER STORY — CHINA DONGXIANG THAT LIVE THROUGH SPORTS



Back to Basics: A “Football Match for Everyone”

In July 2024, KAPPA brought sports back to the essence of life with a “Football Match for Everyone” at Aranya Beach. There is no hustle and bustle of professional arenas here, only the tacit understanding between neighbours and the warmth of kinship. Aranya North Coast FC, a team spontaneously formed by community residents, advocates a “happy football” lifestyle with the philosophy of “one community, one neighbourhood, one football team”. Fathers, sons and daughters compete on the same court, where the seasoned team faces off against the youth team. This is not merely a contest of football skills but also an emotional exchange between the two generations. KAPPA jerseys have witnessed every dash and embrace, making football a bond that connects within families, neighbours, and communities. The meaning of sports is redefined here — it is companionship, growth, and a daily routine that everyone can participate in.



The Diverse Collision on the Blue Rooftop: A Symphony of Retro and the Trend

From 26 July 2024 to 14 August 2024, KAPPA extended more possibilities of life at Aranya with the “Summer School Rooftop” as its stage. The blue rooftop connects the sea and the sky, and also carries people’s yearning for an ideal life. This is both a collage of emotions and a fashion show. People wrote down their reflections on life on the exhibition boards and exchanged feelings with strangers; in the “bullet time” interactive zone, they took photos with the sea. The melodies of the music festival reverberate across the rooftops, and as fashion items and vintage jerseys complement each other. KAPPA uses its products and designs to respond to everyone’s pursuit of freedom and passion. Every encounter and every dance on the rooftop are a highlight of life and a true embodiment of the brand spirit.

Products and Scenarios: Jointly Building a Sustainable Lifestyle Together

China Dongxiang has always believed that sports and life can be seamlessly integrated, and products are not only carriers of function but also bridges of emotion and culture. From green fields to blue rooftops, KAPPA demonstrates its brand promise to “Live through Sports” through practical actions, making a sustainable, healthy, and vibrant lifestyle an everyday choice for everyone. China Dongxiang which revitalises life is stimulating community vitality and brightening every wonderful moment for the public with diverse products and rich scenarios.

PRODUCT PIONEER

In the strategic blueprint of China Dongxiang, our products are always the core driving force of the continuous growth of the brand. We insist to be market-oriented and continuously construct a diversified product matrix, promote innovation-driven development, deeply cultivate the school uniform business, and actively explore personalised and segmented market development. Through continuous optimisation of product structure and research and development capabilities, we meet consumers' diverse, personalised, and high-quality demands, and continuously lead product upgrades and value creation in the sports fashion industry.

Driven by Innovation, Unleashing Product Vitality

Innovation is at the core of China Dongxiang's product strategy. In FY24/25, we launched nine major innovative packages, including Xu Xiaobai designs, KAPPA ACF Fiorentina, KAPPA SKI, K-PANTS trousers, and TGG multi-coloured sets, covering multi-dimensional breakthroughs from pattern design and fabric innovation to functional upgrades. For example, the K-PANTS trousers series adopts ergonomic reconstruction and four-dimensional elastic fibers to cater the needs of wearing in multiple occasions; for the TGG series, we collaborate with a Korean design studio to break the monochrome limitation of traditional tracksuits and launch new multi-coloured fashion products. Each innovative product closely follows market trends, balancing practicality and stylishness, continuously bringing fresh experiences to consumers.

Xu Xiaobai Design Package



The Xu Xiaobai Design Package combines brand style with popular trends. It was inspired by the healing stories of adorable pets guarding weary humans in urban life, showcasing a mischievous and friendly fun-filled life, conveying positive emotions, and encouraging urban dwellers to enjoy the present and bravely pursue their unique lives.

KAPPA ACF Fiorentina Innovation Package



This series is inspired by ACF Fiorentina. Using the team's iconic purple colour as the main colourway throughout, integrating KAPPA's classic football DNA, and combining retro trends and jersey style, the brand's leading innovative products of football DNA are portrayed.

KAPPA K-PANTS Package



KAPPA K-PANTS collaborates with Korean designers to integrate functionality and aesthetics. Using four-dimensional stretch fiber and laser seamless lamination technology, we created versatile trousers applicable to multiple scenarios, including business, outdoor, and sports, thereby initiating a revolution in trouser aesthetics that transcends traditional improvements.

KAPPA SKI Theme Package



KAPPA has always been known for its high performance and advanced technology in the field of ski apparel. We chose to revisit the brand history of KAPPA, drawing inspiration from high-end ski sponsorship lines and combining it with current trends, while adhering to the brand's unique colour stylishness, we brought over ski package designs.

sasa Creativity Package



The sasa Creativity Package has the KAPPA brand's DNA as its cornerstone, interpreting retro trends with modern techniques, and utilising high-weave fabrics and exquisite details to create a high-quality cultural product line that remains true to classics, establishes a fashion benchmark, and balances quality with high-end market demands.

TGG Package



In collaboration with a Korean design studio, we broke through the limitations to traditional tracksuits being monochrome, and launched a colourful series featuring five Pantone Colours of the Year, including Peach Fuzz, Night Rose, and Pink Suede. This series successfully combines Korean trendy aesthetics with athletic comfort, becoming the brand's innovative dark horse for Spring 2025.

sandy Innovation Package



Based on the KAPPA brand's DNA, this high-quality cultural product line was created by reinterpreting retro fashion trends using modern techniques, featuring heavy high-weave fabrics and exquisite detail design. Being loyal to the classics themselves, we created a fashion benchmark, casted ingenious quality, and are not forgetting our original aspiration while supplementing high-end business.

LA MONTRAGNA Creativity Package



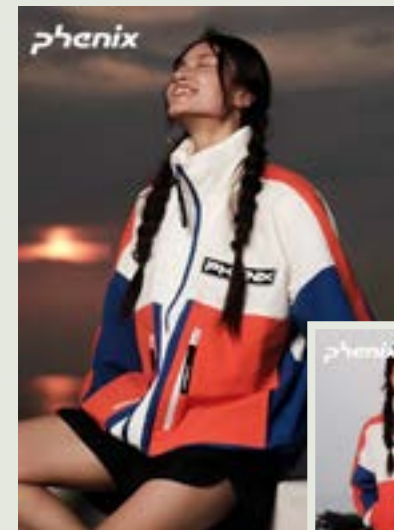
To satisfy the demand of young consumers for fashionable light outdoor products, this series focuses on urban light outdoor products that are lightweight, suitable for daily wear, multi-coloured, self-pleasing, relaxing, comfortable with functional features as core concepts. It features refined tailoring and design, offering a creative package of high-end mountain-style outfits.

PHENIX Warm Hug Mid Shoes Series



In 2024, PHENIX launched a brand new series of snow boots, "PHENIX Warm Hug", nicknamed "Warm Hug Mid Shoes", which solved the problem of transitioning from urban setting to ski resort and bridged the gap between scenarios, thanks to them being easy to be put on and taken off, lightweight, warmth retaining, and waterproof to a certain extent.

PHENIX SP27 Tangerine Sea Interchange Jacket



The "Tangerine Sea Jacket" is designed with bold orange and blue colours, aiming to capture fleeting "moments in life". It features a three-proof water-repellent outer layer and a hydrophilic inner layer, making it versatile for various scenarios such as urban commuting, desert trips, and mountain exploration.

Personalised Development to Meet Diverse Needs

China Dongxiang always adheres to a consumer-centric approach, actively responds to diversified and personalised market demands, and continuously promotes product innovation and segmented market layout. Targeting special groups and diverse consumption scenarios, the Group continuously launches innovative product solutions to meet the unique needs of different consumers.

In response to social trends such as female awakening, the reconstruction of gender relations, and the upgrading of consumption experience despite a downgrade in consumption, the Group continuously explores human insights, providing a solid foundation for brand innovation. User research shows that KAPPA still has distinct sports attributes in consumers' minds. In the future, the Group will further enhance its brand influence by means such as strengthening its sports brand positioning, iterating product design, and highlighting the brand label. At the same time, by combining social topics, colour innovation, and technological applications, the Company meets consumers' higher demands for taste, detail, and functionality.

Case: KAPPA Women's Product "Marshmallow" Layout — Reshaping Comfortable Aesthetics with Ultimate Softness

- In the women's athleisure wear market, consumers' demand for "comfort" has evolved from an implicit appeal to an explicit rigid demand. Through in-depth observation of the target customer base, we found that soft fabrics not only provide a comfortable sensation but also serve as an emotional outlet for them to cope with body anxiety. Based on this, with "marshmallow" as the core concept, an annual product matrix is created, redefining the boundaries of "comfort" through the dual innovation of soft fabrics and inclusive silhouettes.
- In terms of product layout, fabric research and development has achieved a full-dimensional

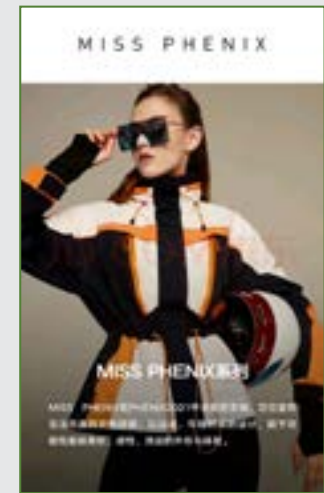
upgrade in tactile feel and functionality. The "Marshmallow Knit Set" launched in Q3 2024 featured a golden ratio of 40% modal fiber and 11% spandex, offering both a silk-like drape and four-way stretch to accommodate diverse body types. The brushed cotton-polyester air-layer fabric, which is lightweight, thermal, and eliminates bulkiness, will be launched in Q1 2025. The silhouette design is tailored for Asian female body types, employing three-dimensional cutting and diverse solutions to optimise the proportions of the waist and abdomen, pear-shaped, and H-shaped figures, balancing aesthetics and functionality, and empowering women to dress with confidence.



Case: MISS PHENIX Series — Outdoor Sports Series Developed Exclusively for Women

- The "MISS PHENIX" series is inspired by women's fashion trends in the 1980s. Through the dual attributes of cross-border skiing and fashion, it interprets women's multi-dimensional requirements for their self-image in modern life. SS21 MISS PHENIX introduces a brand-new one-piece style that perfectly flatters the figure and can be effortlessly switched between sweet and edgy for any occasion.

- In terms of product design, the uniquely designed three-dimensional cutting lines meticulously sculpt the human body curve, providing a fitted yet not tight feel. The back panel of the top is separated from the waist, allowing for adjustable waist contours and enhancing the overall aesthetic of the lines. This product series continuously considers and adapts to female aesthetics and daily functional needs, striving to break the "male-dominated" stereotype in skiing and other outdoor sports





To align with the long-term consumerism trend and focus on creating high-quality, durable products adaptable to multiple scenarios, we are exploring diverse applications and practices across various products. Taking the KAPPA GARA series 3-in-1 apparel launched in the fourth quarter of 2024 as an example, the product achieves multi-season wear of a single garment through the free combination of outer fabric, thermal inner lining, and detachable components, significantly improving the garment's utilisation rate and lifespan. It can meet the needs of multiple scenarios such as commuting, outdoor activities, and travel, fully aligning with the core demands of long-term consumerism for durability, environmental friendliness, and emotional sustainability, thereby promoting the transformation of apparel consumption from short-term disposable ones to asset-based.



In terms of the school uniform business, facing increasingly diversified campus life scenarios, we continuously adjust the research and development direction of school uniform products, focusing on high-quality and sustainable sales. Through in-depth research, student co-creation, and sample fitting, the real needs are accurately grasped. Our sunscreen clothing, launched in 2024, was successfully listed with the joint participation of schools, students, and parents, and received widespread acclaim. We adhere to a student-centric approach, encouraging student participation in design and feedback to continuously optimise and upgrade school uniform products, thereby facilitating stable growth in the school uniform business.

In the future, China Dongxiang will continue to uphold innovation and quality, continuously expand its diversified and personalised product portfolio, actively meet the diverse needs of special and targeted groups, help the brand advance steadily in fierce market competition, and create higher value for consumers.

QUALITY ASSURANCE

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”, China Dongxiang always regards product quality as the cornerstone of the brand’s sustainable development. We adhere to strict quality control throughout the entire process and every link, continuously optimising our management system and empowering partners, to provide consumers with reliable high-quality products.

Standards as the Measure, Safeguarding Quality Control

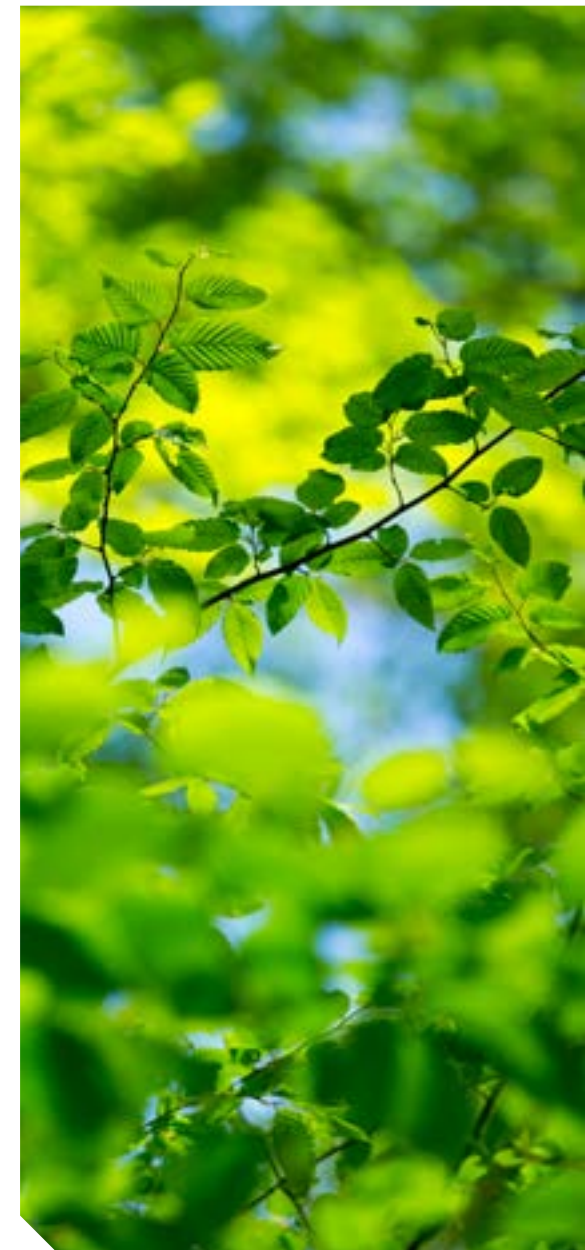
We firmly believe that good product quality is the key to brand success. The Group strictly abides by the Product Quality Law of the People’s Republic of China in all aspects of product development, sampling, production and sales, and ensures that the products comply with the national and industry standards 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. To better supervise the production of footwear products, the Group has established a dedicated position of Production Manager, who is responsible for overseeing the footwear production in all factories to ensure that the quality and delivery requirements for footwear products are implemented and met.

