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)

2021/2022 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of China Dongxiang (Group) Co., Ltd. (the "Company") hereby presents the audited results of the Company and its subsidiaries (together referred to as the "Group") for the twelve months ended 31 March 2022. This announcement, containing the full text of the 2021/2022 Annual Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of annual results. The printed version of the Company's 2021/2022 Annual Report will be delivered to the shareholders of the Company and will be available for viewing on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and of the Company at www.dxsport.com on or around 12 July 2022.

2021/2022 ANNUAL REPORT

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

Kappa

Contents

VISION & MISSION

Vision

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

Mission

To be the most pioneering & desired sport-life brands


KA


Kappa
Sportswear Brand
Since 1967
"EVERYTHING HERE,
NOTHING HERE" WHY CARE ABOUT THIS
LEISURE LIFE SHOULD BE THIS

CORPORATE INFORMATION

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


Kappa
ITALY
F.C.
KAPPA
DEI TRIONFI"
KAPPA F.C.

FIVE-YEAR FINANCIAL HIGHLIGHTS

(All amounts in Renminbi million unless otherwise stated)

	Note	**For the twelve months ended 31 March 2022**	For the twelve months ended 31 March 2021	For the twelve months ended 31 March 2020 (Restated)	For the fifteen months ended 31 March 2019	For the twelve months ended 31 December 2017
Revenue		**1,916**	1,970	1,541	2,144	1,455
Operating (loss)/profit		**(1,751)**	2,070	530	1,040	1,027
(Loss)/profit before income tax from continuing operations		**(1,763)**	2,029	492	1,026	930
(Loss)/profit attributable to owner of the Company		**(1,747)**	1,811	366	866	805
Gross profit margin (%) (before (provision for)/reversal of impairment of inventories)		**63.9**	65.6	66.4	58.9	59.2
Net (loss)/profit margin (%)		**(91.2)**	91.9	23.8	40.4	55.3
(Losses)/earnings per share for (loss)/profit attributable to owners of the Company for the year — basic/diluted (RMB cents)		**(29.79)**	30.88	6.25	14.91	14.51

	Note	**As at 31 March 2022**	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019	As at 31 December 2017
Non-current assets		**5,211**	6,153	4,954	7,176	6,288
Current assets		**5,274**	6,485	6,735	4,475	4,634
Current liabilities		**790**	721	792	1,118	885
Net current assets		**4,484**	5,764	5,943	3,357	3,749
Total assets		**10,485**	12,638	11,689	11,650	10,921
Total assets less current liabilities		**9,695**	11,917	10,897	10,532	10,036
Equity attributable to owners of the Company		**9,351**	11,533	10,612	10,251	9,585
Total assets per share (RMB cents)	1	**178.80**	215.55	199.37	200.56	196.94
Net assets per share (RMB cents)	1	**159.46**	196.70	180.99	176.47	172.87
Debt to equity ratio	2	**0.12**	0.10	0.10	0.14	0.14

Notes:

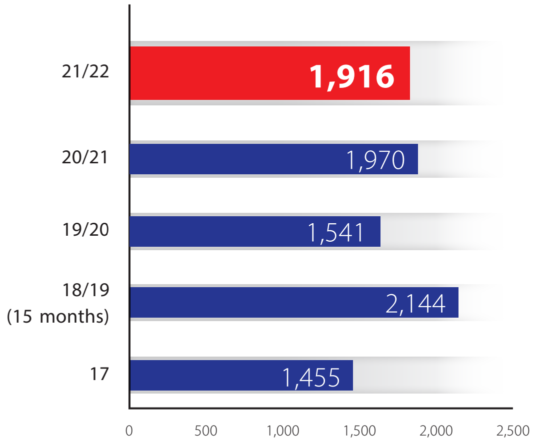
(1) The number of ordinary shares used in the calculation for the twelve months ended 31 March 2022, for the twelve months ended 31 March 2021, for the twelve months ended 31 March 2020, for the fifteen months ended 31 March 2019 as well as for the twelve months ended 31 December 2017, are 5,864,168,000 shares, 5,863,072,000 shares, 5,863,071,000 shares, 5,805,853,000 shares and 5,545,204,000 shares, which were the weighted average number of shares for the periods.

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

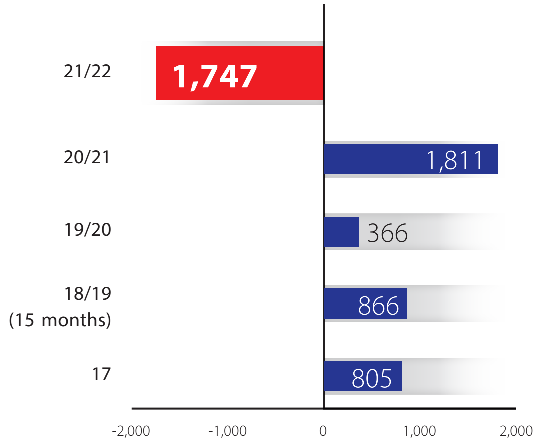
FIVE-YEAR FINANCIAL HIGHLIGHTS

(All amounts in Renminbi million unless otherwise stated)

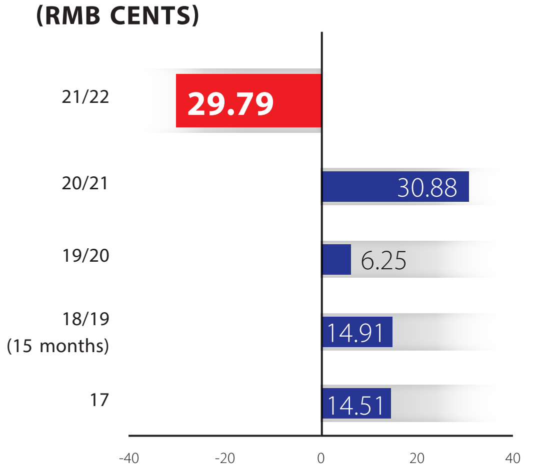
REVENUE



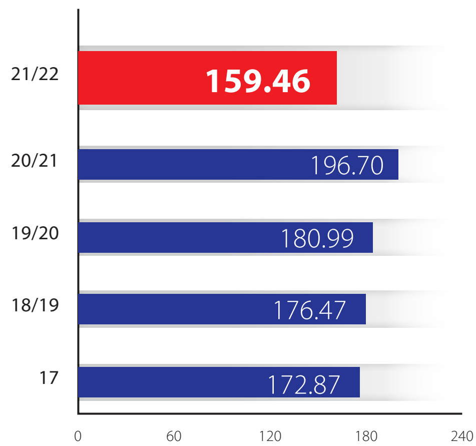
(LOSS)/PROFIT ATTRIBUTABLE TO OWNER'S OF THE COMPANY



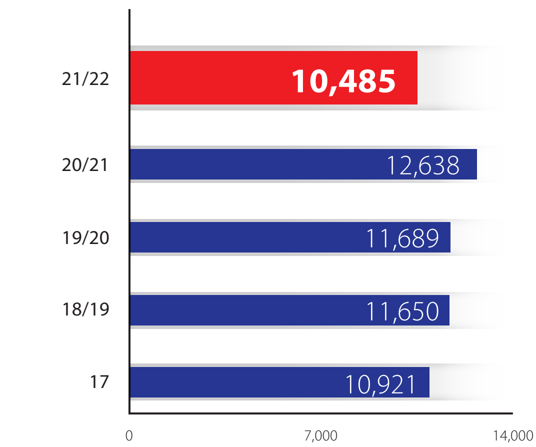
(LOSSES)/EARNINGS PER SHARE — BASIC (RMB CENTS)



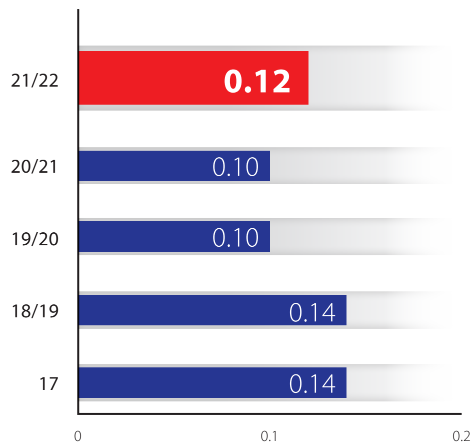
NET ASSETS PER SHARE (RMB CENTS)



TOTAL ASSETS



DEBT TO EQUITY RATIO (TIMES)



Note: 21/22, 20/21 and 19/20 are the financial data for the 12 months ended 31 March, 18/19 is the financial data for the 15 months ended 31 March and 17 is the financial data for the 12 months ended 31 December.

KAPPA

KAPPA

CHAIRMAN'S STATEMENT

Dear Shareholders,

I hereby present, on behalf of the Board, our annual results for the twelve months ended 31 March 2022 (the "Reporting Period").

In FY2021, the COVID-19 pandemic continued to rampage in fluctuations and spread rapidly as many nations reported COVID-19 variant infections. Global economic growth suffered a heavy blow under rising inflation resulting from imbalances in global demand and supply imbalances aggravated by geopolitical frictions, the Russian-Ukrainian conflict and other adverse factors. During the fiscal year, our business was affected by uncertainties in the external environment. As consumers' enthusiasm for consumption continued to decline due to the epidemic, the passenger flow of offline retail stores has decreased significantly. In addition, after the BCI incident in March 2021, there has been a growing preference for domestic Chinese brands in brand selection among Chinese consumers, driving changes in the market pattern of the sportswear industry. While the external environment was complicated and volatile, the new business format and model for retail spending has come into shape underpinned by the accelerated integration of online and offline spending, thanks to the nation's leaping improvements in technologies achieved over previous periods. To capitalise on this market opportunity, the Group realigned its online and offline sales channel in a timely manner to accommodate the new model in retail spending and optimised its new online platform with vigorous efforts to broaden its customer, in a bid to foster a new growth niche for its retail business.

In the wake of the successes of the Tokyo Olympics, Beijing Winter Olympics and Beijing Winter Paralympics, "sports" has become one of the dominant themes for 2022. As a common wealth shared by all humanity, the Olympics Games have inspired a fervour for universal participation in sports. Sports is an important mark of social development and human progress. Under the direction of plans set out for the development of the sporting industry under the nation's "14th Five-Year Plan", a range of policies in support of the industry continued to be implemented. Numerous favourable policies coupled with the intensive implementation of the "Exercise for All" programme have presented Chinese sports brands with new opportunities for development, thereby accelerating the pace of sports equipment companies in China going forward. The Group has claimed ownership of the entire interests of the Kappa brand in Mainland China and Macau since 2006 and has been engaged in intensive development of the China market for more than 20 years. In future, we will remain firmly committed to the China market as ever and continue to provide premium products and services.

The Group reported revenue of RMB1,916 million for the Reporting Period, representing year-on-year decrease of 2.7%, while the net loss attributable to the equity holders was RMB1,747 million, compared to net profit of RMB1,811 million for the Comparative Period. Basic and diluted loss per share was RMB29.79 cents.

RESTRUCTURING AND UPGRADING SALES MODEL TO ADVANCE OMNI-CHANNEL OPERATION

To capitalise on opportunities presented by the national development pattern of "Dual Circulation" and new era of online spending, the Group has accelerated the integration of online and offline channels. During the Reporting Period, the Group continued to optimise the direct-franchise operation model as a business driver and improve its omni-channel operation, with a special focus on the coordination between omni-channels and the private domain, as it adopted a number of strategies to drive growth in both the volume of visits and sales. In particular, the Group devoted stronger efforts to product integration as a number of co-branded products were launched in active cross-sector cooperation with up-and-coming designers and fashionable brands in China to enhance its brand image upgrade; in the meantime, vigorous endeavours were made to establish its presence on new e-commerce platforms such as xiaohungshu, douyin, dewu, vip and pinduoduo, among others, with a view to rapidly enhancing the market penetration rate of its products. In future, the Group will continue to reiterate the sporting DNA of the brand to enhance its brand value and continue to make progress in terms of both products and sales. Moreover, the Group will persistently drive digitalisation reform and enhance the digitalised management of retail outlets, while restructuring the "people — product — venue" system and procuring product integration to remove the barriers between channels and fully leverage the characteristics of different channels, such that they all contribute to drive sales performance. As at 31 March 2022, the Group had a total of 1,375 Kappa stores (including Kappa Kid's stores), which was similar to that for the same period last year.

CARRYING THE BRAND SPIRIT IN STEADFAST PROMOTION OF THE SPORTING CULTURE

The Group has always charged itself with the mission of enhancing the experience in sports fashion, seeking to lead in fashion through the offering of sports with the aim of becoming a high-end sports fashion brand with a passionate and outgoing character. Mindful of its mission and objective at the outset, Kappa was actively engaged in assisting the development of various well-known sporting events. In addition to acting as the brand sponsor for China's Fencing, Ski-Board and Equestrian Teams at the

Tokyo Olympics, we also sponsored a number of ski-board athletes from Team Shanxi, Team Guangdong, Team Jiangsu and Team Guangxi at the Shaanxi National Games to help new-generation athletes fulfil their dreams. During the Beijing Winter Olympics, Kappa Brand provided winter wear and gear to more than 100 reporters from China News Service covering Winter Olympics, so that they were better equipped to showcase to the world the flamboyance of Olympians in action.

Moreover, the Phenix Brand, which had a longstanding presence in the ice and snow sector, continued to partner with Team Norway in the Winter Olympics as the latter delivered brilliant results in a fine testimony of the brand spirit of full commitment to sports.

In future, the Group will continue to emphasise the brand refocus on sports, with the aim of tapping the medium- and high-end sub-segments in the market for sporting events, such that we could consistently generate new vigour for the brand and showcase our brand's determination to embrace the sporting culture.

RELENTLESS IN THE PURSUIT OF AMBITIOUS GOALS

Ongoing fluctuations of the COVID-19 pandemic coupled instability in the international political scene have thrown the international financial market into substantial volatility with major global stock markets experiencing successive, shaky downturns. The Group's income from the investment segment has been affected as a result. As at 31 March 2022, the Group reported a net asset value of RMB8,490 million for its investment segment, representing year-on-year decrease of 19%. Compared to the substantial growth in investment income for FY2020/21, the fair value of equities and secondary-market funds held by the Group has decreased since March 2021 due to macroeconomic fluctuations, resulting in a loss in the book value of investments. While the world today is undergoing epoch-defining changes, the Group will continue to closely monitor market developments and make adjustments as and when appropriate to exercise effective control over any risks and drive long-term development of the investment business. With the belief that "the gusty wind in the course of the long journey of conquest is but a driver for progress for the determined", the Group will continue to work closely with outstanding investment partners and persist in a cautious approach underpinned mainly by a prudent investment strategy, in order to generate stable earnings for shareholders.

The Group has long been dedicated to the exploration of a path combining investment and the sporting industry. During this fiscal year, we were focused on the rapidly growing ice and snow sports industry, as we endeavoured to invest and establish our presence in the development of ice and snow sports in Keketuohai Town, Xinjiang, with a view to forming an integrated regime for ski equipment, training, cultural tourism and leisure in the hope of contributing to the development of Xinjiang.

Finally, the Group wishes to take this opportunity to express sincere gratitude to the Directors for their relentless commitment to the Group and all staff members for their loyal dedication and hard work. We must also thank all our partners and shareholders for their unwavering trust and support for the Group. Looking ahead, we will drive digitalisation reform on all fronts and enhance our omni-channel operation, notwithstanding the many uncertainties ahead, as we capitalise on opportunities in the sporting industry and actively identify new opportunities for development in persistent adherence to the traditional Kappa brand spirit to generate sound and stable return for shareholders.

Chen Yihong
Chairman

22 June 2022

BRAND PORTFOLIO

DONGXIANG

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO-ECONOMIC REVIEW

At the start of FY2021, the fiscal and monetary easing policies maintained by major global economies coupled with increasing COVID-19 vaccination rates around the world were driving gradual recovery of the global economy. However, repeated fluctuations of the COVID-19 pandemic during the year dealt a heavy blow to global economic growth, as increasing disparity in the pace of economic recovery was noted among different countries.

From the second half of 2021 to the first quarter of 2022, there were sporadic epidemic outbreaks in certain regions in China caused by the Omicron variant. In the context of effective anti-epidemic measures, 2022 started with stable GDP growth, with a year-on-year increase of 4.8% registered for the first quarter. Implementation of the seven principal policies determined at the Central Economic Work Conference was expedited with the launch of a range of measures to stabilise overall economic development, providing driving force for the high-standard, qualitative development of the Chinese economy.

Under the combined effect of the current global situation, epoch-defining times and the pandemic, the progress of economic recovery was dealt a heavy blow underpinned by escalating imbalances in global demand and supply, slackened growth rate of commodity trade and a notable rise in inflationary levels. In light of the stringent anti-epidemic policies adopted by the nations, the global economy was facing numerous crises such as economic slowdown, supply chain shortage, rocketing energy prices, unyielding global inflation fueled by record-high bulk commodity prices, substantial fluctuations in the international financial market and volatile downturns of major stock markets. The "Global Economic Outlook" report published by The World Bank in January 2022 has estimated a notable slowdown in global economic growth from 5.5% in 2021 to 4.1% in 2022 and a further decline to 3.2% in 2023, as the global economy is expected to remain subject to uncertainties associated with the recurring pandemic and its impact on the economy.