Optimising Processes and Enhancing Operational Efficiency

To improve product development and production efficiency, the Group continues to promote integrated management of fabrics and auxiliary materials. Regarding fabric integration, samples are selected and tested based on fabric recommendations to determine the use of newly added fabrics based on sample results. To the greatest extent possible, the combination of fabrics across different series should be continued, which can maximise the accuracy of fabric development and reduce the risk of future use. Once the fabric is confirmed from the initial fabric pool, the colour pool will be fixed. Based on fabric usage, a fabric-to-colour list will be compiled, and fabric greige stock will be simultaneously arranged for colour sampling. This ensures the accuracy and availability of fabric and colour for the first selection of garment samples.

Regarding auxiliary material integration, the Group has updated the entire process for auxiliary material development and usage, strictly controlling newly developed auxiliary materials to ensure the accuracy of their development and to increase the continued use, sharing and combination of auxiliary materials. The auxiliary material pool is used as a specification for development each quarter, and physical and electronic copies of the auxiliary material catalog are produced and retained to ensure the correctness of garment sample selection while maintaining information consistency.



Multiple Tests Ensure Uniform Standards

Meticulous control of the production process is also an important part of quality assurance. Regarding the qualification and certification management of accessory factories, the equipment cap factory has BSCI Certification, the equipment bag factory has BSCI Certification/ISO9001 Quality Management System Certification, and the sock factory has the Group's continuously optimised product sampling inspection mechanism, which is divided into three stages: pre-production sample, first-piece sample, and sealed sample to ensure quality. After factory production is completed, products are sent to a third-party inspection factory for 100% full inspection, and dynamic sampling inspections are conducted after warehousing based on sales feedback. Recording fabric source, processing, and quality inspection data through blockchain technology enables efficient traceability of quality issues.

In terms of product quality control processes, the Group has established a quality management system covering the entire chain, specifically including:

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. Feedback regarding problem after related trial use is conducted based on 3 days, 7 days, and 30 days of trial use 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 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 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.

Through the aforementioned quality assurance system covering the whole chain and all links, the Group has not only achieved strict control over product quality but also brought consumers higher quality, safer, and more trustworthy product experiences. We will continue to promote the continuous optimisation and upgrading of the product quality management system with high standards and strict requirements, helping enterprises achieve high-quality and sustainable development, and continuously winning the trust of the market and consumers.

RESPONSIBLE MARKETING

China Dongxiang always adheres to responsibility as its core, comprehensively promoting a compliant, innovative, diversified, and co-created brand marketing system. We adhere to the bottom line of advertising compliance, actively explore diversified and innovative marketing strategies, and deepen consumers' awareness and emotional connection with the brand. We believe that true brand power stems from the integration of creativity and sincerity. Therefore, we break traditional frameworks and utilise various means such as digital marketing, cross-industry collaboration, and experiential marketing to tell brand stories and convey brand value. Through precise market insights, we have designed a series of creative marketing campaigns that reach every corner of consumers' lives, inspiring resonance and making China Dongxiang's brand image more vivid, lively, and deeply rooted in people's hearts.

Compliance-based, Responsibility First

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. The Group has established a comprehensive advertising review mechanism, whereby all external communication content must undergo multiple rounds of review to eliminate false advertising, exaggeration, and other undesirable practices, thereby effectively protecting consumer rights. 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 of 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 the financial year, 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/T8685-2008 Textiles Care Labelling Code Symbols, GB5296.4-2012 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.

Brand Marketing, Experience Innovation

In the journey of brand building, China Dongxiang continues to deepen its emotional connection with consumers and actively promotes brand co-creation. We firmly believe that the vitality of a brand stems from two-way interaction with users. For FY24/25, KAPPA introduced a new proposition, "Live through Sports", and filmed an annual brand TVC in August as the core material for its revitalisation campaign. This TVC takes "the three-minute passion for sports" as its creative core, gaining insight into contemporary people's true attitude towards sports — sports do not have to be professional competitions, but rather a part of daily life. Whether it is fitness, dog walking, playing football, or playing with a yo-yo, exercise can be a joy in everyone's life. The TVC encourages the public to bravely try and enjoy every three-minute moment of passion through real and touching stories, conveying the brand proposition of "Live through sports, even if only for three minutes".



After the TVC was launched, it received an extremely high market response. Positive coverages were reported by several top industry media outlets, including but not limited to: “My greatest persistence in life is my ‘three-minute passion’” by Sanlian Life Weekly, “Can’t sports brands tell new stories? KAPPA debunks with a three-layer logic!” by Brand Insight, and “How to talk to users well, KAPPA set an example” by Chief Brand Officer, all garnered over 10,000 views. Analysing from both a public and industry perspective, these articles strongly resonated with users, refreshed the brand image, and effectively promoted products featured in the TVC.

China Dongxiang continues to innovate in communications, with its TVC “Sanfen’s Settlement Statement” and related campaigns winning numerous industry awards, including the 31st China Advertising Great-wall Awards, the DAwards, the Golden Sparrow Award, the 2024-2025 Brand Narrative Award, the 2024 Madman Creative Award, Event Marketing Annual Case, KOL Marketing Annual Case, and Rednote Duangqingming Award, continuously demonstrating the brand’s influence in the digital marketing field.

我对生活最大的坚持，就是“三分钟热度”

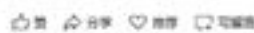
来源：三联生活周刊 2024年03月24日 1800 3000



“三分钟热度”的称号，是否也曾为自己的“开始得轰轰烈烈，结束得悄无声息”困扰过？

最近有豆瓣的“三分钟热度交友小组”，网友们纷纷调侃起了“三分钟热度的三分钟热度”：练了几小时瑜伽就坚持不了，但买了他家的一件新作品；一杯冲咖啡有了兴致，花几天时间获得了自己制作的木头工艺品；尝试了手机摄影几天就更新不下去了，反而把手柄相机交到了好朋友——

随着全民健身风潮的兴起，年轻人的三分钟热度也渐渐蔓延到了健身房：前一天还在朋友圈晒健身的人，第二天就可能因为教练会比画的肌肉，而匆匆离场开跑。明明需要“请在当下，坚持一分钟”的激励，一秒钟后就转身离开健身房，放弃了宝贵的汗水，留下一片狼藉的健身房。



运动品牌讲不出新故事？Kappa用三层逻辑破题！

来源：品牌网 品牌网 2024年06月27日 12:38 品牌

2024是运动大年，随着欧洲杯在奥运会，运动为全民热点话题。

随之而来的品牌大战也愈演愈烈。在电视屏幕、户外广告大牌、线下门店甚至公交车上，各种广告开始密集袭来。

在营销策略上，运动品牌的故事讲述方式也在发生变化。过去，品牌常常讲述运动员不断突破自我的直接精神和励志故事。而现在，品牌更倾向于强调每个普通人知道运动带来的价值和享受。



如何和用户好好说话，Kappa打了个样儿

来源：品牌网 品牌网 2024年06月21日 1800 广告



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普通人，要的不是运动的亮相



Experience Activities, User Co-creation

China Dongxiang always adheres to a consumer-centric approach, actively exploring diversified interactive modes to promote deep co-creation between the brand and users. We believe that the sustainable development of a brand not only depends on the product itself, but also on creating warm and engaging experience scenarios for users. In the financial year, the Group continued to innovate experiential marketing, creating diversified offline interactive platforms to enhance user loyalty and brand recognition.



KAPPA “Seaside Summer School” Experience Space



Project Content

- In July and August 2024, KAPPA created a 40-day “Seaside Summer School” sports experience space in Aranya, integrating sports, lifestyle, and social interaction, and innovating a “brand experience + sales” model. The event features interactive classes such as seaside yoga, meditation, and Zumba. The space is designed with blue colour and vintage campus elements, and users can redeem discount coupons with their student ID cards, forming a closed consumption loop.



Project Achievements

- 5,000+ participants were attracted. Over 80% of users re-engaged with KAPPA, and the brand image was renewed. Social media topics garnered 963,000 views, while lifestyle fashion shows and music festivals enhanced brand favourability.



PHENIX Koktokay Closing Party



Project Content

- From 4 to 8 April 2025, PHENIX, in collaboration with the Tsinghua University and Peking University ski teams, embarked on a 5-day “Season-Closing Trip” at the Koktokay International Ski Resort in Xinjiang. The event, themed “Every Degree, Every Attitude”, deeply integrates the competitive spirit of university students with PHENIX’s advocated concept of “breaking boundaries”.



Project Achievements

- More than 40 young sponsored skiers from two top universities and professional skiers from the PHENIX brand rode the slopes together, bringing the 2024–2025 snow season to a perfect close with their vitality and passion, and injecting youthful energy into the promotion of winter sports.



IP Co-branding and Brand Innovation

In terms of IP co-branding and brand innovation, the Group continues to promote co-branding partnerships with top international sports teams, universities, and fashion brands to expand brand influence and enrich product connotations. In FY24/25, the Group meticulously planned a series of key marketing and promotional activities to explore the unknown, break through self-imposed limitations, and jointly write a new chapter of courage, innovation, and aesthetics with consumers around the globe.

1. In contract with the Swedish National Alpine Ski Team

Following 30 years of sponsoring the Norwegian Alpine Ski Team, a six-year cooperation agreement was reached this year with the Swedish National Alpine Ski Team, further solidifying its leading position in ski racing skiwear.



2. Sports crossover from the streets to snowy mountains

In collaboration with Carver, an American land surfing brand, we have extended from trendy lifestyle products to winter snow products, achieving a strong partnership between two niche sports brands, perfectly integrating winter sports with land board sports.



3. In-depth cooperation with Chongli Wanlong Ski Resort

PHENIX and Wanlong Ski Resort continued their in-depth cooperation to create a content brand membership activity centre at Wanlong Ski Resort. This ski season, more than 10 open classes for skiers and other teaching activities were held at the Black Card Centre, with over 1,000 participants selected and an internet reach of over 10 million people.



4. Jointly held the Youth Alpine Skiing Competition with Ski Brothers

From 1 March to 2 March 2025, PHENIX and Ski Brothers jointly organised the 6th Brothers Cup Youth Ski Alpine Skiing Race and the 3rd Youth Parallel Giant Slalom Alpine Skiing Race. More than 200 young skiing enthusiasts aged 12-18 participated in the competition on-site. The event was promoted to the public through platforms such as Rednote and WeChat Live, reaching over 10 million people in total.





Customer Service System Construction

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 safe consumption experience and satisfactory after-sales services.

The Group highly values user insights and continuously conducts user surveys and market analysis to accurately grasp consumer needs and behavioural changes. In FY24/25, the Group launched a new KAPPA user insight project focusing on its service brand strategy and positioning, aiming to discover new market opportunities and foster consensus among seed users.

In terms of customer service processes, the Group continuously optimises its service response mechanism to ensure that customer requests are handled in a timely and professional manner. We collect customer feedback through multiple channels and have established an efficient closed-loop system for handling customer complaints, ensuring that every

complaint is properly resolved. In response to customer demands from different channels, the Group has formulated conventional channel support policies and efficient channel expansion policies. Through detailed policy assessment indicators, the Group guides terminals to open stores that align with the brand's attributes, and preferentially supports the expansion of high-quality channel resources in high-end markets.

To further enhance customer loyalty and brand interaction, the Group has continuously optimised its membership system, in particular, it has comprehensively upgraded the privileges of Platinum members, the points accumulation mechanism and the interactive experience, and it is committed to providing its members with a more personalised and privileged shopping experience. Members can join the KAPPA membership system through two channels: recruitment at stores and self-registration via the member mini-program. As at the end of the reporting period, the Group had a total of nearly 3 million members, with nearly 400,000 new members joined in FY24/25.

The improvement of the membership system not only enhanced user loyalty but also accumulated valuable user data resources for the brand. Through diversified benefits such as membership points, exclusive events, and customised services, the Group continuously enhances the sense of belonging and satisfaction of members. Platinum members enjoy exclusive discounts, birthday privileges, priority access to new products, and many other privileges. Membership points can be used to redeem products or participate in exclusive events, enhancing members' activity and loyalty to the brand.

Retail Experience and Store Upgrade

Retail terminals are important premises for direct interaction between brands and consumers. The Group continues to advance the upgrade of its store image and optimisation of the retail experience, enhancing brand recognition and customer satisfaction. For FY24/25, the total number of stores nationwide reached 1,005.

1. Sixth-generation+ Stores

The Sixth-generation+ stores are positioned as high-yield, full-price stores in high-end, prime business districts. The store design emphasizes orderly and open spatial layouts, combining linear and island displays to maintain smooth circulation in functional areas. The renovation uses wear-resistant ceramic tiles, textured paint, metal display racks, and elements of the brand's iconic blue colour. The lighting is divided into basic, accent, and decorative lighting to create a bright and atmospheric shopping environment. In terms of style, the Sixth-generation+ stores combine the brand's long history and athletic DNA with fashion trends and interesting details to stimulate consumer affection. As a mid-to-high-end sports fashion brand, the Sixth-generation+ stores target young consumers who love sports and pursue fashion. Through display of cutting-edge products, trendy decoration methods, their pursuit of individuality and fashion is catered. The unique store design strengthens the recognition of the KAPPA brand image, enhancing brand loyalty and reputation, attracting more consumers, and increasing market share and influence.



2. Outlet 2.0 Stores

Outlet 2.0 is positioned as a leading store among high-end market key chain outlets. The store features an open layout, clear functional zoning, and a display area that combines linear and island arrangements to fully showcase products and guide customers inside of the store. The decoration features white ceramic tiles, light gray paint with red brand elements, white metal display racks, and multi-layered lighting design to highlight product details and colours. In terms of style, Outlet 2.0 uses simple lines and geometric shapes to construct the space, extensively employing neutral colours, paired with red brand elements, to create a neat, fashionable, calm, yet vibrant shopping atmosphere. The Outlet 2.0 stores target young fashion-conscious sports enthusiasts, with unique and unified store designs significantly enhancing brand image recognition. Once customers enter the stores, they can immerse themselves in the brand's culture and charm, effectively strengthening brand loyalty and reputation, and establishing a distinct and unique brand image.



After-sales Guarantee and Service Upgrade

While continuously optimising the customer experience, the Group is keenly aware of the importance of after-sales service, particularly in the fine operation of defective product management and product repair and maintenance. 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. Through the systematic analysis of defective products, we can feed back into the production process and continuously improve the quality of finished products.

In respect of the repair and maintenance services, the Group is committed to streamlining the return and exchange process to ensure that customers can complete their returns and exchanges conveniently, enhancing 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. We have established a comprehensive after-sales

service mechanism to provide precise support for different situations: free maintenance is provided for product quality issues to enhance customer satisfaction; for problems encountered during use, professional analysis is conducted and paid maintenance is offered to meet customer needs as much as possible; at the same time, after-sales service rules are clarified to standardise the classification, items, and charging standards for maintenance products, ensuring transparent and fair service.

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. In the future, the Group will continue to be customer-centric, continuously improve its service system, enhance service standards, deepen user insights, and promote service innovation, thereby assisting the enterprise in achieving high-quality and sustainable development.

CHAPTER 3

SYNERGY WITH PARTNERS CO-CREATING VALUE

- ▶ CHAPTER STORY — CHINA DONGXIANG THAT PAINTS THE FUTURE WITH GRATITUDE
- ▶ 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: SYNERGY WITH PARTNERS, CO-CREATING VALUE

CHAPTER STORY — CHINA DONGXIANG THAT PAINTS THE FUTURE WITH GRATITUDE

In December 2024, China Dongxiang held a warm and meaningful Thanksgiving special event with the theme of “Gratitude and Legacy”. In this festival of sending warmth and gratitude, employees brought their cherished “objects of memory” they have kept for years, sharing heartwarming stories etched into the growth journey of Dongxiang Group. Among these items, there are a group photo from the first annual party, badges representing team honors, and records of personal growth and struggles. They not only embody the hardships and glories that the employees of Dongxiang have shared, but also bear witness to the deep emotional bond between a company and its employees.

At the event, each speaker recounted past memories with the most sincere words, allowing every colleague present to feel the warmth and strength of the collective. From “my battle robe” to “ten years” of perseverance, from “father’s cotton-padded jacket” to “dancing youth, weaving the future”, these stories connect the development and changes of Dongxiang Group over the years, and also reflect the Company’s inclusive, open, diverse, and harmonic cultural atmosphere. As everyone looks back at the past, they cherish even more the journey of growing together with the Company, and their sense of belonging and creativity are further stimulated.

This is not merely a simple festive celebration, but also a spiritual purification and an sublimation of team cohesion. The Thanksgiving special event concluded successfully in warmth and emotion, but the spirit of gratitude will continue to be passed down. In the future, the Dongxiang Group will continue to build more diverse and meaningful internal communication platforms, allowing every employee to find their place here and jointly write a new chapter for Dongxiang.

[Gratitude and Legacy] China Dongxiang Thanksgiving Special Event for FY24/25



OUR EMPLOYEES

We firmly believe that employees are the cornerstone of an enterprise’s stable development. The Group attaches great importance to employee rights and considers creating a safe and healthy working environment for its employees as its primary mission. This is not only our corporate responsibility, but also our unwavering commitment. To this end, we continuously improve systems related to employee employment and labour rights protection to ensure that every employee receives equal and fair treatment. At the same time, the Company cares for the physical and mental well-being and all-round growth of its employees, and actively provides support and assistance for them to realise their personal value. We deeply understand that only when enterprises and employees work together and make progress hand in hand can enterprises develop in the long run and contribute to progression of society in harmony.

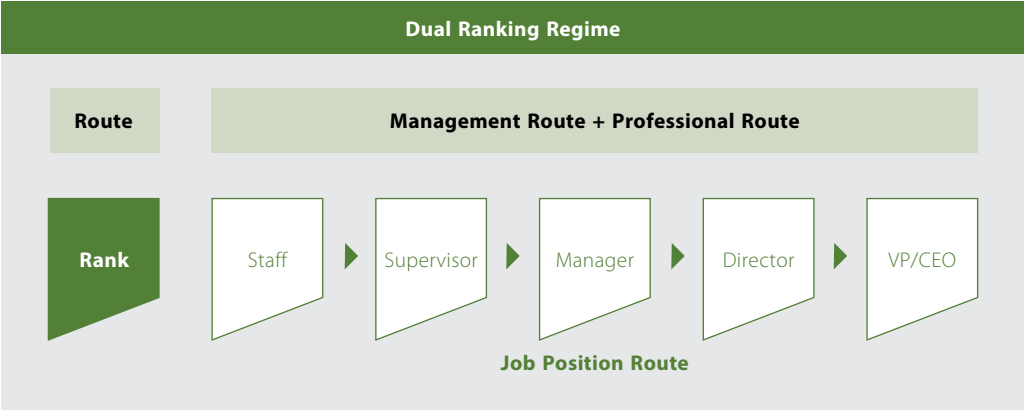
Equality in Employment

We always take relevant laws and regulations such as the Labour Law of the People’s Republic of China and Labour Contract Law as our fundamental principles, and continuously optimise and refine our Recruitment Management System, Remuneration Management Regulation and Attendance Management Regulation to effectively ensure employees receive fair and reasonable treatment in all aspects, including recruitment, remuneration and working hours, and to fully safeguard their legal rights. The Company adheres to the principles of staff employment and labour rights protection, and strictly prohibits any form of child labour and forced labour. To this end, we have established a strict employee candidate information identification system, ensuring that all employees meet statutory employment standards through rigorous review of key information such as age of the candidate.

We are always committed to creating an inclusive and equal working environment, and firmly stand against any form of discrimination. We ensure that every employee enjoys equal opportunities and fair treatment, regardless of their ethnicity, nationality, religious belief, gender, age, marital status, or physical condition. In case of any potential discriminatory behaviour or ethical risks, we will intervene and handle promptly and appropriately to ensure a healthy and harmonious working environment. We value the unique contributions of each employee and look forward to growing together with everyone to create a better tomorrow. To attract diverse and high-calibre talents, the Company actively expands its recruitment channels, including campus recruitment, public recruitment, and staff referral. As at 31 March 2025, our team had 332 vibrant and innovative members. In the future, we will continue to uphold an open and inclusive attitude, moving forward with every employee to jointly write a new chapter in the Company’s development!

Accelerating Growth

We continuously optimise and improve our staff promotion system. With the formulation of the Promotion Management System and Group Staff Career Development System, we have established a standardised promotion mechanism covering the entire process from the application for promotion, qualification vetting, work report, to comprehensive evaluation. To broaden employees’ space for growth of their career, the Company has established a dual ranking regime with parallel professional route and management route, setting clear promotion route for different development directions, thus providing employees with diverse and sustainable career development options.



We always adhere to the core principles of scientific rigor and fairness, continuously optimising our performance appraisal and management systems, and striving to provide every employee with an objective and transparent evaluation environment. All departments continuously track and guide employee performance based on clear key performance indicators, providing timely feedback to help employees grow and improve constantly.



Table of Performance Appraisal Coefficient		
Performance Appraisal Coefficient	KPI Coefficient	Standard for Reference
100 points (exclusive) — 120 points (inclusive)	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)	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)	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;
Below 80 points	Corresponds to performance appraisal score	Failing to be competent for the job position; Failing to complete work tasks on time; Negative working attitude;

Always adhering to the core philosophy of “staff first”, we continue to increase investment in talent team building and humanistic care, deeply believing that the high-quality development of an enterprise is inseparable from the common growth of every employee. The Group has established a multi-tiered training system and formulated and improved various policies, including the Training Management System, System for the Management of Training of New Employees and System for the Management of External Training, to meet the diverse growth needs of employees at different positions and levels. In FY2024/25, the Group continued to promote a wide range of training programs, enabling new employees to smoothly integrate into teams through systematic training, and senior management to stimulate innovative thinking through in-depth exchanges. Through a series of targeted courses, employees’ overall quality and professional capabilities are continuously enhanced, making the learning and working process more passionate and dynamic.

Senior Management Training

From 2 to 5 September 2024, 17 core members of the management team traveled to the picturesque Ulan Butong to embark on a team building and strategy workshop themed "Collaboration, Consensus, and Progress". This event is not only a comprehensive honing in the cohesion and collaboration of the management team, but also an important initiative for the Company to promote the deep integration of its management and jointly plan for future development.

During the four-day trip, the management team challenged themselves and enhanced mutual understanding and trust through well-designed outdoor team-building activities and several efficient strategic workshops. The baptism of the natural environment and the experience of teamwork allowed each member to personally feel the power of the collective. During the workshop session, team members engaged in in-depth discussions on topics such as the Company's medium-to-long-term development strategy, shared understanding of the corporate culture, and team building. Everyone offered their opinions and contributed ideas, ultimately forming a number of pragmatic and effective development measures and consensuses, which laid a solid foundation for the Company's continuous innovation and steady progress.

This trip to Ulan Butong not only deepened the emotional bonds among the management team members but also significantly enhanced overall collaboration efficiency and execution. The team gained trust, friendship, and foresight through spending time together, further unifying their strategic thinking and pace of actions. In the future, the management team will lead Dongxiang Group to continuously break through and move towards a more excellent tomorrow with greater tacit understanding and cohesion.



New Employee Training

To help new employees better integrate into the team and fully understand the corporate culture, we continuously optimise the content and format of new employee training, and have developed a systematic Onboarding Guidebook to provide new employees with comprehensive and meticulous training guidance. The handbook not only covers practical information such as the Group's core values, office procedures, and welfare policies, but also helps new employees quickly familiarise themselves with the working environment and smoothly embark on their career journey at Dongxiang Group.

From 18 to 20 September 2024, we organised a three-day team-building training activity for 51 new employees who joined within the year, at a scenic suburban resort hotel. This training not only focuses on the deep integration of corporate culture but also covered multiple interactive sessions with teamwork and mutual trust as its main theme, allowing new employees to deeply understand the Company's history, brand development, core values, and the tacit understanding and vitality among team members in a relaxed and pleasant atmosphere. Through face-to-face communication and experiences, everyone gained a deeper sense of identity with and belonging to the enterprise, and team collaboration capabilities were significantly enhanced.

The survey results indicate that new employees have generally had a more comprehensive understanding of the culture, development direction, and management philosophy of Dongxiang Group, and are particularly touched by the "family culture" advocated by the Company. Through close communication and interaction, trust and integration among employees continue to deepen, and the emotional bond between the enterprise and its employees becomes increasingly strong. We hope that every new employee can flourish in this fertile soil, advancing and growing together with Dongxiang Group.

Business System Usage Skills Training

In the financial year, we conducted full module training for our business systems. The training content covered the original intention of system design, business operation SOPs, discussion and optimisation suggestions for authority allocation, and emphasised data security management requirements. Simultaneously, end-to-end business process testing and authorisation configuration verification were conducted, further enhancing the team's system operation capabilities and compliance management level.



Health and Safety

We always regard the physical and mental well-being of our employees as a crucial cornerstone of corporate development, continuously providing comprehensive and multi-faceted health protection for our employees. The Group provides all employees with supplementary medical insurance and personal insurance, comprehensively covering various risks such as illness, accidents, and maternity, holding a solid “health protective umbrella” up for everyone.

We fully address the diverse health needs of our employees, tailoring health check-up programmes based on factors such as gender and age, to ensure that every employee receives the most considerate and suitable health services for their individual circumstances. By continuously refining our health protection system, we are committed to creating a safe, warm, and caring work environment, allowing every Dongxiang employee to work with peace of mind and live healthily, feeling genuine care and support within the corporate family. For frontline staff in retail stores, we have also specifically purchased employer's liability insurance in addition to effectively enhance employees' sense of security and belonging at work.

We are committed to creating a healthy and pleasant working environment for our employees. To stimulate team vitality and enrich employees' leisure times, we launched the Cardio Club activity during the reporting period, providing a social platform that promotes physical and mental well-being. The Company regularly organises various forms of classes, including dance, fitness exercises, and yoga, every Tuesday, Wednesday, and Thursday at noon in the office area to meet the diverse interests of employees. During the reporting period, employees participated in the courses for 2,160 times, which is three times of that before the club upgraded. Through these activities, employees not only improved their health, but also enhanced mutual understanding and friendship through interaction. The Company will continue to optimise fitness venues and supporting facilities to ensure a richer and more diverse work and life for employees at Dongxiang Group, laying the foundation for creating a vibrant and healthy corporate culture.



Cardio Club

We have strictly complied with pertinent laws and regulations, such as the Labour Law of the People's Republic of China, Law on the Prevention and Treatment of Occupational Diseases, Regulation on Work Related Injury Insurances, and Fire Control Law. Through the formulation and implementation of internal regulations such as the System for Benefit Management, we effectively safeguard employee health and safety and create a standardised and reliable working environment. During the reporting period, the Group had no work-related casualties, nor any significant violations of employee health and safety regulations. In occupational health and safety management, we adhere to the principle of "life is priceless" and continuously improve the management system that covers all employees and all procedures. For frontline production employees, the Company provides high-standard personal protective equipment to fully ensure their personal safety in various working scenarios. At the same time, the safety supervision team regularly conducts safety inspections and supervises the implementation of operational standards and the wearing of labour protection equipment to ensure that every safety measure is truly put into practice, building a solid barrier of health and safety for employees.

We highly value our employees' dining experience and continuously optimise cafeteria management based on their feedback. Through multiple rounds of satisfaction surveys, the overall catering satisfaction and breakfast satisfaction both reached 80%. In response to the issues identified during the survey, we have refined our hygiene management procedures, increased cleaning frequency, and enhanced cleaning of detailed areas. In terms of meals, the dish structure has been optimised, reducing oily and overly salty foods, increasing healthy, light, and diversified options, and new dishes are regularly introduced. The breakfast category has also become more diverse. The cafeterias are regularly disinfected weekly to ensure a safe dining environment. We established a meal supply committee to communicate daily with the cafeterias for improvements, ensuring that employees' suggestions are promptly implemented and continuously enhancing their dining satisfaction.



First aid knowledge training

In addition, the Group continues to promote the development of a safety culture. Besides organising professional first-aid training, we also regularly broadcasts videos on topics such as fire safety and first aid on televisions in public areas like cafeterias, with a cumulative playback time exceeding 20 hours, effectively enhancing employees' self-protection and emergency response capabilities. We will continue to safeguard the safety and health of every employee with a high sense of responsibility, and jointly create a harmonious and stable working environment.

Diversified Life of Employees




We always place employees at the core of our development, committed to providing them with comprehensive welfare protection, and continuously expand the depth and breadth of employee benefits. We address the essential needs of our employees through diversified welfare measures, thereby enhancing their satisfaction and sense of belonging. The welfare policy not only includes a comprehensive remuneration system, social insurance, commercial insurance, and other basic safeguards, but also covers aspects such as health management, career development, and family support, striving to create more comprehensive well-being for employees.