Since the outbreak of the pandemic, the Chinese government has strengthened the endogenous force of the economy by adopting measures to increase domestic demand and investment in manufacturing, as the potential of the domestic market has continued to be unleashed to become a strong driving force underpinning China's economic recovery growth. During the pandemic, the new consumer business form characterised by digitalisation under the "Double Circular" pattern for development showcased robust growth and accelerated the in-depth integration of online and offline business operations. According to the "Plan for the Development of Digital Economy during the '14th FYP'" published by the State Council in early 2022, the digital economy represents the major form of economy following the agricultural economy and industrial economy. In the new consumer era, the growth rate of online sales will exceed that of offline sales by a notable margin, as retail enterprises realign their online and offline sales channels and actively establish their presence on e-commerce platforms. According to data published by the National Bureau of Statistics, online retail sales of physical commodities grew by 12.0% in 2021, accounting for 24.5% of total retail sales of consumer goods, which was in excess of RMB40 trillion underpinned by a 12.5% year-on-year growth. For the full year of 2022, China will continue to focus on stabilising the economy and maintaining a stable and orderly business environment to facilitate further recovery in consumer spending.

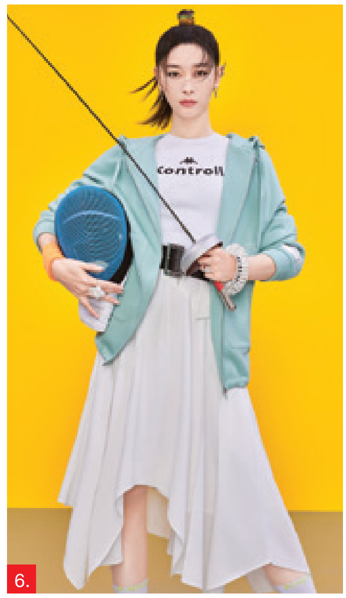
1.

2.

3.

4.


5.


6.


7.


8.

1. **Bronze medalist Chen Qingyuan with coach at the Fencing World Cup, January 2022.**
2. **Opening of Kappa Store at Joy City, Chaoyang District, Beijing.**
3. **Generation X singer — Tyler.**
4. **Kappa Spring/Summer Sports Fashion Show 2022.**
5. **Star actress Wu Jinyan taking part in the “Charity Tibet” community welfare project jointly organised by Kappa and I Do Foundation.**
6. **Sun Yiwen, Kappa Brand Ambassador and Olympics Fencing Champion.**
7. **Phenix outfit showcased by the Norwegian Skiing Team at the opening ceremony of the 2022 Beijing Winter Olympics.**
8. **Curley G and Mika, Kappa Young Brand Ambassadors.**


KAPPA
Authentic
Sportswear Brand
Since 1967
Kappa

INDUSTRY REVIEW

In 2021, the sports brand industry of China continued to forge ahead amidst new opportunities and challenges. Despite adverse market factors such as the recurring outbreaks of the COVID-19 pandemic temporarily affecting social and economic activities and consumer demand, the successful hosting of the Winter Olympics and Winter Paralympics in Beijing presented a fine opportunity, as the best records set by Chinese athletes ushered in a new cycle of sporting fervor. Year 2022 is destined to be strongly associated with the sporting industry, as universal engagement in sports presents the sporting brands in China with a golden opportunity for development.

The Chinese government has continued to actively launch policies favouring the sporting industry, including the "Universal Health Exercise Plan 2021–25" and "Tenets for the Planning of National Sporting Policies and Laws 2022", among others, to enhance public awareness for sports with full force. For example, the Universal Health Exercise Plan" calls for the attainment of a 38.5% ratio of population regularly engaged in sports and exercises by 2025, which would drive the growth of the aggregate size of the nationwide sporting industry to RMB5 trillion, from RMB2,737.2 billion in 2020 according to data published by the National Bureau of Statistics, representing an increment of RMB1,073.5 billion underlying enormous scope for industry growth. Reports of research institutions indicate that the market size of China's sports shoes and sportswear sector has reached RMB385.8 billion in 2021 and the overall size is expected to exceed RMB400 billion in 2022.

Uncertainties arising from multiple external factors have resulted in slackened growth in overall revenue for the apparel retail sector since the third quarter, and end retail sales performance has been affected by lacklustre product sales to a certain extent.

In early 2022, there were sporadic epidemic outbreaks in numerous regions in China, and offline retail stores in affected regions were temporarily closed down. Notwithstanding, alongside challenges also came opportunities. The pandemic further accelerated the digital transformation of China's sporting brand industry, as technological innovations developed over the years provided new growth drivers for China's sporting brands. In addition to traditional e-commerce platforms, sporting brands were also actively establishing their presence in new online channels, including content platforms such as xiaohongshu, douyin and dewu, with e-commerce accounting for an increasing percentage of their revenue. In the meantime, for offline stores, there was a stronger emphasis on optimisation and efficiency enhancement, as channel reform was further optimized to enhance digital store management with a special emphasis on omni-channel operation. In addition, sporting companies became increasingly concerned with sub-segments in the industry, as they endeavoured to enlarge the influence of sports across all population groups by associating specialised products with the very best athletes in the sector for marketing purposes.

Since the specific call for green development through the introduction of the "carbon peak" and "carbon neutrality" concepts in the government work report during the National People's Congress and Chinese People's Political Consultative Conference meetings in 2021, the sportswear industry has become more concerned with the sustainability of upstream and downstream links and has geared up in the forging of a green industry chain.

The new era of China's sporting industry has dawned. Stronger public awareness for sports, increasing participation in sports by the average population and a higher penetration rate of the sporting industry will bring about enormous growth opportunities for the development of China's sportswear industry.

BUSINESS REVIEW

The business environment was full of challenges during the past year, as the Group's overall operation was affected by the recurring COVID-19 outbreaks, while market demand for products was curbed by the warm winter weather. Nevertheless, the successive hosting of the Tokyo Olympics, Shaanxi National Games and Beijing Winter Olympics has successfully inspired a sporting fervour in China driving rapid development of the sports market. In a vigorous attempt to seize such market opportunities, the Group has enhanced its efficiency and business performance by increasing its presence in online and offline sales channels and optimising the structure of its omni-channel operations, among others. In connection with brand marketing, the Group emphasised the core brand idea of "refocusing on sports" as it sponsored various national teams and sporting events, with sponsored teams delivering outstanding results in a number of international tournaments. In the meantime, the Group garnered frequent exposures in sporting extravaganzas through a variety of marketing packages to increase brand recognition in market and significantly enhance its momentum and image leveraging the popularity of such events.

Brand-building and Marketing

PRC — Kappa brand

Brand-marketing has always been a top priority for Kappa, which seeks to promote to the public its passionate and outgoing brand DNA. In May 2021, the brand successfully hosted the premiere Kappa Annual Sports Fashion Show in China, the first of its kind by the Kappa brand since its entry into the Chinese market 20 years ago, in a further showcasing of its diverse brand DNA to the public. Subsequently, Kappa hosted a Spring and Summer Sports Fashion Show in Sanya, Hainan in January 2022 to launch the Spring and Summer Sports Fashion Series designed by renowned designer Xander Zhou as creative director. Positioning the brand as a "vanguard", the series added the "back-to-back" logo and classic visuals of footballing elements to reshape the passionate and vanguard brand philosophy and values of Kappa, in a bid to attract young consumers through the upgrades in product design and texture. A number of famous domestic artists were invited to the event, including Mika, our young brand ambassador from the popular male singing group INTO1, singer Curley G and more than 100 top fashionistas in the media and fashion community, who showered praises on the creative products. The event was broadcast live on online platforms such as Weibo, Douyin and Tencent, registering more than 30 million views.

Meanwhile, Kappa continued to work on the core brand idea of "refocusing on sports", as it secured sponsorships for ski-board athletes from Team Shanxi, Team Guangdong, Team Jiangsu and Team Guangxi after signing up with the Chinese National Ski-board Team. At the Shaanxi National Games 2021, Kappa accounted for half of the jerseys showcased in the ski-boarding arena, as a majority of competing athletes were wearing Kappa, including those top-three tournament winners, to give strong exposure to the brand. At the Beijing Winter Olympics that followed, Kappa entered into strategic cooperation with China News Service, whereby winter wear and gear were provided to over one hundred reporters covering the Winter Olympics, resulting in extra brand exposure during the event and further popularity of the brand as a whole.

While adjusting sponsorship assets in a flexible manner, Kappa also applied festive marketing strategies with flexibility to drive sales and enhance brand recognition. During the past Chinese New Year, Kappa presented a short New Year promotional video under the theme of "Skilled and Lively as Tiger", featuring Olympics fencing champion Sun Yiwen and other members of the China Fencing Team, to voice a new disposition for the Year of the Tiger, while launching extensive promotion of the "Lively as Tiger" New Year outfit series on social media.