In terms of corporate culture building and humanistic care, the Company plans various festive celebrations and employee activities annually, aiming to create a warm and positive working atmosphere. Through various team-building activities, employee birthday parties, and festive celebrations, the Company not only allows employees to relax and enjoy themselves outside of work, but also enhances team cohesion and solidarity, and boosts employees' work enthusiasm and overall sense of well-being.

Through a series of care initiatives and cultural activities, we continuously enhance employee satisfaction and well-being, further stimulating team cohesion and creativity. In the future, we will continue to improve the employee welfare system and corporate culture system, creating a more solid foundation for employee growth and corporate progress, and jointly building a harmonious, positive, and warm working environment.

Staff Benefits

We are always grateful for the hard work of every employee, and we are dedicated to creating a diverse and personalised welfare system. In addition to continuously optimising the remuneration structure, we also provide employees with a wide range of exclusive benefits, including new product choices for birthdays, brand apparel benefits, special sales events, meal allowances, and workwear redemptions, thereby effectively enhancing employees' sense of achievement and belonging. The Company continuously improves its health care measures, upgrading daily necessities such as hand sanitiser and hand cream in office areas, focusing on the health and comfort of every employee. In FY2024/25, we also optimised the distribution methods for various benefits and continued to improve multiple care policies, including internal purchases, workwear, and holidays, to further foster a warm and harmonious corporate atmosphere, enabling every employee to achieve self-growth and a happy life at Dongxiang Group.

<div>Additional benefit 1: Birthday Benefits</div> <div>  </div>	<p>To further care for its employees, the Company has specially upgraded its birthday benefits. Each employee can choose a seasonal new product (covering tops, bottoms, footwear, or accessories) on their birthday, and the gift will be delivered to them on time (for employees in other regions, it will be mailed in advance), so that everyone can feel the warm wishes and sense of belonging from the Company at such important moments.</p>
<div>Additional benefit 2: Workwear Benefits</div> <div>  </div>	<p>To enrich employees' daily outfit choices, the Company comprehensively optimised its workwear benefits in FY2024, issuing "0 dollar exchange coupons" for summer T-shirts, "discount-on-discount benefit coupons" for new products", and "0 dollar purchase on New Year's festive attire". At the same time, it expanded the coverage of new products from KAPPA and PHENIX brands through online channels to meet employees' personalised dressing needs.</p>
<div>Additional benefit 3: Special Sale Benefits</div> <div>  </div>	<p>To enhance employees' sense of identity and belonging to the Company's brands, the Company regularly organises exclusive special sales events for KAPPA and PHENIX brands, allowing employees to purchase their desired products at more preferential prices. These exclusive welfare initiatives further enrich employees' life experiences and enhance brand belonging and team cohesion.</p>

Communication and Activities

We attach great importance to communication and interaction with our employees, actively listen to the difficulties and concerns they encounter at work, and promptly provide them with support and assistance. Through continuous employee satisfaction surveys, we adhere to an employee-centric approach, striving to create an environment with open, progressive, and vibrant corporate culture where every employee can achieve growth and gain a sense of accomplishment. In FY2024/25, the Company optimised and upgraded its employee communication channels. They have established multiple service desks on the Feishu platform, including finance, IT, human resources, administration, and culture, to achieve efficient one-on-one communication with employees. Through these service desks, employees can consult with or provide feedback to relevant departments at any time, and receive timely responses and exclusive services.

The Company always prioritises the physical and mental well-being and happiness of its employees. We regularly organise various care activities, aiming to foster a warm working atmosphere, enhance employees' sense of belonging and cohesion, promote interaction and emotional connection among staff, and further boost overall team morale with festive celebrations and team events.

Christmas and Thanksgiving Activities

During the 2024 Christmas period, the Group meticulously prepared festive desserts themed around Santa Claus, Christmas trees, and more, inviting all employees to celebrate the holiday together. While sharing food, employees enhanced communication and felt the warmth of the team and care from the Company. They all expressed that such activities greatly improved their sense of belonging and happiness, and further strengthened team cohesion. During the Thanksgiving period, the Company specially selected desserts from Rainbow Angel Café and gifted seasonal down jackets to hearing-impaired staff there. While celebrating warmly, the Company actively promoted care through public welfare, extended corporate responsibility to society, and allowed every employee to experience the Company's warmth and commitment.

Annual Party Activities

The Company's 2025 New Year Annual Party was grandly held in Beijing on 24 January, with employees from across the country and Hong Kong gathering to welcome the arrival of the Chinese New Year. We have curated a variety of game sessions, thoughtful souvenirs, and abundant lucky draw activities for this annual party, bringing employees a unique festive experience. The atmosphere throughout the event was lively, filled with laughter and joy. Everyone enjoyed friendly conversations and strengthened team cohesion in a relaxed and pleasant environment. After the annual party, many employees actively shared wonderful moments on their social media, posting photos of their prizes and the event, expressing their recognition and joy for the Company. Everyone expressed that the annual party not only made them fully feel the Company's care and warmth, but also further enhanced their sense of belonging and team cohesion, injecting more motivation and confidence into their work in the new year.



Annual Party Activities

“The Most Fun, Wild, and Passionate” Autumn Sports Day

The 2024 Staff Sports Day was grandly held on 9 October at Beijing Tiantan Stadium, becoming the eagerly anticipated annual event for employees. This sports event attracted 322 employees to actively participate in various competitions in a natural and relaxed manner, fully unleashing their passion and vitality for sports. Whether it was track and field events, team collaboration, or fun interactions, the atmosphere remained enthusiastic and pleasant. The sports day not only allowed employees to experience the joy of sport in the competition, but also promoted cross-departmental communication in a relaxed atmosphere. Many colleagues cheered each other on from the sidelines, and the rapport and cohesion among team members were further enhanced. Everyone expressed that this sports event not only enriched their work life but also allowed them to more deeply feel the Company's care for them and the warmth of the team, injecting new vitality and momentum into the group.



Autumn Sports Day

Amidst a rich and diverse corporate culture, the Company also actively organised themed festive activities for Mother's Day, Children's Day, the Mid-Autumn Festival, and so on. During Mother's Day, the Company thoughtfully prepared small festive gifts and warm greeting cards for the mothers at Dongxiang, ensuring every employee felt cared for and respected. For Children's Day, childhood games and exclusive access to a theme park's snack shop were arranged, providing an all-day stress-relief experience and allowing everyone to rediscover the joy of childhood. During the Mid-Autumn Festival, the Group also sent warm festive greetings and best wishes to colleagues in the Beijing and Shanghai offices. These activities attracted over 200 participants in total, and the atmosphere was warm and joyful.

Through these diverse festive activities, employees' leisure time have become more fruitful, and team cohesion and solidarity have been significantly enhanced. Looking ahead, the Company will continue to innovate the forms of activity, consistently bringing more exciting experiences and warm care to employees, working hand in hand with everyone to jointly contribute to the Company's continuous development.



“Boundless, Unwavering Love with You” Mother's Day Commemorative Event



“Joyful Childhood” Children's Day Event

RESPONSIBLE SUPPLY CHAIN

In the practice of building a responsible supply chain, we always take sustainable development as a guiding principle, and strictly control the selection and management of suppliers. We not only focus on the product quality and management systems of our partners, but also on their performance in environmental protection and social responsibility. To this end, the Company continuously improves its supplier admission mechanism and consistently enhances suppliers' comprehensive capabilities in quality, management, and green development through various training and exchanges. We firmly believe that a robust and reliable supply chain is built upon collaboration with high-standard, responsible enterprises, which not only helps enhance corporate competitiveness but also provides a solid guarantee for the sustainable progress of society and the environment.

Supplier and Quality Management

In terms of supplier management, we adhere to high standards and comprehensive principles for admission and classification. All potential partners are subject to the Group's strict comprehensive assessments, covering core indicators such as product quality, delivery efficiency, cost control, and willingness to cooperate, and suppliers are categorised into three classes of A, B, and C based on the assessment results. For Class C suppliers at the bottom, the Group implements a 6-month rectification period, and those who fail to meet the standards after rectification will have their cooperation terminated. In FY24/25, the elimination rate for underperforming suppliers reached 8%, while the proportion of high-quality

Class A suppliers increased from 65% to 78%, further optimising our supply chain structure.

In terms of quality management, we promote "zero defect" control throughout the entire chain, establishing three levels of inspection points — raw materials, semi-finished products, and finished products — and embedding multiple quality inspection procedures to ensure that products meet high standards at every stage. Through a transparent traceability system, blockchain technology is used to record the source, processing, and quality inspection data of each batch of fabric, shortening the traceability time for quality issues from 3 days to 8 hours. Thanks to these initiatives, the customer return rate for FY24/25 decreased by 18% year-on-year. We will continue to ensure the stable and efficient operation of our supply chain system through rigorous supplier management and comprehensive quality control throughout the entire process, thereby supporting the sustainable development of our enterprise.

Appraisal of Suppliers

In the process of appraisal of suppliers, we always adhere to strict quality control as a core requirement. Every step from raw material procurement to product manufacturing must undergo levels of quality inspection to ensure that products consistently meet high standards. To ensure this objective, we have established a regular quality assessment mechanism with our suppliers to continuously track and monitor product quality. Once a product quality issue is identified, we immediately urge the supplier to rectify

it and implement corresponding corrective measures to effectively maintain the stability and reliability of products. Our strong emphasis on product quality is both a concrete manifestation of our responsibility to consumers and a crucial guarantee for gaining widespread market recognition and trust. On this basis, we are not only committed to establishing long-term and stable partnerships with suppliers, but also actively promoting the sustainable development of the supply chain, thoroughly assessing and controlling potential environmental and social risks at all stages, and fostering the common progress of enterprises and society.

Environmental Risk Assessment

We ensure that materials used comply with relevant environmental standards through audits, and strictly require suppliers to fully comply with environmental protection laws and regulations. We prioritise cooperation with enterprises that have obtained certifications such as ISO14001 Environmental Management System certification and ISO50001 Energy Management System certification. In addition, for highly polluting processes such as printing, dyeing, and spraying, we meticulously review the suppliers' operating procedures to ensure compliance with national and local environmental requirements. If a supplier is found to have environmental violations, we will urge them to rectify immediately, and for serious cases, the cooperation relationship will be directly terminated. On this basis, we actively promote the application of eco-friendly materials and have formulated management systems for chemicals and glue treatment agents, striving to minimise the use

and emission of harmful chemicals. Annually, we also conduct random inspections of our products, covering key safety indicators such as pH value, formaldehyde content, odour, and biodegradable oncogenic aromatic amine dyes, to ensure that our products consistently meet safety and environmental standards.

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. At the same time, we actively encourage suppliers to prioritise the use of sustainable raw materials to effectively reduce the adverse environmental impact of production activities. This series of measures not only helps to safeguard the occupational health and safety of employees, but also provides consumers with safer, more environmentally friendly, and healthier products.

Social Risk Assessment

In terms of social risk assessment, we also adhere to rigorous and systematic management principles. We prioritise suppliers who comply with domestic and international industry standards, such as ISO 45001 Occupational Health and Safety Management System certification and Business Social Compliance Initiative (BSCI), to ensure labour compliance and occupational health and safety management. During the assessment process, we focus on the legal compliance of labour employment of the suppliers, as well as the skill level and operational proficiency of workers, and scientifically and reasonably allocate orders based on their production capacity stability and actual production capacity estimates. In addition, we incorporate important elements such as working hour management, remuneration and benefits, and employee training into our comprehensive supplier evaluation system to effectively safeguard the legal rights and interests of employees. Through on-site inspections, we also assess the safety of suppliers' raw material selection and production processes, ensuring the health and safety of both employees of the suppliers and end consumers from the source.



Empowering Suppliers

We highly value communication and collaboration with our suppliers, continuously promoting an efficient supply chain and a win-win situation. To this end, we regularly conduct supplier training to comprehensively enhance collaboration efficiency and help all parties accurately execute brand marketing strategies. Quarterly, we organise an integrated training session for core executive suppliers, providing systematic sharing and interpretation on contents such as brand market trends, key product highlights, phased marketing strategies, and core action plans. The training covered both the internal brand marketing team and various external execution suppliers, effectively helping all parties align their understanding of information and improve the cooperation efficiency of subsequent communication and execution. In addition to regular sharing sessions, we also hold ad-hoc special training sessions for major stages based on specific project requirements, ensuring that relevant internal and external partners establish consensus in a timely manner and efficiently advance project implementation.

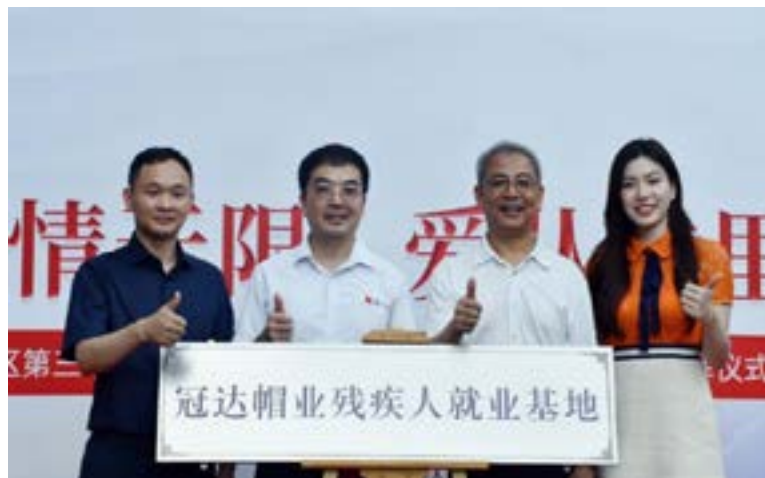
Through continuous professional training and information engagement, we help suppliers fully understand the brand's development direction and market strategy, thereby enabling them to better leverage their professional capabilities and achieve synergistic win-win outcomes under target-oriented collaboration. Each quarter, we organise regular visits to core factories and conduct quality inspections on production lines. We also engage in face-to-face in-depth discussions with factory teams to promptly understand the actual situation on the production front line and ensure the consistent implementation of the Group's product standards.

In promoting sustainable development and social and humanistic care, we actively encourage suppliers to practice social responsibility, and we actively engage with partners to help more disabled individuals who are willing to work, contributing to alleviating the burden on disabled individuals' families and society, thereby demonstrating the Company's commitment to social responsibility. In the financial year, our main cap supplier has cumulatively recruited 86 disabled

individuals, with 28 currently employed, of whom 11 are female employees. In terms of quality control management, we actively organise internal quality review meetings weekly for our on-site personnel at each shoe factory, and conduct a "Quality Improvement Month" activity quarterly. For key issues reported by consumers during the sales process, we propose practical improvement plans and supervise the factories throughout the entire process to ensure quality control requirements are implemented at all stages of production. In addition, the persons in charge of fabrics and lining fabrics regularly visit T2 suppliers to not only inspect the quality of materials but also promptly communicate the brand development strategy, helping suppliers quickly respond to the Group's requirements and continuously enhance product competitiveness.



Supplier's humanistic caring activity 1



Supplier's humanistic caring activity 2



FOSTERING INDUSTRY DEVELOPMENT

Industrial Chain Synergy

We always regard industry-academia-research collaborative innovation, and engagement with industry chain partners as crucial strategic pillars for enterprise development. Deeply aware that technological innovation and resource integration are the core drivers of industry progress, we actively build an open, cooperative ecological platform, working with upstream and downstream supply chain partners to continuously push the boundaries of industry technology. In the financial year, we have established close partnerships with several leading functional yarn enterprises, including Hyosung Corporation, Texhong, Toray, and Teijin, and have continuously conducted on-site communication meetings and technical exchanges focusing on the innovative research and development of functional yarns and development needs of fabrics. Through in-depth face-to-face discussions with partners on cutting-edge technologies and market trends, not only has the research and development process for high-performance fabrics been accelerated, but product upgrades have also been promoted in terms of functionality, comfort, and sustainable development.

In the financial year, we continued to strengthen cooperation with leading enterprises in the functional yarn sector. We conducted multiple rounds of on-site communication and technical exchanges focusing on the innovative research and development of functional yarns and their fabric application requirements, thereby deepening industrial chain collaboration. During the SS and FW seasons, we regularly invite suppliers to our Company to hold fabric promotion conferences, providing diverse fabric solutions based on product development needs. For forward-looking technological fabrics and market trends, special lectures will also be organised simultaneously to strengthen the understanding and transformation capabilities of new materials. Through in-depth face-to-face exchanges, we have accelerated the pace of development of high-performance fabrics and continuously promoted the comprehensive upgrade of products in terms of functionality, comfort, and sustainability, injecting solid impetus into building an open and cooperative ecosystem. We will continue to deepen cooperation with excellent industrial chain partners, jointly promote technological innovation and green transformation in the textile and apparel industry, and continuously inject new vitality into the high-quality and sustainable development of the industry.



On-site communication meeting regarding recommendations for the development of functional yarn-related fabrics

School-enterprise Collaboration

We always regard school-enterprise collaboration as a crucial part of our talent strategy layout and are committed to continuously expanding high-potential talent pipelines and strengthening our employer brand influence through diversified university cooperation models. Recognising that young talent is the source of enterprise innovation and development, we actively participate in university recruitment activities and deepen all-round cooperation with educational institutions in areas such as employment, internships, and job transfers.

In the financial year, we focused on expanding our partnership with Beijing Institute of Fashion Technology, participating consecutively in its 24th and 25th spring and autumn campus recruitment fairs. At the same time, focusing on our employer branding goals, we actively participated in the fresh graduate recruitment activities at Beijing Sport University and Renmin University of China. Through face-to-face communication, the Company not only systematically conveyed its business and development vision to students but also established a good reputation within the university community, gaining widespread attention and positive feedback.

We will continue to deepen and broaden our cooperation with key universities, building a more efficient talent acquisition mechanism to provide solid talent support for the Company's sustainable development.



CHAPTER 4

PROTECT THE EARTH GREEN PROMISE

- ▶ CHAPTER STORY — CHINA DONGXIANG THAT LEADS THE NEW TREND OF WINTER SPORTS
- ▶ 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: PROTECT THE EARTH, GREEN PROMISE

CHAPTER STORY — CHINA DONGXIANG THAT LEADS THE NEW TREND OF WINTER SPORTS

As a leading brand in ski outdoor sports, PHENIX always stands at the forefront of industry development, guiding trends and directions. In December 2024, PHENIX ingeniously launched the double-board ski suit “Snowfield Armour”, which not only integrates cutting-edge technologies such as an active breathable system and composite technological fabric to achieve excellent windproof and snowproof performance, but also stands out in terms of the choice of fabric by using green and eco-friendly materials, demonstrating the brand’s profound commitment to sustainable development. With its profound technical expertise, exquisite craftsmanship, and unique insights into ski culture, PHENIX continuously launches innovative equipment that meets the needs of professional athletes and ski enthusiasts.

In a blink of an eye, 2025 arrived, and the 9th Asian Winter Games came to a grand opening. In this winter extravaganza, the Xinhua News Agency team, clad in PHENIX gear, documented every exciting moment of the games, from the biting cold wind in the early morning to the tapping of keyboards late at night. With its excellent thermal performance, flexible range of motion, and professional protective design, PHENIX provides solid protection for the team members, helping them better convey the charm and passion of outdoor sports, especially winter sports.

PHENIX has always been committed not only to developing high-performance ski equipment but also to promoting winter sports, treating it as its own responsibility. Through continuously launching innovative products, sponsoring international competitions, and collaborating with media, PHENIX actively promotes the culture of winter sports, inspiring more people to be passionate about and aspire to the sports of skiing. Under the leadership of PHENIX, winter sports are popularising and developing at an unprecedented speed, becoming the preferred way for more and more people to pursue health and challenge themselves.



▶ Craftsmanship and Dedication to Strive for Perfection



▶ Dream of Winter, Love among Asia

CLIMATE ACTION

Amidst the global environment of actively addressing climate change and placing it in an important strategic position, the apparel industry is entering a critical period of low-carbon transformation, which presents both unprecedented development opportunities and numerous severe challenges. We always uphold the concept of green development and proactively respond to various impacts brought by climate change. Under the Board’s strict supervision and careful guidance, we are fully committed to managing risk identification and opportunity response of climate change, striving for rigor, meticulousness, and comprehensive depth.

We continue to deeply explore and optimise ways of utilising resources, fully unleashing the greater potential of resource utilisation. From all levels of daily operation and management, we re-examine and adjust resource allocation to reduce unnecessary resource wastage. At the same time, we have increased investment in technological research and development and innovation, actively introduced and promoted advanced management models, and are committed to minimising waste generation and reducing adverse impacts to the environment. We are well aware that greenhouse gas emissions are one of the main causes of climate change. Therefore, we make every effort to strictly control greenhouse gas emissions and contribute our wisdom and strength to achieving the ambitious goal of carbon neutrality through a series of effective measures.

Tackling Climate Change

In the current era of rapid evolution and iteration of global climate governance rules, we have elevated the significant issue of tackling climate change to a core position at the strategic level of the Board, meticulously constructing a climate governance system with clear responsibilities and a closed-loop operation. The Board, as the “brain” and the highest governing body for corporate decision-making, plays

an irreplaceable overarching role in the climate change management process. The Board bears the important responsibility of providing comprehensive guidance for the Group’s formulation of ESG strategies (covering content related to the tackling of climate change) and development direction. The Board conducts in-depth assessments and analyses for various material issues (including key issues related to the tackling of climate change). In the meantime, closely integrating with the actual conditions of the Company’s business operations, the Company will revise climate change-related environmental goals with a prudent and professional attitude, and scientifically and reasonably set targets for the next financial year, continuously promoting a dual improvement in the quality and efficiency of climate-related management and disclosure work.

In addition, the Board, through its ESG Committee, regularly tracks the progress of emission reduction targets, acting like a precise “navigator” to ensure that relevant departments effectively implement ESG decisions (of which decisions related to the tackling of climate change are an important part) in every aspect of operation and management. The Board is also responsible for organising knowledge-sharing activities on climate-related topics and establishing a professional think tank platform, enabling Board members and each business department to stay informed about the latest trends and most recent developments in tackling climate change, thus ensuring they are well-informed and perceptive.

During the reporting period, we actively conducted climate scenario stress testing in collaboration with third-party professional consulting firms. Through this test, we are able to quantitatively analyse physical risks (such as the impact of extreme weather events on the probability of supply chain disruption) and transition risks (such as the impact of replacing existing products and services with low-emission products and services), continuously explore the balance between “climate governance” and “business for good”, thus achieving the organic unity of corporate development and social responsibility.

Scenario Analysis

Type of physical risk	Risk level under the current scenario	Risk level under the RCP2.6 scenario	Risk level under the RCP8.0 scenario
Heatwaves	Medium-high	Medium	High
Water resource pressure	Medium	Medium-low	High
Rise in sea levels	Medium	Medium	High
Flooding	Medium-high	Medium	High
Typhoon	High	High	High
Extreme weather	Medium	Medium	High

Table: Risk levels of various physical risks under different scenarios



Type of transition risk	Specific risk items	Risk level under the current scenario	Risk level under the RCP2.6 scenario	Risk level under the RCP8.0 scenario
Policy and legal risks	Increased carbon pricing	Medium	Medium-low	High
	Enhanced emissions reporting obligations	Medium	Medium-low	High
	Mandatory regulation of existing products and services	Medium	Medium-low	High
	Exposure to litigation	Medium	Medium-low	High
Market and technology risks	Substitution of existing products and services with lower emissions options	Medium	Medium-low	High
	Unsuccessful investment in new technologies	Medium	Medium-low	High
	Costs of transition to lower emissions technology	Medium	Medium-low	High
	Changing customer behaviour	Medium	Medium-low	High
	Uncertain market signals	Medium	Medium-low	High
	Increased cost of raw materials	Medium	Medium-low	High
Reputation risks	Shifts in consumer preferences	Medium-low	Low	Medium-high
	Stigmatisation of industry sector	Medium-low	Low	Medium-high
	Increased stakeholder concern or negative stakeholder feedback	Medium-low	Low	High

Table: Risk levels of various transition risks under different scenarios

Risk Management

Starting from the actual business and operations of the enterprise, we thoroughly analyse the relevant risks and opportunities brought by climate change. By analysing the levels of physical risk and transition risk under the current scenario, RCP2.6 scenario, and RCP8.0 scenario, we have prioritised various risks. The table below shows the high-priority risks under each scenario after analysis.

Scenario	High-priority physical risk	High-priority transition risk
Current scenario	Typhoon, heatwaves, flooding	Increased carbon pricing, enhanced emissions reporting obligations, mandatory regulation of existing products and services, and exposure to litigation in policy and legal risks; and substitution of existing products and services with lower emissions options, unsuccessful investment in new technologies, costs of transition to lower emissions technology, changing customer behaviour, uncertain market signals, and Increased cost of raw materials in market and technology risks.
RCP2.6 scenario	Typhoon	Substitution of existing products and services with lower emissions options, unsuccessful investment in new technologies, costs of transition to lower emissions technology, changing customer behaviour, uncertain market signals, and Increased cost of raw materials in market and technology risks.
RCP8.0 scenario	Heatwaves, water resource pressure, rise in sea levels, flooding, typhoon, extreme weather	Increased carbon pricing, enhanced emissions reporting obligations, mandatory regulation of existing products and services, and exposure to litigation in policy and legal risks; substitution of existing products and services with lower emissions options, unsuccessful investment in new technologies, costs of transition to lower emissions technology, changing customer behaviour, uncertain market signals, and Increased cost of raw materials in market and technology risks; and shifts in consumer preferences, stigmatisation of industry sector, and increased stakeholder concern or negative stakeholder feedback in reputation risks.

Table: High-priority risks under different scenarios

Through risk prioritisation, we have identified six physical risks comprising high-priority acute and chronic risks, eight transition risks comprising policy and legal risks and market and technology risks, and five potential opportunities derived from existing management measures and improvement directions. We have also assessed the impacts of these factors on the Group's business, strategy, and finance, and proposed corresponding measures in response.

Type of physical risk		Impact on strategy, business and finance	Measures in response
Acute risk	Heatwaves	Consumers’ demand for thick, thermal sportswear would decrease, an example would be the decline in sales of products in the winter series during heatwaves, affecting sales performance; high temperatures may lead to lower work efficiency of employees, thus increasing the operating costs of the enterprise; during production, high temperatures may affect the performance of raw materials and the stability of production equipment, leading to product quality issues and production interruptions.	Strengthen market research and plan ahead to launch a series of lightweight and breathable sportswear during heatwave seasons; upgrade air-conditioning facilities in offices and production environments to ensure work efficiency of employees and normal operation of equipment; establish a raw material and product quality monitoring mechanism to adjust production processes to cope with the impact of high temperatures in a timely manner.
	Flooding	Warehouses and stores located in low-lying or flood-prone areas may be inundated, causing damage to inventory, equipment, and facilities, and resulting in direct economic losses; floods may also lead to traffic disruptions, affecting product logistics and distribution, delaying delivery times, and reducing customer satisfaction, which would damage brand reputation; if the production plants are affected by floods, operations and production might be suspended, disrupting production plans, which would increase production costs.	Formulate flood contingency plans, equip emergency supplies, and regularly organise drills; conduct risk assessments for warehouses, stores, and factories susceptible to floods, and strengthen construction of flood prevention facilities; establish an emergency coordination mechanism with logistics suppliers to ensure that delivery routes or methods can be adjusted during floods.
Acute risk	Typhoon	Facilities such as stores and billboards in coastal areas are vulnerable to typhoon damage, resulting in property losses; typhoons may hinder logistics and transportation, affecting product supply and satisfaction of market demand in a timely manner; employee attendance and work safety will be impacted, thereby reducing operational efficiency.	Reinforce coastal stores and facilities before the typhoon season arrives, and transfer fragile materials in advance; jointly formulate a transportation response plan with logistics suppliers for use during typhoons, such as reserving contingency transportation tools and routes; strengthen employee safety education, and formulate work arrangements and safety assurance measures during typhoons.
Acute risk	Extreme weather (Other extreme weather conditions not mentioned above, such as blizzards, hail, etc.)	Extreme snowfall may lead to disruptions in logistics and transportation, affecting product delivery and increasing storage costs; blizzards and hail may damage stores, warehouses, and production facilities, impacting normal operations; extreme weather can alter consumer purchasing behaviour, making demand forecasting for certain products more difficult which affects inventory management and sales plans.	Establish an extreme weather warning system to obtain weather information promptly; adjust logistics, production, and sales strategies according to the characteristics and impact of extreme weather; strengthen facility maintenance and insurance coverage to reduce losses caused by extreme weather.
Chronic risk	Water resource pressure	Production processes (such as dyeing and washing) have high demands on water resources, and water resource pressure may lead to increased costs of water usage, compressing profit margins; water scarcity may affect production progress and reduce production efficiency; consumers’ increasing concern about water resource management of the enterprise implies that if we mismanage our water usage, we may face reputation risks.	Optimise production processes to improve water resource utilisation efficiency, such as adopting water-saving dyeing and washing technologies; establish a water resource management system to strengthen monitoring and control on water usage; enhance cooperation with suppliers to promote sustainable water resource management along the supply chain, and ensure proper disclosure of information related to water resource.
Chronic risk	Rise in sea levels	If China Dongxiang has important warehouses, stores, or production bases in coastal areas, rising sea levels may cause these facilities to be submerged or eroded by seawater, requiring significant capital investment for relocation or reinforcement; logistics and market layout in coastal areas would be affected, increasing operating costs and difficulty of strategic adjustments.	Conduct a comprehensive assessment of assets in coastal areas, formulate long-term plans to address rising sea levels, such as pre-planning relocation or reinforcement schemes; adjust the business layout in coastal areas to reduce reliance on regions significantly affected by rising sea levels.