As a brand that takes upon itself the mission of fostering national and social development in harmony, Kappa has consistently shouldered its corporate social responsibility and acted in the service of community welfare with its full effort. Earlier in 2019, Kappa has established a community welfare project entitled "Charity Without Boundary — Dream Big in Sports" in collaboration with the Tibet Autonomous Region Sports Confederation, donating branded outfits worth over RMB7 million in aggregate to teenagers in Tibet. For a long time, Kappa has continued to engage in social welfare initiatives such as disaster relief, poverty aid, education assistance and environmental protection in active response to the call of the nation and vigorous undertaking of its corporate social responsibility, procuring the robust development for the society as well as for the brand. In October 2021, Kappa officially became the community welfare partner of I Do, a sensational jewelry brand, and joined the 14th "Charity for Tibet" community welfare project organised by I Do Foundation in a joint effort in community welfare. The collaboration aimed to plead for public concern for the community of children with special needs leveraging brand influences, so that charity may embrace Tibet and positive energy may be shared through actions. In future, Kappa will develop community welfare products in association with I Do Foundation on a co-brand basis, using the artistic works of children with special needs to enrich the imagination of our designs.

Moreover, the Group has also acted in active response to the nation's "Carbon Neutrality" policy. During the Reporting Period, Shanghai Kappa became one of the first enterprises joining the "30 60 Chinese Textile and Apparel Industry for Expediting Carbon Neutrality Campaign", giving the Group an opportunity to engage in the development of the green industry in a joint effort with its peers. The Group will work with its partners along the industry value chain to enhance the application of resources such as innovative and efficient low-carbon green technology, processes, equipment and materials in the textile and apparel industry.

PRC — Phenix brand

As a specialised international ski brand, the most important characteristic of PHENIX is its perfect integration of functionality and fashion in skiing outfits that embody the characteristics of current trends. In July 2021, PHENIX launched the brand new "MISS PHENIX" Series featuring mainly one-piece style which blended female fashion inspirations from the eighties with the double attributes of cross-sector ski and fashion, in a bid to present a sentimental sportswear experience through the young and fashionable sporting style. Later in October, PHENIX assisted in the launch of Keketuohai International Ski Resort, the first of its kind in Asia to open for the 2021 ski season. A PHENIX shop was opened in the town of Keketuohai to showcase the full range of PHENIX ski products. As the only strategic partner of Keketuohai among ski brands, PHENIX will continue with its effort to enhance the development of industries complementary to the ski ecology and drive the development of the ice and snow culture. At the Beijing Winter Olympics held in February 2022, the Norwegian National Team sponsored by PHENIX achieved stellar results, as they repeated the same feat after topping the medal table at the Pyeongchang Winter Olympics four years ago, this time winning a record-breaking number of gold medals.

Kappa Apparel Series

During the Reporting Period, Kappa continued to engage in intensive development of the domestic market with a dual emphasis on products and sales. On the one hand, we sought to enhance the creative quality of our products, with a special focus on building brand character. Meanwhile, we were actively engaged in cross-sector collaboration with celebrities and fashionable brands to launch signature creative co-branded products in consistent upholding of the brand outlook of "saying no to mediocrity". Kappa was also committed to the reshaping of its sporting DNA to enhance its brand value by bolstering its sporting assets.

Essential Series

The most popular and easiest to match series within the Kappa brand, the Essential Series offers neat styles for comfort in sports and daily leisure based on a day-to-day scenario for outfit. During the Reporting Period, the Essential Series drew inspirations from classic elements used for the 1984 Los Angeles Olympics sponsored Kappa, combining the colours of the five Olympic rings and the tape element with popular modern elements to present a brand new classic Italian series laying greater claims to fashion and sophistication.

Newtro-Ku Series

Born from the football DNA in Kappa's illustrious sporting sponsorship history, the Newtro-Ku Series brings to consumers sporting products with rich textures and fashionable elements, which inherit the sophisticated sporting DNA of Kappa in a fashionable manner. Products from the series are made with fabrics offering rich textures and delicate touch, allowing the outfit to keep an upright silhouette while ensuring comfort in wearing. Inspired by explorations in the sporting ideas of speed curve and gravitational space, the Newtro-Ku Series adopted the theme of future pragmatism for the upgrading of its sportswear during the Reporting Period, with a special concern for the use of functional anti-bacteria materials to protect the body from pollution.

Kappa Sports Fashion Series

The 2022 Spring and Summer outfits featured designs based on the "back-to-back" Kappa logo evoking reminiscence and football inspirations, while introducing patches, reshuffling and dismantling as part of the reshaping effort. During the Reporting Period, the first season of Kappa Sports Fashion Series engaged Xander Zhou as a designer-in-chief. The collaboration resulted in a new evolution of the classic "back-to-back" Omini logo and logo tape Banda in the sports fashion series. Certain logo marks were pixelated while the crack was placed at the centre of the silhouette for the first time to convey the designer's observation of the present and imagination for the future, a fine detail underpinning the pioneering spirit of Kappa.

Shoes Series

During the Reporting Period, Kappa footwear continued to forge the passionate and fashionable sports brand underpinned by a trendy retro style, as the ski-board series and retro series generated stable business growth, while the omni-channel model and new retail approaches were helping the brand to negotiate breakthrough and build a new image among young consumers and fashion lovers. In particular, star products such as the Kappa "Bread-loaf" sneakers, ski-boarding boots and Kappa "Small Beans" continued to report strong sales to lay a solid foundation for the continuous development of Kappa footwear products.

Accessories Series

During the period, Kappa accessories continued to report stable and consistent growth as the accessory department advanced product R&D and reforms in its channel strategy. In connection with products, research on spending scenarios in support of the Company's general product transformation strategy and thinking was established as the guideline for product design and development, as differentiation in selling points and practical functionality were identified as the core focuses of our tasks, while the fashionable elements were consistently enhanced with ongoing innovation to highlight the character of Kappa as a fashionable sports brand. Meanwhile, the matching quality of outfit and accessory products was enhanced to actively complement the transformation of the outfit series. In terms of commodity and channel, we continued to enhance the operation and management of accessory goods at offline stores with more rigorous inventory control complemented by a specific retail policy for accessory products designed to identify sales issues and demands of end stores in a more in-depth manner. At online stores, the brand business was expanded as accessory products were developed and supplied on a standalone basis according to the product demands and marketing approaches of the platforms, forging red-hot bag items exclusively for the e-commerce platforms to enhance both sales and reputation. In the meantime, new customer groups were attracted through guided diversion to achieve parallel growth for various channels.

Omni-channel Retail Network

During the Reporting Period, the Group continued to focus on the direct-franchise model and optimize the efficiency of single store to accelerate efficient turnover of goods through the omni-channels. As at 31 March 2022, the Group had a total of 1,375 Kappa stores (including Kappa Kid's stores), which was flat compared to that as at 31 March 2021.

At the same time, the Group continues to focus on digital and omni-channel as one of its core strategic objectives; in addition to the perfect planning of major mainstream platforms positioning and development of corresponding strategies to maintain brand competitiveness, the brand has also effectively improve operational efficiency through the enhancement and transformation of the omni-channel information system, one-stop business, financial and logistics management. During the Reporting Period, the number of cloud storage has reached 764 stores, realizing the flexible circulation of goods. At the same time, the Group continues to develop marketing strategies in emerging markets through new forms such as live broadcast and short video.

"Kappa Kids" Trademarks

On 6 January 2022, Shanghai Kappa Kids Sporting Goods Co., Ltd. (上海卡帕動力兒童用品有限公司) (an indirect wholly-owned subsidiary of the Company) as licensor entered into a brand license agreement with Quanzhou Pingbu Shoes Co., Ltd. (泉州平步鞋業有限公司) as licensee and certain of the licensee's related parties as guarantors, pursuant to which the licensor granted to the licensee an exclusive right to utilise certain "Kappa Kids" trademarks in connection with the design, manufacture, sales and marketing of certain products in the PRC. The term of the Agreement is ten years from 1 July 2022 to 30 June 2032. For details, please refer to the announcement of the Company dated 6 January 2022.

STABLE AND PRAGMATIC INVESTMENT STRATEGY

The Group's domestic and international investments include mainly equity investment, stock investment, fixed income and cash management. The diversity in investment distribution affords strong resilience against risks and ensures the safety and effectiveness of investment. Compared to the substantial growth in investment income for the FY2020/21, the fair value of equities and secondary-market funds held by the Group has decreased since March 2021 due to macroeconomic fluctuations, resulting in a loss in the book value of investments for the current financial year. In future, the Group will continue to optimise its investment asset portfolio, further strengthen cooperation with its investment project managers, advance new project investment in a prudent manner and facilitate timely and reasonable divestments of invested projects to generate long-term and stable return for shareholders.

OUTLOOK

Looking to the future, with the successful hosting of a series of major sports events in succession and the support of favourable policies, the fervour for sports in China is expected to sustain and the penetration rate of the industry will hopefully further increase. The Group holds an optimistic view on the prospect of the China's economy and sportswear industry, with the belief that there will be abounding opportunities for development in the sporting goods sectors once the pandemic eases.