Type of transition risk		Potential impact	Measures in response
Policy and legal risks	Increased carbon pricing	Increased costs for purchasing energy and related production materials compress profit margins and affect product pricing and market competitiveness	Closely monitor carbon market dynamics and policy trends, and plan energy procurement strategies in advance; optimise energy use structure, improve energy utilisation efficiency, and reduce energy consumption; explore and establish long-term cooperation agreements with suppliers to stabilise energy procurement prices.
	Enhanced emissions reporting obligations	The need for more manpower and material resources to be invested in carbon emission data statistics and reporting increases operating costs; if the reports are inaccurate or untimely, the Company may face regulatory penalties	Establish a professional carbon emission data management team, strengthen personnel training, and improve the accuracy and efficiency of data statistics and reporting; introduce advanced data statistics and management tools to optimise data collection and analysis processes; regularly conduct internal reviews and external audits to ensure reports comply with regulatory requirements.
	Mandatory regulation of existing products and services	Existing products and services may be subject to sales restrictions, recalls, or fines due to non-compliance with new regulatory standards, which could damage brand reputation and affect market share	Closely monitor changes in policies and regulations, and establish an early warning mechanism for policies; strengthen compliance management in product research and development and production processes to ensure that products and services continuously meet regulatory requirements; upgrade products and optimise services in advance to proactively adapt to regulatory trends.
Market and technology risks	Substitution of existing products and services with lower emissions options	Decreased market demand for existing products and services results in inventory backlog, decline in sales performance, and market share being seized by competitors	Increase investment in research and development, accelerate product innovation, and launch more low-emission products and services; strengthen market promotion to enhance consumer awareness and acceptance of low-emission products and services; optimise product structure, and gradually phase out high-emission and low-competitiveness products and services.
	Unsuccessful investment in new technologies	Invested funds cannot be recovered, leading to a waste of resources and affecting the enterprise's profitability; there is a risk of missing technological development opportunities, placing the enterprise at a disadvantage in market competition	Before investing in new technologies, conduct thorough market research, technical evaluation, and feasibility analysis; reasonably control investment scale and diversify investment risks; cooperate with scientific research institutions, universities, and other entities to jointly develop new technologies and reduce research and development risks.
	Costs of transition to lower emissions technology	Significant capital investment is required for technology procurement, equipment upgrades, and personnel training, which increases the company's financial burden and affects liquidity; it may lead to increased product costs and weakened price competitiveness in the short term	Formulate a reasonable transition plan, promote technological transition in stages and steps, and reasonably arrange funds; actively strive for policy support such as government subsidies and tax incentives; strengthen cost management, optimise production processes, and reduce cost increases brought about by the transition.
	Changing customer behaviour	Product overstocking leads to increased difficulty in inventory management; poor marketing effectiveness leads to increased marketing costs; decreased market share leads to restricted business development	Strengthen market research and use big data analysis and other means to deeply understand the changing trends of customer needs; adjust product design, functions, and marketing strategies in a timely manner according to customer needs; establish a good communication mechanism with customers, and improve customer satisfaction and loyalty.
	Increased cost of raw materials	Rising product production costs compress profit margins; this may lead to an increase in product prices, affecting the product's market competitiveness and reducing market share	Optimise supplier management, establish long-term and stable cooperative relationships with suppliers, and strive for more favourable procurement prices and terms; expand raw material procurement channels to reduce reliance on a single supplier; strengthen cost control, and improve raw material utilisation efficiency and reduce raw material consumption through technological innovation and process improvement.

Type of opportunity	Impact
Energy and environmental protection	Global attention to climate change makes energy conservation and emission reduction a major responsibility for enterprises. China Dongxiang may formulate value chain emission reduction measures, improve energy efficiency, reduce energy consumption and greenhouse gas emissions, and establish an eco-friendly image. At the same time, in response to the preference of enterprises and consumers for renewable energy, clean energy such as photovoltaic power generation, solar energy, and wind energy can be adopted to reduce reliance on fossil fuels, which helps achieve carbon goals, and lower energy costs in the long run.
Product and service innovation	Climate change alters market demand, and China Dongxiang may develop products adapted to different climatic conditions, such as summer clothing with better breathability and lightweight jackets suitable for various climates, so as to meet consumer demand and open up new markets. Integrating sustainability and eco-friendly concepts into product design and services, such as using recyclable materials and offering repair and reuse services, enhances consumer loyalty to the brand and market competitiveness.
Market expansion and brand building	Global climate change has led to shifts in climate zones in some regions, allowing China Dongxiang to design and promote products suitable for local climates in emerging markets, thereby expanding its market reach. By actively addressing climate change challenges and adopting carbon reduction measures, the enterprise can enhance its brand image as a responsible entity and attract more environmentally conscious consumers.
Supply chain and operation optimisation	To cope with the uncertainties brought by climate change, a more flexible and resilient supply chain can be built to ensure stable production and supply and enhance the management level of the supply chain. A refined contingency management system can be established to respond quickly to abrupt weather events and reduce losses. Investment in intelligent manufacturing, smart logistics, and smart merchandise operations can be increased to leverage digitalisation and intelligence to enhance operational efficiency and promote green development.
Brand and product upgrading	Consumers are increasingly aware of climate change and prefer low-carbon products and eco-friendly enterprises. China Dongxiang is shaping an eco-friendly brand image and launching low-carbon and environmentally friendly products, which is expected to attract more consumers and drive revenue growth. Specifically, we can strengthen the innovation and application of low-carbon products, prioritise the choice of low-carbon and environmentally friendly products and services, increase the use of eco-friendly materials such as bio-based fibers and recycled polyester fibers in footwear and T-shirts, intensify the promotion of low-carbon products and concepts, pay attention to changes in consumer preferences, and invest in the innovation and research and development of green products.

In addition, we conducted a geographical assessment of physical risks based on the locations of our offline stores, considering the current scenario, RCP2.6 scenario, and RCP8.0 scenario. (Store data as of 31 August 2024)

Region	Type of climate risk	Description of risk	Measures in response
Guangdong, Fujian, Zhejiang, and Hainan	Typhoon/flooding/rise in sea levels	The southeastern coastal region is significantly affected by typhoons, with a high risk of flooding in summer; the Pearl River Delta needs to pay attention to the trend of rising sea levels.	<ul style="list-style-type: none">Building reinforcement: Reinforce coastal stores with waterproofing and windproofing to ensure that the building structure can withstand strong winds and floods;Emergency inventory management: Increase inventory before typhoon seasons to ensure customer demand can still be fulfilled when the supply chain is disrupted;Contingency Plan: Formulate a detailed typhoon contingency plan, including employee evacuation, store closure procedures, and post-disaster recovery plans;Insurance coverage: Purchase natural disaster insurance for stores and warehouses to reduce economic losses.
Jiangsu, Shandong, and Anhui	Extreme rainfall/flooding	The Yangtze River and Huai River basins face prominent flood risks, with the frequency of extreme rainfall projected to increase incrementally from 2030 to 2050.	<ul style="list-style-type: none">Drainage system upgrade: Renovate drainage systems in stores and warehouses to prevent internal flooding;Logistics optimisation: Adjust logistics routes in advance during the rainy season to avoid areas prone to waterlogging;Staff training: Conduct flood emergency drills to ensure staff are familiar with emergency procedures;Data monitoring: Connect to the local weather warning system to monitor rainfall in real time.
Beijing, Hebei, and Henan	Extreme high temperature/heatwaves	Extreme high temperature events frequently occur in the North China Plain during summer, and heatwaves significantly impact the operation of outdoor stores.	<ul style="list-style-type: none">Store cooling measures: Install sunshade facilities, air conditioning systems, or fans to improve the store environment;Adjustment of business hours: Shorten outdoor activities or adjust business hours during high-temperature periods to reduce the risk of employees and customers being exposed to high temperatures;Employee health protection: Provide heatstroke prevention and cooling supplies (such as cooling oil and drinking water), and strengthen safety training for high-temperature operations;Energy management: Optimise air conditioning use and adopt energy-saving equipment to reduce energy consumption.

Region	Type of climate risk	Description of risk	Measures in response
Heilongjiang, Jilin, and Liaoning	Extreme low temperature/ extreme snowfall	Extreme low temperatures and blizzards in winter may lead to traffic disruptions, affecting logistics and customer traffic to stores.	<ul style="list-style-type: none"> Heating guarantee: Ensure the normal operation of the store’s heating system to provide a comfortable shopping environment; Logistics anti-freezing: Equip logistics vehicles with anti-skid chains, antifreeze, and other equipment to ensure safe winter transportation; Employee protection: Provide employees with cold protection equipment (such as thermal clothing and gloves), and formulate safety specifications for low-temperature operations; Contingency plan: Formulate a store closure and reopening plan for heavy snow conditions.
Sichuan, Chongqing, Yunnan, and Guizhou	Extreme rainfall/flash flood, drought, earthquake	Mountainous terrain is prone to flash floods and mudslides; seasonal droughts in some areas may affect water resource supply; Sichuan and Yunnan are located in active seismic zones, and secondary disasters (such as landslides) need to be aware.	<ul style="list-style-type: none"> Strengthen geological disaster monitoring in stores and warehouses, and install early warning systems; Inspect the drainage system before the rainy season to ensure it is clear; Reserve emergency supplies (such as drinking water, food) to ensure employee safety.
Shaanxi, Shanxi, Gansu, Qinghai, Ningxia, and Inner Mongolia Autonomous Region	Extreme high temperature/ drought/sandstorm in spring/flooding	High temperatures in summer pose a threat to people at outdoor activities and employee health; water scarcity may affect supply chain stability; and sandstorms in spring may affect store operations and logistics.	<ul style="list-style-type: none"> Adjust business hours during hot seasons and provide heatstroke prevention and cooling supplies; Optimise water management and adopt water-saving equipment; Install dust control facilities and regularly clean the internal and external environment of the stores.
Hunan, Hubei, and Jiangxi	Extreme rainfall/flooding/ extreme high temperature	The Yangtze River basin faces a high risk of summer floods; summer heatwaves may affect the health of employees and customers.	<ul style="list-style-type: none"> Upgrade the store drainage system to prevent internal flooding; Provide sunshade facilities and cooling equipment during hot seasons; Formulate flood emergency plans to ensure rapid resumption of operations.

Region	Type of climate risk	Description of risk	Measures in response
Shanghai and Tianjin	Rise in sea levels/heavy rain-induced waterlogging	Low-lying coastal cities face the threat of rising sea levels, compounded by heavy rainfall which can easily lead to urban waterlogging.	<ul style="list-style-type: none">Building renovation: Raise foundations or carry out waterproofing renovations for stores in low-lying areas to prevent seawater backflow;Intelligent monitoring: Install water level monitoring equipment to provide real-time early warning of waterlogging risks;Emergency plan: Formulate emergency evacuation and store closure plans during heavy rain;Green infrastructure: Increase green belts or rain gardens around stores to alleviate urban waterlogging pressure.
Guangxi	Typhoon/flooding/extreme high temperature	Coastal areas are affected by typhoons, while inland areas may face flood risks; high summer temperatures may affect outdoor activities.	<ul style="list-style-type: none">Reinforce store buildings to resist typhoon attacks;Formulate flood contingency plans to ensure rapid resumption of operations;Provide sunshade facilities and cooling equipment during hot seasons.
Xinjiang	Extreme high temperature/drought	The trend of extreme high temperatures in plateau regions is rising, and drought may affect supply chain stability (e.g., raw material transportation).	<ul style="list-style-type: none">Water resource management: Optimise water systems in stores, adopt water-saving equipment which ensures stable water supply during droughts;Supply chain adjustment: Pre-stocking raw materials to avoid supply chain disruptions caused by droughts;Employee health protection: Provide sun protection products and sufficient drinking water to prevent heatstroke during high-temperature operations.

Indicators and Goals

Since FY20/21, China Dongxiang has conducted a comprehensive inventory of the Group’s greenhouse gas emissions annually within the stipulated timeframe, truthfully reporting its performance and achievements in climate-related matters. 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). For details of climate-related data for the financial year, please refer to the appendix to this report: Table of Key Performance Indicators.

Energy Transition

We attach great importance to energy management, actively implementing energy-saving measures from multiple dimensions, including office equipment, air conditioning, and lighting fixtures. Regarding office equipment, the power-on period is set from 8:30 to 20:30 daily. The last employee to leave is required to switch off the area’s power, and reminders are sent via the OA system every Friday and before holidays to reduce electricity waste and lower safety hazards. For air-conditioning management, regular inspection and maintenance are carried out before and after the cooling season. The equipment operates from 8:00 to 17:00 and is controlled by zone, ensuring operation at a low level of energy consumption. All lighting fixtures use LED lights, and the power is automatically cut off at 8:30 p.m. each night, with single-floor power supply provided for relevant floors during overtime work.

To further optimise energy efficiency, we continuously carry out maintenance and external repair work on the air conditioning system, with particular attention to the inspection and repair of key components such as valves and fan coils, thereby improving energy utilisation efficiency. Through these systematic measures, the Company not only demonstrates its firm commitment to creating a safe and healthy working environment, but also leverages hazard identification and inspection work to build a safer and more comfortable working space for employees, thereby helping them work efficiently.

At the same time, we focus on enhancing employees’ understanding of green development concepts, actively promoting interaction between various departments and consumers, and deeply integrating sustainable concepts and environmental protection practices into daily work and public consumption scenarios. We vigorously promote green office practices, meticulously plan low-carbon and environmental protection themed training activities to strengthen employees’ awareness on the ideas of green and low-carbon. In addition, employees are encouraged to play an exemplary leading role, leveraging the influence of the Company and the brand to engage consumers and the people from all sectors of society in climate action, contributing to the efforts to address climate change.