In connection with the sports business, the Group will continue to adopt a diversified marketing strategy underpinned by sponsorships for different sporting events, cooperation with brands of various IP and creation of star products, in order to reinforce the market position of the brand and drive business growth. In connection with the offline business, the Group will adjust its retail network and close down underperforming stores as and when appropriate to enhance operating efficiency. With the emergence of a multitude of new e-commerce platforms, the Group will enhance the operational management of its brand on such e-commerce platforms, improve the structure of its omni-channel network and increase the flexibility of commodity allocation to facilitate integration of the online and offline channels. By connecting different sales channels and procuring product integration leveraging the characteristics of various channels with the support of a diversified content marketing strategy, such as word-of-mouth shows, interactive talking points and vertically-related contents, among others, in order to drive commodity sales in a more effective manner, thereby comprehensively enhancing the coverage of the brand's online business to prepare for the dawning of the brand new era of "New Retail".

In connection with investment, the Group will continue to optimise its investment asset portfolio, further strengthen cooperation with its investment project managers, advance new project investment in a prudent manner and facilitate timely and reasonable divestments of invested projects to generate long-term and stable return for shareholders.

ADDITIONAL DISCLOSURES

Principal risks and uncertainties facing by the Group

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

(i) Risks relating to macro-economic fluctuations

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

(ii) Risks relating changes in industry

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

(iii) Risks relating to business operation

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

(iv) Risks relating to investments

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

Environmental policies and performance

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

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

Legal Compliance

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

Account for the Group's key relationships with its employees, customers and suppliers

(i) Employees

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

As at 31 March 2022, the Group had 627 employees (31 March 2021: 627 employees), among which 343 were at the Group's headquarters (31 March 2021: 365 employee), and 284 employees were at subsidiaries (31 March 2021: 262 employees).

(ii) Customers

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

(iii) Suppliers

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

FINANCIAL REVIEW

The revenue of the Group for the twelve months ended 31 March 2022 (the "Reporting Period") decreased by 2.7% to RMB1,916 million from RMB1,970 million for the twelve months ended 31 March 2021 ("Comparative Period"). Loss attributable to owners of the Company for the Reporting Period amounted to RMB1,747 million (Comparative Period: profit attributable to owners of the Company of RMB1,811 million).

Sales Analysis

The COVID-19 pandemic has constituted high risks for the global economy. The Group's sales for the Reporting Period fell short of expectations as the number of visiting customers declined owing to the outbreak of COVID-19 in certain parts of China.

Sales analysed by business and product categories

	For the twelve months ended 31 March						
	2022			2021			
	RMB million	**% of product/ brand mix**	**% of the Group's sales**	RMB million	% of product/ brand mix	% of the Group's sales	**Change**
Kappa Brand							
Apparel	**1,275**	**77.0%**	**66.6%**	1,388	77.9%	70.4%	−8.1%
Footwear	**338**	**20.4%**	**17.6%**	356	20.0%	18.1%	−5.1%
Accessories	**43**	**2.6%**	**2.2%**	38	2.1%	1.9%	13.2%
Kappa Brand Total	**1,656**	**100.0%**	**86.4%**	1,782	100.0%	90.4%	−7.1%
Kid's wear business	**171**		**8.9%**	120		6.1%	42.5%
International business and others	**89**		**4.7%**	68		3.5%	30.9%
Total	**1,916**		**100.0%**	1,970		100.0%	−2.7%

Total sales of the Kappa brand business, the core business of the Group, for the Reporting Period decreased by RMB126 million to RMB1,656 million as compared to RMB1,782 million for the Comparative Period. The sales of kids' apparel business unit for the Reporting Period increased by RMB51 million as compared to that for the Comparative Period to RMB171 million.

During the Reporting Period, the Group continued to consolidate the business models of "brand + product" and "brand + direct operation" in a bid to, on the one hand, further enhance our brand value and create our solid brand influence by continuous refining and upgrading our products with a brand-oriented principle, and, on the other hand, continue to optimise and improve the new operation model in control and management, optimise the networking of direct operation, enhance store efficiency and expand the e-commerce operations so that demands from end customers are better accommodated and satisfied. Meanwhile, the Group has continued to conduct adjustments and optimisation of its directly operated stores, resulting in 1,183 Kappa stores in total.

Sales of Kappa brand analysed by sales channels

	For the twelve months ended 31 March				
	2022		2021		
	Sales RMB million	**% of sales of Kappa brand**	Sales RMB million	% of sales of Kappa brand	**Change**
Non directly-operated	**612**	**37.0%**	753	42.3%	−18.7%
Directly-operated	**1,044**	**63.0%**	1,029	57.7%	1.5%
Total of Kappa brand	**1,656**	**100.0%**	1,782	100.0%	−7.1%

Note: Excluding Kappa Kids' apparel business.

Sales of Kappa brand via non directly-operated channel decreased by RMB141 million to RMB612 million for the Reporting Period from RMB753 million for the Comparative Period, representing 37.0% of the total sales of the Group's Kappa brand business (Comparative Period: 42.3%).

As at 31 March 2022, the number of directly-operated retail and distribution stores under Kappa brand operated by our subsidiaries reached 619. Sales via directly operated channel increased by RMB15 million to RMB1,044 million for the Reporting Period from RMB1,029 million for the Comparing Period, representing 63.0% of the total sales of Group's Kappa brand business (Comparative Period: 57.7%).

Cost of Sales and Gross Profit

Cost of sales of the Group increased by RMB13 million to RMB691 million for the Reporting Period (Comparative Period: RMB678 million).

The gross profit of the Group before provision for impairment of inventories decreased by RMB67 million to RMB1,225 million (Comparative Period: RMB1,292 million). The Group's gross profit margin before provision for impairment of inventories for the Reporting Period decreased by 1.7 percentage points to 63.9% from 65.6% for the Comparative Period. The decrease in gross profit margin was mainly attributable to an increase in discount for sales resulting from the promotion and clearance sales activities under the impact of the COVID-19 pandemic.

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

	For the twelve months ended 31 March		
	2022 Gross profit margin	2021 Gross profit margin	Change in % pts
Kappa Brand:			
Apparel	**70.4%**	71.4%	−1.0
Footwear	**55.9%**	55.5%	0.4
Accessories	**69.0%**	81.5%	−12.5
Kappa Brand in total	**67.4%**	68.4%	−1.0
Kid's wear business	**50.1%**	49.7%	0.4
OVERALL	**63.9%**	65.6%	−1.7

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

Gross profit margin of Kappa brand business for the Reporting Period decreased by 1 percentage points to 67.4% from 68.4% for the Comparative Period. Such decrease in gross profit margin was principally due to an increase in retail discounts offered in promotional and clearance activities of the e-commerce business.

Other (losses)/gains — net

Other losses — net for the Reporting Period was RMB1,461 million (Comparative Period: other gains — net of RMB2,115 million), which includes the net amount of investment related losses of RMB1,468 million contributed by the investment segment, government subsidy and other income of RMB7 million.

Investment segment

Loss from investment segment of the Group for the Reporting Period was RMB1,468 million (Comparative Period: investment gain of RMB2,095 million), comprising mainly loss from fair value change of financial assets of RMB1,800 million, dividend income from financial assets of RMB31 million, income from partial disposal of financial assets of RMB176 million and interest income from external borrowings of RMB103 million.

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

Investment category	**(Loss)/gain from investment segment**	**Including: (Loss) on change in fair value of financial instruments**
	RMB million	RMB million
Equity	(470)	(464)
Private-equity funds	(252)	(416)
Equity funds	(546)	(546)
Single equity investments	(303)	(372)
Debts, bonds, debt funds	102	(2)
Others	1	—
Total	(1,468)	(1,800)

Distribution Expenses and Administrative Expenses

Distribution expenses and administrative expenses mainly comprised employee salary and benefit expenses, selling and advertising expenses, logistic fees and product design and development expenses. Total distribution expenses and administrative expenses for the Reporting Period was RMB1,375 million (Comparative Period: RMB1,325 million), constituting 71.8% of the Group's total revenue and 4.5 percentage points higher than that for the Comparative Period. The Group continued to further optimise various resource allocations and improve its cost structure, in a bid to enhance production efficiency subject to reasonable cost control. In order to minimise the existing and future potential pressure on the Group arising from the COVID-19 pandemic, the Group has strictly controlled various expenditures through effective management measures.

During the Reporting Period, the Group hired additional personnel for key positions to further enhance the efficiency of all staff members. Employee salary and benefit expenses increased by RMB30 million, year-on-year, to RMB186 million for the Reporting Period (Comparative Period: RMB156 million).