Optimisation of Resource Utilisation

In terms of optimisation of resource utilisation, the Company adheres to the concept of sustainable development and strictly controls every link. We focus on the efficient recycling of water resources, carefully select eco-friendly fabrics and auxiliary materials to reduce chemical pollution. At the same time, by optimising packaging design, we reduce material waste, improve space utilisation, and comprehensively promote resource conservation.

In the company’s offices, water conservation is becoming a prevailing trend. We meticulously arrange the washbasin areas, posting brightly coloured and creative water-saving promotional posters, and regularly update and loop short water-saving themed videos to create a strong water-saving atmosphere. At the same time, all faucets have been replaced with sensor-controlled models to precisely control water flow, avoid water wastage, and allow water conservation efforts to naturally flow into daily office operations.

In the integration of fabrics and auxiliary materials, we have adopted a series of refined measures. In terms of fabric integration, based on the selection and trial production of samples at recommendation meetings, the result of samples is evaluated to determine the use of new fabrics, and a 3:7 ratio of new to old fabrics is set to balance innovation and tradition. Cross-series design promotes the continuous use of fabric combination. After the fabric pool is determined, the colour pool is simultaneously fixed, and fabrics are summarised into a colour list. Greige fabric inventory and colour proofing are reasonably arranged to ensure that fabrics and colours of the garment samples are correct and delivered on time and with quality. In terms of integration of auxiliary materials, we have innovated and optimised the development process, established a strict control mechanism for new auxiliary materials, and meticulously managed each link. We will increase the use of existing auxiliary materials, promote their combined and shared use, clarify the specifications for using the auxiliary material pool, and create, properly retain, and regularly update physical and electronic catalogues for auxiliary materials to ensure accurate and consistent auxiliary material information, thereby providing strong support for apparel design, production, and marketing.

Against the backdrop of optimised resource utilisation, we are focusing on packaging design to drive innovative changes. Discarding traditional complex and redundant forms of packaging, we thoroughly analyse product characteristics and transportation needs, and re-plan the packaging structure. While ensuring the safe transportation of products, we optimise packaging dimensions to better fit the products, thereby improving space utilisation in warehousing and transportation. Through the series of packaging design optimisation initiatives, not only have packaging resources been effectively saved, but transportation costs and carbon emissions have also been reduced, achieving a win-win situation for both economic and environmental benefits.

In e-commerce sales scenarios, orders often involve purchases of three pairs of shoes at once, while the original packaging box specifications do not accommodate packaging materials for three pairs of shoes, affecting delivery efficiency and cost. Warehouse staff actively responded, accurately measuring the relevant shoe sizes on-site. With their professional capability and rigorous attitude, they created a new packing solution specifically for three pairs of shoes based on the measurement results, to align with actual business and sales needs.



The measure has been very effective. Packing efficiency has been significantly improved, allowing staff to pack orders more quickly and accurately, which accelerates the shipping process and enables goods to reach consumers faster. Cost control has also yielded significant results, with precise packaging matching reducing the number of packaging boxes purchased and transportation costs. In the full year of 2024, approximately RMB20,000 in packaging box procurement costs was saved, achieving efficient resource utilisation, generating revenue for the Company, and laying a solid foundation for business development.

Waste Management

We highly value waste recycling and treatment, and are committed to building an efficient recycling system. The Company sets up different types of recycling bins internally for the meticulous classification and collection of common recyclables such as paper, plastics, and metals. At the same time, we have established long-term cooperation with professional recycling organisations to ensure timely and standardised disposal of waste. For electronic waste, a strict recycling process is formulated, with dedicated personnel assigned to collect and register it, and then hand it over to qualified enterprises for dismantling and resource utilisation to prevent pollution. These measures have increased reuse rates of resources, reduced reliance on natural resources, lessened the environmental pressure from waste landfilling and incineration, and achieved the transformation of waste into valuable resources.

As a direct point of contact with consumers, stores are an important front for waste reduction efforts. We promote the concept of green operation and adopt a series of waste reduction measures. Regarding product packaging, we eliminate excessive packaging and adopt environmentally friendly and minimalist materials to reduce packaging waste. We also encourage consumers to bring their own reusable bags for shopping by offering discounts or rewards. In daily operations, we strengthen energy and water resource management, and install energy-saving lighting and water-saving equipment. Waste sorting and recycling areas are also set up to guide employees and consumers to dispose of waste correctly, thereby improving the recycling rate. These measures have created eco-friendly consumption scenarios for consumers, enhancing the social image and brand value of the stores.

We are fully committed to promoting the standardisation of catering management, strictly controlling the menu review process to ensure that dishes are reasonably paired, nutritionally balanced, and free from waste. At the same time, we vigorously promote the “Clean Plate Campaign”, formulate strict standards, advocate employees to order meals as needed so as to reduce food waste, and create a green and economical dining environment.

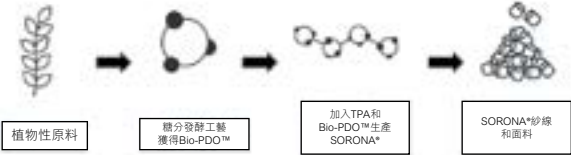


K Kitchen has always upheld the philosophy of food conservation and waste reduction, providing employees with complimentary breakfast and lunch buffet. In the dining area, prominent slogans such as “Take less, waste less, clear your plate” are visible everywhere, constantly reminding everyone to cherish every grain of food. The Company actively advocates this initiative, and employees have also responded positively, integrating conservation awareness into their daily dining. Everyone should take food according to their appetite, without taking too much or wasting it. Despite over 300 people dining for breakfast and lunch daily, the amount of leftover food consistently does not exceed 0.4 cubic metres per day. Behind this data is the high importance and practical action that employees attach to the Clean Plate Campaign. They interpret the virtue of frugality with practical actions, making “plate-clearing” a habit, and jointly contributing to creating a green and economical dining environment.





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> 	232,195 of apparel products in FY24/25 used SORONA® fiber.	
	PrimaLoft® Eco Cotton	<p>Made from recycled plastics, this heat-insulating fabric is recyclable and conducive to resource conservation and efficient utilisation.</p>	2,126 of apparel products in FY24/25 used PrimaLoft® Eco Cotton.	



Product category	Fabric type	Characteristics or principles	Application	Illustration
Apparel	Bio-based fiber — EcoCosy®	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.	277 of apparel products in FY24/25 used EcoCosy fabric.	
	Waterproofing agent	The new generation of fluorine-free waterproofing agents abandons fluoride components, significantly reducing the risk of environmental pollution.	5,535 of apparel products in FY24/25 used the waterproofing agent.	

Since 2020, to enhance the comfort and environmental attributes of footwear products, we have replaced traditional non-degradable EVA foam insoles with degradable PU injection insoles. By the end of 2024, the production of PU injection footwear exceeded 90%, becoming the main product. PU material is hydrolysable, aligning with the environmental protection concept. At the same time, to ensure product durability, we conducted hydrolysis tests on PU injection insoles under specific conditions, and the results showed that their hydrolysis rate was less than 70%, achieving a win-win situation for both environmental protection and durability.

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 FY24/25, the Group's Kappa brand has produced more than 210,000 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 FY24/25, footwear products containing PU reached 279,000 pairs, of which products using PU material in insoles reached 247,000 pairs.	

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	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. It is manufactured using recycled bottle flake fiber, which is more energy-efficient and carbon-reducing than traditional raw materials.	In FY24/25, Smawarm® Eco Cotton has been used in 100% of our products.	
	PrimaLoft® Eco Cotton	60% derived from recycled polyester, with a biodegradation rate 200% faster than traditional chemical fibers. <div></div>	1,500 of apparel products in FY24/25 used PrimaLoft® Eco Cotton.	

Product category	Fabric type	Characteristics or principles	Application	Illustration
Apparel	RDS certified down (Responsible Down Standard)	It is ensured that the down is sourced from poultry that has not been live-plucked or force-fed, and that the supply chain is traceable to the farm.	The proportion of RDS certified down used reached 55% in FY24/25 (a year-on-year increase of 15%), reducing the use of approximately 100 kg of non-compliant down.	
	Merino wool	Certified by the Responsible Wool Standard (RWS), it is ensured that wool comes from mulesing-free farms where sheep are free-ranging and treated humanely. The natural temperature-regulating properties of wool extend the product's lifespan and reduce washing frequency (lowering water and energy consumption).	For FY24/25, RWS-certified Merino wool products accounted for 100%.	

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 Management

We attach great importance to chemical safety and implement strict control measures at all stages. Raw materials used in our products must be sent to third-party institutions for testing to prevent excessive levels of harmful substances. During the production process, the use of specific chemicals is explicitly prohibited. In the school uniform production process,

we have set clear national standard requirements based on different stages. Fabrics for primary and secondary school and high school uniforms must all meet requirements of national standards, providing all-round guarantee on quality and safety of school uniforms. For school uniform accessory factories, we implement qualification certification management and conduct regular spot checks on product quality to control the chemical safety of accessories from the source.

The chemical safety control of the footwear supply chain is more refined. Raw material manufacturers are required to send various footwear materials to third-party institutions for inspection annually to ensure that no harmful substances are added during the production process. Before shipment, finished shoes are uniformly sent to designated testing institutions for re-testing to ensure they do not contain hexavalent chromium, degradable aromatic amine dyes, heavy metals such as arsenic, lead, and cadmium, and harmful substances such as

formaldehyde. At the same time, we regularly conduct random inspections. Once non-compliance with standards is discovered, measures such as order reduction and fines will be imposed. For serious cases, cooperation will be terminated directly.

Through these initiatives, we are gradually reducing the harm of chemicals to the environment and health of our employees, providing safer and more environmentally friendly products to society. In the future, we will continue to increase investment and take proactive actions to contribute to the comprehensive green transformation of chemicals.

Training and Empowerment

We are committed to providing systematic training on chemical safety for relevant personnel, with content covering chemical identification and classification, operational procedures, and emergency response measures. At the same time, drills and knowledge competitions are regularly organised to continuously

enhance personnel's awareness of chemical safety and improve their operational skills.

For core partners, we require them to regularly conduct such training courses and maintain training records. We also conduct on-site inspections from time to time to confirm that the personnel of our partners have truly mastered the necessary chemical safety knowledge and skills. After all, the chemical management system can only operate effectively if the personnel of our partners possess solid chemical safety awareness and operational capabilities.

Through these initiatives, we are gradually reducing the potential impact of chemicals on the environment and human health, providing safer and more eco-friendly products to society. In the future, we will continue to increase our investment and efforts to contribute to the comprehensive green transformation of chemicals.



CHAPTER 5

SOCIAL RESPONSIBILITY WALKING TOGETHER IN WARMTH

- CHAPTER STORY — CHINA DONGXIANG THAT CARVES THE EXTRAORDINARY FROM THE ORDINARY
- 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: SOCIAL RESPONSIBILITY, WALKING TOGETHER IN WARMTH

CHAPTER STORY — CHINA DONGXIANG THAT CARVES THE EXTRAORDINARY FROM THE ORDINARY

Shining on the Green Field: A City's Memory of Women's Football

In the hidden corners of the city, one competition after another, away from the spotlight, is quietly unfolding. With concrete actions, KAPPA continues to support the urban power of Chinese women's football — whether it is the SHANGHAI UNITED FC women's football team or the veteran Meilin Xizhao women's football team that has persisted in Beijing for many years, they all write their own green field chapters in the name of love.

KAPPA's response to "She Power" is to provide full equipment support to the team, film documentaries, and tell their stories on the brand's platform. In the documentary, every gaze and every run is real and tangible; it is not a replay of a particular victory, but the true trajectory of a group of women pursuing their passions in ordinary life. We use our lenses to capture their smiles and sweat, and to let more people see that football does not only belong to professional stadiums, but also to every girl who has a dream.



SHANGHAI UNITED FC women's football team

She Power in the City: Love Knows No Bounds of Radiance

In Beijing, the Meilin Xizhao women's football team is composed of women from all walks of life — they are white-collar workers, teachers, mothers, and entrepreneurs — but on the field, they are simply "teammates". KAPPA has provided long-term apparel support to the team, witnessing their perseverance and growth from training sessions to competitive matches. Beyond the jerseys, it represents the brand's long-term commitment to diversifying urban sports, and its recognition and nurturing of the grassroots spirit in women's football.

Connecting Products with Stories: Making Sports a Belief in Life

China Dongxiang has always believed that sports are not just a competition, but also a way of life. From documentaries to on-site support, and from professional equipment to continuous brand platform communication, KAPPA injects warmth and meaning into real individuals and urban scenes. This is a two-way journey between the brand and ordinary people, and also a powerful expression of social responsibility.

China Dongxiang, carving the extraordinary from the ordinary, is responding to the call of passion with every genuinity.

PROMOTING SPORTS CULTURE

“Fashionable Sports” not only highlight our continuous promotion of the concept of fitness for all but also represent the unique interpretation of the integration of sports and fashion by the two major brands, KAPPA and PHENIX. We always adhere to our profound sports culture and cutting-edge fashion perspective to lead the public in focusing on and participating in a diverse range of sports lifestyles. By continuously advocating a new trend of fashionable sports and integrating brand values into the healthy lifestyle of all people, KAPPA and PHENIX hope to ignite more people's passion for sports and enable more people to gain fun and growth from sports. To stimulate social vitality and undertake corporate responsibility is our unchanging aspiration from the start and commitment.

As mass sports gradually become a trend, KAPPA consistently keeps pace with the lifestyle of young people with keen insight, profoundly grasping modern individuals' diverse understanding and true needs regarding sports. In 2025, KAPPA, guided by the brand-new concept of “Anytime, Anywhere, Get Moving”, takes practical action to ignite nationwide passion for sports, making exercise the most natural and relaxed presence in everyone's daily lives. KAPPA not only inherits the brand's consistent deep understanding of sports culture but also integrates

the lifestyles of young people, viewing sports as an important means of daily self-expression and physical and mental growth. Whether it is urban white-collar workers using their break time to play ball games, or young people freely switching between sports venues in markets, business districts, and communities, KAPPA encourages more people to take the first step to “get moving” with diverse products and innovative communication methods, making sports no longer have barriers and burdens, but easily permeated into everyone's daily life. This year, KAPPA collaborated with sports enthusiasts of all kinds and urban communities to deeply explore the diverse expressions of sports among different groups and in different scenarios: whether it's an impromptu badminton game, a morning jog, or a tennis experience during a supermarket break. Through advocating “get moving” KAPPA hopes to break the stereotype of sports being “professional” and requiring “perseverance”, encouraging everyone to experience the joy and freedom of exercise in their own way, and to view exercise as a daily habit for self-improvement and connecting with life. More importantly, KAPPA emphasises in its brand communication, “Sport is everywhere, and no matter where you are or what state you are in, as long as you have the courage to ‘get moving’, you can light up the wonderful moments of life”. As KAPPA advocates, “Life is full of ‘sports philosophy’”, and sports are not limited to intense competition on the field, but are a free choice that everyone can have anytime, anywhere.