Advertising and selling expenses of the Group decreased slightly by RMB3 million to RMB918 million for the Reporting Period from RMB921 million for the Comparative Period, which was principally due to the increase in marketing, advertising and promotional expenses during the period to enhance brand influence and the decrease in relevant store expenses in tandem with the decrease in sales during the period.

Logistic fees for the Reporting Period amounted to RMB46 million (Comparative Period: RMB49 million), a decrease by RMB3 million versus the Comparative Period, which was due to the decrease in the logistic fees in line with the decrease in revenue versus the Comparative Period.

For the Reporting Period, the Group continued to take a more cautious but effective approach in investment in product R&D, as our design and product development expenses increased by RMB6 million over the Comparative Period to RMB32 million (Comparative Period: RMB26 million).

Operating (Loss)/Profit

For the Reporting Period, operating loss of the Group was RMB1,751 million (Comparative Period: operating profit of RMB2,070 million). The operating loss margin was 91.4% for the Reporting Period (Comparative Period: 105.1%). Operating loss excluding that of investment segment was RMB215 million (Comparative Period: operating profit of RMB59 million).

Finance Expenses — Net

For the Reporting Period, net finance cost of the Group amounted to RMB13 million (Comparative Period: RMB15 million), which mainly consisted of interest income from bank deposit of RMB2 million (Comparative Period: RMB4 million), interest expenses for loans of RMB7 million (Comparative Period: RMB9 million); interest expense of lease liabilities of RMB4 million (Comparative Period: RMB4 million) during the Reporting Period. Foreign exchange loss of RMB3 million (Comparative Period: RMB6 million) was also incurred during the Reporting Period.

Taxation

For the Reporting Period, income tax credit of the Group amounted to RMB34 million (Comparative Period: income tax expense of RMB165 million), which was attributable mainly to deferred income tax assets corresponding to loss. The effective tax rate was 1.9% (Comparative Period: 8.1%).

(Loss)/Profit attributable to Owners of the Company and Net (Loss)/Profit Margin

Loss attributable to owners of the Company For the Reporting Period was RMB1,747 million (Comparative Period: profit attributable to owners of the Company of RMB1,811 million), and the net loss margin was 91.2% (Comparative Period: net profit margin of 91.9%).

(Losses)/Earnings Per Share

The basic and diluted losses per share for loss attributable to owners of the Company were both RMB29.79 cents for the Reporting Period, decreasing by 196.5% against the basic and diluted earnings per share of RMB30.88 cents in the Comparative Period.

The basic losses per share are calculated by dividing the loss for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue less shares held under restricted share award scheme during the period. As at 31 March 2022, the total number of ordinary shares of the Group was 5,887,561,025 shares.

Final Dividend and Final Special Dividend

The Board of the directors of the Company has not recommended to declare any final dividend or final special dividend for the year ended 31 March 2022.

No interim dividend and interim special dividend were paid for the six months ended 30 September 2021.

Annual General Meeting ("AGM")

The AGM of the Company will be held on 17 August 2022. Notice of the AGM will be issued and disseminated to shareholders in due course.

To ascertain shareholders' eligibility to attend and vote at the annual general meeting, the register of members will be closed from 12 August 2022 to 17 August 2022 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify to attend and vote at the annual general meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 11 August 2022.

Issue of New Shares to Management Personnel

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

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

Under the January Subscription, the Company issued 202,310,000 ordinary shares in total to the management personnel on 27 April 2018 under specific mandate at the subscription price of HK$1.35 per subscription share. The aggregate nominal value of the 202,310,000 ordinary shares issued was HK$2,023,100, and the net subscription price (after deduction of relevant expenses) was approximately HK$1.344 per subscription share. The subscription price of HK$1.35 per subscription share represented a discount of approximately 9.40% to the closing price of HK$1.49 per share as quoted on the Stock Exchange on the date of the subscription agreements. Apart from Ms. Chen Chen who settled the relevant subscription consideration using her own funds, the remaining 10 management personnel settled the relevant subscription consideration using the proceeds of five-year term loans provided by the Group. The net proceeds from Ms. Chen Chen as (after deducting all related expenses) received by the Company at completion was approximately HK$48 million, which for the twelve months ended 31 March 2020 had been utilised as general working capital as follows: (i) approximately HK$12 million interest payments for bank loans; (ii) approximately HK$11 million for legal consultancy fee; (iii) approximately HK$2.4 million for Hong Kong office rental expenses; and (iv) approximately HK$22.6 million for other administrative expenses. The net proceeds has been used out during the financial year ended 31 March 2020.

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

Under the January Subscription and April Subscription, connected subscription loan agreements and management subscription loan agreements have been entered into between Bright Pacific Enterprises Limited a wholly-owned subsidiaries of the Company and each of the subscribers and management. On 29 June 2020, the above loan agreements were assigned to Gaea Sports Limited a wholly-owned subsidiary of the Company. Please refer to section "Other financial assets at amortised cost" in note 19 to the consolidated financial statement for details of the subscription loans.

Restricted Share Award Scheme

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

Details of the Company's Restricted share award scheme can be found in the "Report of the Directors — Restricted share award scheme" section set out in P. 62 to 63 of the Company's annual report for the twelve months ended 31 March 2022.

Share Option Scheme

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

Details of the Company's Share Option Scheme can be found in the "Report of the Directors — Share Option Scheme" section set out in P. 64 to 66 of the Company's annual report for the twelve months ended 31 March 2022.

FINANCIAL POSITION

Working capital efficiency ratios

Average trade receivable turnover days for the Reporting Period and the Comparative Period were 31 days and 27 days, respectively.

Average trade payable turnover days for the Reporting Period and the Comparative Period were 94 days and 70 days, respectively.

Average inventory turnover days for the Reporting Period and the Comparative Period were 203 days and 194 days, respectively, the increase in inventory turnover days reflected mainly the increase in the average balance of inventory for the period.

Liquidity and financial resources

As at 31 March 2022, cash and bank balances of the Group amounted to RMB1,552 million, a decrease of RMB272 million as compared to a balance of RMB1,824 million as at 31 March 2021, which was mainly due to:

1) Payment of dividends during the Reporting Period for an amount of equivalent to approximately RMB301 million;

2) Net cash outflow from operating activities of approximately RMB211 million;

3) Outflows from repayment of bank borrowings of an amount of RMB175 million and cash inflows from proceeds from bank borrowings of RMB207 million;

4) Cash outflows for loans to external parties and investment in other financial assets of approximately RMB3,094 million, cash inflow from partial disposal of financial assets of approximately RMB2,654 million, cash inflow from income distribution from financial assets acquired of RMB31 million and cash inflow from repayment of loans to third parties of RMB619 million;

5) Others of an aggregate outflows amount of RMB2 million.

As at 31 March 2022, net asset value attributable to owners of the Company was RMB9,351 million (31 March 2021: RMB11,533 million). The Group's current assets exceeded current liabilities by RMB4,484 million (31 March 2021: RMB5,764 million). The Group also had a very strong liquidity position. The current ratio as of 31 March 2022 was 6.7 times (31 March 2021: 9.0 times).

Investments in financial assets

As at 31 March 2022, the Group's current and non-current proportion of financial assets at fair value through profit or loss amounted to RMB6,725 million in aggregate, which included the following:

Listed securities:

Name	Fair value as at 31 March 2022 RMB million	Fair value as at 31 March 2021 RMB million
Alibaba	**603**	359
Other listed securities	**469**	711
Total	**1,072**	1,070

Other unlisted investments:

Investments	Fair value as at 31 March 2022 RMB million	Fair value as at 31 March 2021 RMB million
CPE Yuanfeng Fund RMB III	**452**	493
CPE Greater China Enterprises Growth Fund	**434**	661
Jiashi Investment Preferred Cornerstone	**354**	353
Pingtao (Hong Kong) Limited	**235**	367
Guotiao Hongtai Fund	**231**	224
Yunfeng Fund RMB IV	**196**	208
CPE Global Opportunities Fund, L.P.	**185**	291
Golden China Fund	**174**	198
Jiashi Investment Preferred II	**169**	164
Yunfeng Fund USD II	**166**	461
CPE Yuanfeng New Fund RMB	**149**	91
Boyu USD Fund	**148**	193
Yunfeng Fund USD III	**146**	142
Yunfeng Fund RMB III	**128**	122
Others	**2,486**	3,371
Total	**5,653**	7,339

Pledge of assets

As at 31 March 2022, the Group had an equivalent value of approximately RMB260 million of assets held by banks as collateral for bank borrowings (as at 31 March 2021: equivalent value approximately RMB130 million of assets in banks as collateral for bank borrowings).

As at 31 March 2022, the Group held restricted deposits of approximately RMB28 million at banks subject to bank acceptance bills (as at 31 March 2021: nil).

Capital commitments

In January 2021, the Group entered into a limited partnership agreement with CPE Global Opportunities Fund II, with a total capital commitment of US$30 million. As at 31 March 2022, the Group had paid a capital contribution of US$15 million with a remaining balance of US$15 million (equivalent to approximately RMB98 million) as capital commitments.

In February 2021, the Group entered into a limited partnership agreement with Yunfeng Fund IV (雲鋒基金IV), with a total capital commitment of US$20 million. As at 31 March 2022, the Group paid a capital contribution of US$8 million with a remaining balance of US$12 million (equivalent to approximately RMB79 million) as capital commitments.

In September 2021, the Group entered into a limited partnership agreement with Xiamen Yuanfeng Investment LLP., with a total capital commitment of RMB200 million. As at 31 March 2022, the Group had paid a capital contribution of RMB130 million with a remaining balance of RMB70 million as capital commitments.

In October 2021, the Group entered into a limited partnership agreement with Shanghai Xianghe Yongjun Investment LLP., with a total capital commitment of RMB20 million. As at 31 March 2022, the Group had paid a capital contribution of RMB14 million with a remaining balance of RMB6 million as capital commitments.

Foreign Exchange Risk

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

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

Significant Investments and Acquisitions

As at 31 March 2022, the external investments were mainly the financial assets at fair value through profit or loss with a fair value of RMB6,725 million. Details of the significant investments are set out as follows:

Name and stock code of company	Number of shares held	Percentage of holding	As at 31 March 2022 Investment cost RMB million	Fair value RMB million	Size of fair value relative to the Group's total assets
Alibaba Group Holding Ltd. (NYSE: BABA)	246,343	0.009%	296	170	1.6%
Alibaba Group Holding Ltd. — SW (09988.HK)	4,763,704	0.022%	769	433	4.1%
Total			1,065	603	5.7%

Alibaba Group Holding Ltd. is a holding company that provides the technology infrastructure and marketing platform to help merchants, brands and other businesses to leverage the power of new technology to engage with their users and customers in operation. The company's operations comprise four business segments. The core commercial segment offers China retail, China wholesale, cross-order and international retail, cross-order and international wholesale, Cainiao logistics services and local consumer services through Taobao and Tmall.

As at 31 March 2022, the fair values of Alibaba ADRs and Alibaba Hong Kong shares held by the Group were RMB170 million and RMB433 million, respectively, representing a total fair value of RMB603 million, accounting for 5.7% of the total assets of the Group. During the period, the Company recognised unrealised loss from change in the fair value of Alibaba shares of RMB506 million and gain from the disposal of Alibaba shares of RMB14 million. During the period, no dividend was paid in respect of the Alibaba shares.

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

Save as disclosed above, the Group has made no other significant investment or any other material transaction involving the acquisition or disposal of subsidiaries for the twelve months ended 31 March 2022.

INVESTOR RELATIONS REPORT

The Company has always believed that the maintenance of investor relations is a long-term systematic and important task for the Company. The Company's management and investor relations team have been committed to building strong bilateral communication channels with investors. On the one hand, we continue to help investors understand our business better, through transparent, accurate, fair and timely disclosure of our corporate financial performances and operations. On the other hand, we promote corporate integrity, self-discipline, and standardized operations, and continuously improve the Company's management and governance structure, in order to maximize corporate values and shareholders' interests.

The Company summarizes the investor relations achievements in FY2021/22 as below:

1. **Results Announcement and Investment Summits:**

   The Company published its annual results announcement for FY2020/21 and its interim results announcement for FY2021/22 in June and November 2021, respectively. Immediately after the publication of the announcements, the Company has announced its latest business performance, future development direction and strategies in a timely manner. In addition, information in relation to its results was available on the Company's website on the same day after the publication of business results for investors' further inspection. Further, the Company's management and investor relations team took part in non-deal roadshows and investment summits held by investment banks, aiming to enhance our interaction and communication with global investors.

2. **Ongoing Daily Communication:**

   In daily operation, the Company conducts multi-channel and multi-level communication with investors and analysts, which mainly include:

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

     During FY2021/22, face-to-face meetings and telephone conferences were promptly conducted with investors and analysts for announcing operating performance of the Company in a timely manner.

   - ***Investors Store Visits:***

     During FY2021/22, store visits in Beijing were arranged for our investors and analysts in response to their requests.

   - ***Company Website:***

     The Company continuously and timely update the Investor Relations Section on its corporate website (http://www.dxsport.com) to disseminate the Company's relevant information, so that investors can be updated on the latest developments about the Company. Meanwhile, the Company has an investor relations e-mail box to receive inquiries and suggestions raised by investors, to which responses will be furnished promptly.

   - ***Phone Inquiry Services for Investors and the Media:***

     The Company provides phone inquiry services for investors and the media, which are handled and answered by the investor relations department. The Company ensures smooth lines within working hours, in order to provide timely answers to various issues and inquiries from shareholders, potential investors, analysts and the media.

3. AGM:

In accordance with the Listing Rules of the Hong Kong Stock Exchange, an annual general meeting is convened regularly to discuss the Company's business strategies and investment plans with shareholders in an equitable and transparent manner, in order to safeguard and respect the legitimate rights and interests of shareholders in general and the minority shareholders in particular.

4. Prospects:

Looking ahead, under the leadership of the Company's management, we will continue devoting efforts to build positive and proactive investor relations by communicating regularly with shareholders, analysts, potential investors and public groups. We will disseminate information on our financial performance and operating conditions in a transparent, accurate, fair and timely manner, and further tap into the capital market, so as to construct a long-term, stable and reasonable shareholder structure.

Meanwhile, we encourage all shareholders, analysts, potential investors to share with us their views and valuable suggestions about the Group via various channels, including mail, e-mail and telephone, to allow us to constantly improve our corporate operation and administration.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

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

Name	Age	Position
Mr. Chen Yihong (陳義紅)	64	Chairman and Executive Director
Ms. Chen Chen (陳晨)	35	Co-Chairman, Co-President and Executive Director
Mr. Zhang Zhiyong (張志勇)	53	Chief Executive Officer, President and Executive Director
Mr. Lyu Guanghong (呂光宏)	43	Chief Financial Officer and Executive Director
Dr. Chen Guogang (陳國鋼)	62	Independent Non-Executive Director
Mr. Gao Yu (高煜)	48	Independent Non-Executive Director
Mr. Liu Xiaosong (劉曉松)	56	Independent Non-Executive Director

EXECUTIVE DIRECTORS

Mr. Chen Yihong (陳義紅), aged 64, is the founder, chairman and executive director of the Company. Mr. Chen is primarily responsible for the management of the board, company investment operations and corporate planning. Mr. Chen joined the Company in March 2007. Mr. Chen has extensive experience in the sporting goods industry in China. From 1991 to 2005, Mr. Chen was the vice-general manager, general manager and chief executive officer of Beijing Li Ning Sports Goods Co., Ltd. (北京李寧體育用品有限公司) and the executive director of Li Ning Company Limited, a company listed on Hong Kong Stock Exchange. Mr. Chen had completed an executive Master's in business administration degree from Guanghua School of Management of Peking University (北京大學光華管理學院) in 2002. Mr. Chen had completed "China CEO Program" of Cheung Kong Graduate School of Business (長江商學院) in 2009.

Ms. Chen Chen (陳晨), aged 35, is the co-chairman, co-president and executive director of the Company. Ms. Chen joined the Company in 2012. Ms. Chen is primarily responsible for overseeing the marketing and design of Kappa products of the Company. Ms. Chen served as product planning representative in the apparel planning team of the Company from 2012 to 2013. Ms. Chen was promoted as the manager of the marketing department and the apparel design department and the vice president of the brand department in 2013. Prior to her appointment as the co-president of the Company since 9 February 2018, Ms. Chen has been appointed as the executive director and a member of the executive committee of the Company since 4 December 2014. Ms. Chen obtained her bachelor degree in Fashion Design Technology — Surface Textiles from University of the Arts — London College of Fashion, London, the United Kingdom in 2010.

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

Mr. Zhang Zhiyong (張志勇), aged 53, is the chief executive officer, president and the executive Director of the Company. Mr. Zhang joined the Company in October 2017. Mr. Zhang is responsible for company strategy and managing the overall operations (excluding the investment operations).

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

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

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

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

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

Mr. Lyu Guanghong (呂光宏), aged 43, is the chief financial officer and executive director of the Company with effect from 17 April 2020. Mr. Lyu is principally responsible for preparing annual financial budget of the Group, organising and directing accounting audit, taxation planning and financial analysis, capital resources allocation of the Group, operation of investment projects and wealth management projects of the Group, organising statutory audit and information disclosure of the Group, maintaining long-term cooperation with shareholders and investors of the Company, formulating and optimising internal control and internal audit system of the Company, establishing and supervising the execution of audit plan as well as preventing and controlling management risks of the Company. Mr. Lyu joined the Group in October 2008. He acted as the manager of the finance department from November 2013 to February 2015. Prior to his appointment as the executive director and chief financial officer of the Company, Mr. Lyu has been the director of the investment and fund management department of the Company since February 2015, during which he was responsible for investment management, listing compliance, investor relations and other internal management of the Group.