PHENIX has always actively promoted the development of youth skiing. In March 2025, PHENIX and Ski Brothers jointly organised the 6th “Brothers Cup” Youth Ski Alpine Skiing Race and the 3rd Youth Parallel Giant Slalom Alpine Skiing Race. At the event, more than 200 young ski enthusiasts aged 12 to 18 gathered to challenge themselves and experience speed and passion. The event was simultaneously posted on platforms such as Rednote and WeChat Live, reaching over 10 million viewers. This competition not only provided a professional competitive stage for young people but also allowed more people to understand and participate in the sport of skiing, continuously promoting the widespread dissemination of skiing culture among young groups.



PHENIX “Brothers Cup” Alpine Skiing Cup competition



PHENIX Freestyle and Giant Slalom Open Class for Skiers

Chongli Wanlong Ski Resort has become an ideal destination for many ski enthusiasts due to its excellent snow quality and comprehensive supporting facilities. During the 24/25 ski season, PHENIX and Wanlong Ski Resort continued to deepen their cooperation by jointly establishing an exclusive black card centre for skiers at the Wanlong Ski Resort content brand membership activity centre. During this ski season, the black card centre organised over 10 open classes and teaching activities, attracting thousands of ski enthusiasts to participate on-site. Through internet platforms, the related content reached over 10 million people. At the same time, PHENIX and Wanlong Ski Resort also engaged in brand cooperation at the core visual locations of the ski resort, with PHENIX repeatedly appearing in advertisements on CCTV and local TV stations, forming a core brand impression of the alliance between the two strong parties — PHENIX and Wanlong Ski Resort. Overall, the reach exceeded one million people. Through this series of initiatives, PHENIX continuously infused new energy into the sport of skiing, allowing more people to appreciate its unique charm and promoting the growth of skiing culture among a wider population.



PUBLIC WELFARE AND CHARITY

We always integrate public welfare and charity into every aspect of our corporate development, viewing it as an important component of our brand's core values. As an enterprise actively fulfilling its social responsibilities, KAPPA not only focuses on business achievements but also continuously contributes warmth and strength to society through public welfare donations, educational support, and volunteer services. We believe that public welfare is not only a responsibility, but also a commitment to continuously spread love.

In FY24/25, KAPPA collaborated with the China Association of Persons with Physical Disability and Sun Nan's "Hand in Hand with Children" charity project to donate essential learning and daily life apparel and backpacks to physically disabled children hospitalised in Tibet region and Shanghai. Additionally, KAPPA provided unified attire for the project organisers' charity events. KAPPA not only provided practical care, but also lit up children's hopes for the future with concrete actions. KAPPA actively participated in the "Cinema Paradiso Public Co-

construction Project" by making targeted donations of 40 sets of jerseys and socks to the children of Daliangshan Hope Primary School and providing uniforms for volunteers. Through various public welfare initiatives, such as supporting rural film screenings, educational assistance, and agricultural aid, KAPPA contributes to the development of rural education and aesthetic education, and works with all sectors of society to promote mainstream culture and positive energy.

In addition, KAPPA's school uniform business also provided school uniform fee concessions for underprivileged students in some schools in Beijing this year, donating over 50 school uniforms, creating an equal and warm learning environment for more young people.



“Hand in Hand with Children”: KAPPA's Practical Care



Yi children wearing KAPPA-donated jerseys

COMMUNITY ENGAGEMENT

We always focus on close ties with the community, actively build efficient communication platforms, give back to society with the achievements of corporate development, and earnestly fulfill our social responsibilities. During business development, we fully assess the impact on the community, actively listen to community demands, and contribute to the community's co-growth. During the financial year, leveraging our brand resources, we planned and implemented diverse business promotion activities, striving to forge a corporate image of "warmth, character, and sophistication" and continuously conveying a positive and enterprising spirit to the youth of the new era.

As students' daily life scenarios become increasingly diverse, product design not only focuses on practicality but also pursues compatibility with both daily and campus occasion, striving to create sustainable, high-quality school uniform products. In FY24/25, the School Uniform and International Business Department actively invited students to participate in new product design, systematically upgrading the product line by widely soliciting opinions from students and parents through online voting and on-site surveys. We have integrated existing school uniform styles and innovatively launched new products such as sun protection clothing, quick-drying clothing, and interchange jackets, which are suitable for different seasons and scenarios. In 2024, several schools have launched sun protection clothing, and more quick-drying and interchange jacket products are expected to be available in 2025.

In the future, we will continue to deepen our interaction with schools and communities, enrich the substance of school-enterprise cooperation, and expand more design innovation and public welfare channels, so as to create a school uniform brand image that is more empathetic and dynamic, serve a wide range of students and families, and promote community harmony and progress.



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	PROTECT THE EARTH, GREEN PROMISE — 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	PROTECT THE EARTH, GREEN PROMISE — CLIMATE ACTION
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	PROTECT THE EARTH, GREEN PROMISE — CLIMATE ACTION

Provisions, Subject Areas, Aspects, General Disclosures and KPIs		Section of disclosure or remarks
Aspects, General Disclosures and KPIs	Description	Section of disclosure
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	PROTECT THE EARTH, GREEN PROMISE — 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	PROTECT THE EARTH, GREEN PROMISE — 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	PROTECT THE EARTH, GREEN PROMISE — 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
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources	PROTECT THE EARTH, GREEN PROMISE — 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	PROTECT THE EARTH, GREEN PROMISE — CLIMATE ACTION

Provisions, Subject Areas, Aspects, General Disclosures and KPIs		Section of disclosure or remarks
Aspects, General Disclosures and KPIs	Description	Section of disclosure
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	PROTECT THE EARTH, GREEN PROMISE — 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	PROTECT THE EARTH, GREEN PROMISE — CLIMATE ACTION
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: <div> (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 </div>	SYNERGY WITH PARTNERS, CO-CREATING VALUE — 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
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: <div> (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 </div>	SYNERGY WITH PARTNERS, CO-CREATING VALUE — OUR EMPLOYEES

Provisions, Subject Areas, Aspects, General Disclosures and KPIs		Section of disclosure or remarks
Aspects, General Disclosures and KPIs	Description	Section of disclosure
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	SYNERGY WITH PARTNERS, CO-CREATING VALUE — 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
Aspect B4: Labour Standards		
General Disclosure	Information on: <div> (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 </div>	SYNERGY WITH PARTNERS, CO-CREATING VALUE — OUR EMPLOYEES
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	SYNERGY WITH PARTNERS, CO-CREATING VALUE — OUR EMPLOYEES
KPI B4.2	Description of steps taken to eliminate such practices when discovered	SYNERGY WITH PARTNERS, CO-CREATING VALUE — OUR EMPLOYEES

Provisions, Subject Areas, Aspects, General Disclosures and KPIs		Section of disclosure or remarks
Aspects, General Disclosures and KPIs	Description	Section of disclosure
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	SYNERGY WITH PARTNERS, CO-CREATING VALUE — 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	SYNERGY WITH PARTNERS, CO-CREATING VALUE — RESPONSIBLE SUPPLY CHAIN
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	SYNERGY WITH PARTNERS, CO-CREATING VALUE — RESPONSIBLE SUPPLY CHAIN
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	SYNERGY WITH PARTNERS, CO-CREATING VALUE — 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
Aspect B6: Product Responsibility		
General Disclosure	Information on: <div> (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 </div>	PRODUCT PIONEER, GUIDED BY RESPONSIBILITY — RESPONSIBLE MARKETING
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	PRODUCT PIONEER, GUIDED BY RESPONSIBILITY — QUALITY ASSURANCE
KPI B6.2	Number of products and service related complaints received and how they are dealt with	PRODUCT PIONEER, GUIDED BY RESPONSIBILITY — QUALITY ASSURANCE
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	PRODUCT PIONEER, GUIDED BY RESPONSIBILITY — RESPONSIBLE MARKETING
KPI B6.4	Description of quality assurance process and recall procedures	PRODUCT PIONEER, GUIDED BY RESPONSIBILITY — PRODUCT PIONEER
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	GOVERNANCE INNOVATION WITH STEADY PROGRESS — 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
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	GOVERNANCE INNOVATION WITH STEADY PROGRESS — 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	GOVERNANCE INNOVATION WITH STEADY PROGRESS — EFFICIENT CORPORATE GOVERNANCE
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	GOVERNANCE INNOVATION WITH STEADY PROGRESS — EFFICIENT CORPORATE GOVERNANCE
KPI B7.3	Description of anti-corruption training provided to directors and staff	GOVERNANCE INNOVATION WITH STEADY PROGRESS — 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
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	SOCIAL RESPONSIBILITY, WALKING TOGETHER IN WARMTH — PUBLIC WELFARE AND CHARITY, COMMUNITY ENGAGEMENT
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	SOCIAL RESPONSIBILITY, WALKING TOGETHER IN WARMTH — PUBLIC WELFARE AND CHARITY, COMMUNITY ENGAGEMENT
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	SOCIAL RESPONSIBILITY, WALKING TOGETHER IN WARMTH — PUBLIC WELFARE AND CHARITY, COMMUNITY ENGAGEMENT

TABLE OF KEY PERFORMANCE INDICATORS

KPI	Unit	FY2022/2023	FY2023/2024	FY2024/2025
PROTECT THE EARTH, GREEN PROMISE				
Direct greenhouse gas emission (scope 1) ¹	tCO ₂ e	16.79	14.84	0.00
Indirect greenhouse gas emission (scope 2)	tCO ₂ e	1,228.07	1,057.95	521.37
Other indirect greenhouse gas emission (scope 3)	tCO ₂ e	/	/	1,168,455.71
— Purchased goods and services ²	tCO ₂ e	/	/	2,187.08
— Upstream transportation and distribution ³	tCO ₂ e	/	/	1,165,956.29
— Employee travel ⁴	tCO ₂ e	/	/	312.34
Total greenhouse gas emissions (scope 1 and scope 2) ⁵	tCO ₂ e	1,244.86	1,072.79	521.37
Total greenhouse gas emissions (scope 1, scope 2 and scope 3) ⁶	tCO ₂ e	/	/	1,168,977.08
Scope 1 and scope 2 greenhouse gas emission intensity (by employee)	tCO ₂ e/person	1.98	3.07	1.57
Scope 1 and scope 2 greenhouse gas emission intensity (by revenue)	tCO ₂ e/RMB million	0.71	0.62	0.31
Scope 1 and scope 2 greenhouse gas emission intensity (by area)	tCO ₂ e/square metre	0.05	0.05	0.05
Scope 3 greenhouse gas emission intensity (by employee)	tCO ₂ e/person	/	/	3,328.93
Scope 3 greenhouse gas emission intensity (by revenue)	tCO ₂ e/RMB million	/	/	695.45

KPI	Unit	FY2022/2023	FY2023/2024	FY2024/2025
Scope 3 greenhouse gas emission intensity (by area)	tCO ₂ e/square metre	/	/	115.57
Total energy consumption ⁷	MWh	2,008.73	1,913.62	971.62
Direct energy consumption ⁸	MWh	67.40	58.55	0.00
— Petrol	MWh	51.60	49.94	0.00
— Diesel	MWh	15.80	8.61	0.00
Indirect energy consumption	MWh	1,941.33	1,855.07	971.62
— Purchased electricity	MWh	1,941.33	1,855.07	971.62

1

During the reporting period, due to changes in operation and management, Taicang Factory ceased operations, and there were no direct fossil fuel combustion and emissions during the period.

2

Emissions from purchased goods and services involved in the Group operations include raw material acquisition for the footwear business unit, and packaging material acquisition and emission for the apparel development and production department, footwear business unit, and accessories business unit.

3

Upstream transportation and distribution emissions involved in the Group operations include transportation emissions from Wuhan Warehouse and distribution of goods in Gu'an, estimated and calculated based on the 2024 distribution situation.

4

Employee travel emissions involved in the Group operations include those generated by business air travel of overseas employees as compiled by the Group.

5

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 Announcement on the Issuance of Electricity Carbon Dioxide Emission Factors in 2022 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).

6

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 Announcement on the Issuance of Electricity Carbon Dioxide Emission Factors in 2022 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).

7

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.

8

During the reporting period, due to changes in operation and management, Taicang Factory ceased operations, and there were no direct fossil fuel combustion and emissions during the period.

KPI	Unit	FY2022/2023	FY2023/2024	FY2024/2025
Total water consumption ⁹	Tonne	35,807.60	34,444.48	4,374.93
Water consumption intensity (by employee)	Tonne/person	76.02	98.41	13.18
Water consumption intensity (by revenue)	Tonne/RMB million	21.33	19.76	2.60
Water consumption intensity (by area)	Tonne/ square metre	1.56	1.66	1.84
Total packaging material ¹⁰	Tonne	940.01	661.29	801.56
— Plastic	Tonne	/	152.14	162.74
— Paperboard	Tonne	/	509.15	638.82
Packaging material intensity (by revenue)	Tonne/RMB million	0.56	0.38	0.48
Total hazardous waste ¹¹	Tonne	0.12	0.11	0.08
Hazardous waste intensity (by employee)	Tonne/person	0.0002	0.0003	0.0002
Total non-hazardous waste ¹²	Tonne	54.05	54.95	0.68
Non-hazardous waste intensity (by employee)	Tonne/person	0.08	0.16	0.001

9

In the financial year, due to changes in operation and management, Taicang Factory ceased operations, and water consumption is no longer included in calculation, while consumption in previous years covered district offices in Beijing, Nanjing, Dalian, Wuhan and Kunming and Taicang Factory, water consumption is therefore significantly decreased. Meanwhile, the Group expanded the range of data statistics to include the warehouse logistics department. Water tariffs of district offices in Shanghai, Harbin, Hangzhou, Tianjin, Shenzhen, Zhengzhou, Changsha are included in property management fees, water consumption cannot be calculated separately, estimates are therefore conducted according to the 2021 China Water Resources Bulletin published by the Ministry of Water Resources of the People's Republic of China.

10

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

11

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

12

In the financial year, due to changes in operation and management, Taicang Factory ceased operations, total non-hazardous wastes are therefore significantly decreased. 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. The range of data statistics of non-hazardous wastes covers the headquarter of the Group and all subsidiaries.

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