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

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

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

INDEPENDENT NON_EXECUTIVE DIRECTORS

Dr. Chen Guogang (陳國鋼), aged 62, is the independent non-executive director of the Company and joined the Company in June 2016. Dr. Chen is the independent non-executive director of Cofco Trust Co., Ltd. (中糧信託有限責任公司) and Allinpay Network Services Co., Ltd. (通聯支付網絡服務有限公司) respectively. Dr. Chen joined Shenzhen Qianhai Financial Assets Exchange Ltd. (深圳前海金融交易所有限公司) as the president in September 2018 and resigned in July 2021. Dr. Chen has resigned as the independent non-executive director of Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 601211) with effect from June 2021. Dr. Chen has also resigned as an independent non-executive director of YTO Express Group Co., Ltd. (圓通速遞股份有限公司) since 16 October 2019.

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

Dr. Chen joined China Minsheng Investment Corp., Ltd. (中國民生投資股份有限公司) as the vice president in 2015. Dr. Chen joined New China Life Insurance Company Ltd. (新華人壽保險股份有限公司) (a company listed on the Stock Exchange, stock code: 1336) in April 2010 and served as the chief financial officer. He was subsequently appointed as the vice president and chief financial officer of New China Life Insurance Company Ltd. in July 2011. From 2005 to 2010, Dr. Chen served as a director of Sinofert Holdings Limited (中化化肥控股有限公司) (a company listed on the Stock Exchange, stock code: 297). He was a director of Sinochem International Corporation (中化國際 (控股) 股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600500) from 2000 to 2010. Dr. Chen also served as the chief financial officer of Sinochem Group (中國中化集團公司) from December 2000 to April 2010, general manager of the finance department of Sinochem Group from June 1999 to December 2000, deputy chief financial officer of Sinochem Group from February 1999 to June 1999, vice president of China International United Petroleum and Chemicals Co., Ltd. (中國國際石油化工聯合公司) from May 1997 to February 1999, vice director of the finance department of Sinochem Group from January 1995 to May 1997, general manager of the petroleum accounting department of Sinochem Group from March 1994 to January 1995, financial manager of its U.S. agrichemical subsidiary (中國中化集團公司美國農化公司) from July 1991 to March 1994. Prior to this, Dr. Chen served as deputy chief financial officer of Hino Company (香港鑫隆有限公司) in Hong Kong from July 1988 to July 1991 and was an assistant professor at Xiamen University from July 1984 to March 1985.

Mr. Gao Yu (高煜), aged 48, is the independent non-executive director of the Company and joined the Company in July 2007. He is currently the managing director of the Private Equity Division of Morgan Stanley Asia Limited, and he primarily focuses on private equity investment activities in China. He is an independent non-executive director of Sparkle Roll Group Ltd. (耀萊集團有限公司), China Feihe Limited (中國飛鶴有限公司) and Home Control International Limited's non-executive directors which are listed on the main board of Hong Kong Stock Exchange. He is also a director of Shandong Buchang Pharmaceuticals Co., Ltd. (山東步長製藥股份有限公司) which is listed on Shanghai Stock Exchange. Mr. Gao has resigned as an independent director of AMTD International inc. which is listed on New York Stock Exchange (NYSE: HKIB) since February 2022.

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

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

Mr. Liu Xiaoxong (劉曉松), aged 56, is the independent non-executive director of the Company and joined the Company in March 2019. Mr. Liu has diversified experience in the technology, media and telecommunications industry. He is one of the co-founders of Tencent Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (Stock Code: 00700.HK). In 2004, Mr. Liu was admitted to the Shenzhen Experts Working Union. Mr. Liu was appointed as the vice president of the Copyright Union of the Internet Society of China and the Copyright Society of China in August 2007 and September 2007 respectively. He is also the vice president of the Shenzhen Hi-tech Association. He is currently an executive director, the chairman and the chief executive officer of A8 New Media Group Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 00800.HK). Mr. Liu is also an non-executive director of Inke Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 3700.HK). Mr. Liu graduated from Hunan University in the PRC in 1984 with a Bachelor's degree in Electrical Engineering. In 1987, Mr. Liu graduated from China Electric Power Research Institute in the PRC with a Master's degree in Engineering. In 1991, he studied at Tsinghua University as a PhD research student.

SENIOR MANAGEMENT

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

CORPORATE GOVERNANCE REPORT

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

The Company is committed to ensuring high standards of corporate governance in the interests of shareholders and devotes considerable effort to identifying and formalising best practices. The Company has complied with the Code Provisions set out in the CG Code as contained in Appendix 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") for the twelve months ended 31 March 2022 ("twelve months Period"), except that:

Code Provision F.2.2 of the CG Code provides that the chairman of the board should attend the annual general meeting. Mr. Chen Yihong (Chairman and executive director) and Ms. Chen Chen (Co-Chairman, Co-President and executive director), could not attend the annual general meeting of the Company ("AGM") held on 18 August 2021, due to important business appointments. However, Mr. Zhang Zhiyong and Mr. Lyu Guanghong, the executive directors, Dr. Chen Guogang, Mr. Gao Yu and Mr. Liu Xiaosong, the independent non-executive directors of the Company had attended the aforesaid AGM and had effective communication with the shareholders of the Company.

The Company has applied the principles of the Corporate Governance Code to its corporate governance structure and practices as described in this report. Details of the Company's corporate governance practices can be found in the Corporate Governance Report set out in the Company's annual report for the twelve months ended 31 March 2022.

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

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the standard for securities transactions by directors. The Company has made specific enquiries of all the directors and all the directors confirmed that they have complied with the required standards set out in the Model Code for the twelve months ended 31 March 2022.

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

During the twelve months Period, the Company has complied with the rule 13.91 of the Listing Rules and the "comply or explain" provisions set out in Appendix 27 of the Listing Rules as "Environmental, Social and Governance Reporting Guide", and made disclosures concerning relevant information in the"Environmental, Social and Governance Report" of the Company. The ESG report will be presented in a separate report which will be published on the Exchange's website at www.hkexnews.hk and the Company's website at www.dxsport.com in due course.

THE BOARD OF DIRECTORS

The overall management of the Company's business is vested in the Board. Pursuant to the Articles of Association and the Terms of Reference of the Executive Committee adopted by the Board, the Board has delegated the day-to-day management of the Company's business to the Executive Committee (see details in page 52 below), and focuses its attention on matters affecting the Company's overall strategic policies, finances and shareholders related matters. These include financial statements, dividend policy, significant changes in accounting policies, annual operating budget, strategies for future growth, major financing arrangements, major investments and risk management strategies.

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

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

Executive Directors:

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

Independent Non-Executive Directors:

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

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

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

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

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

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

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

Pursuant to the Code Provision B.2.3 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, any further appointment of independent non-executive director serving more than 9 years shall be subject to a separate resolution to be approved by shareholders.

As part of the nomination process, in accordance with the nomination policy of the Company, the nomination committee of the Company has assessed Mr. Gao's role as an independent non-executive Director, taking into account factors including but not limited to Mr. Gao's reputation for integrity, experience, ability to assist the Board, perspectives and skills, and commitment while having due regard to the board diversity policy of the Company. As Mr. Gao has been providing objective and independent views to the Company during his tenure of office, the nomination committee was of the view that Mr. Gao remains committed to his independent role and that the long service of Mr. Gao would not affect his exercise of independent judgement as an independent non-executive Director. The length of tenure of Mr. Gao Yu as an independent non-executive director as at 22 June 2022 was approximately nine years.

After taking into account all the factors for assessing independence as set out in Rule 3.13 of the Listing Rules and considering his annual confirmation of independence to the Company and the assessment by the nomination committee, the Board is of the opinion that Mr. Gao maintains his independence notwithstanding the length of his service and believes that his valuable knowledge and extensive experience continue to generate significant contribution to the Board, the Company and the Shareholders as a whole. The Board further considers Mr. Gao is still capable of bringing a valuable and different perspective and independent judgment to bear on issues of strategy, performance, accountability, key appointments and standards of conduct. The re-election of Directors has been reviewed by the Nomination Committee of the Board which made recommendation to the Board that the re-election be proposed for Shareholders' approval at the AGM.

Mr. Chen Yihong (re-elected as an executive Director on 19 August 2020), Mr. Zhang Zhiyong (re-elected as an executive Director on 18 August 2021), Ms. Chen Chen (re-elected as an executive director on 18 August 2021) and Dr. Chen Guogang (re-elected as an independent non-executive director on 18 August 2021) shall hold office until they are required to retired in accordance with the Company's articles of association.

DIRECTORS' AND OFFICERS' LIABILITIES INSURANCE

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

DIRECTORS' CONTINUOUS TRAINING AND DEVELOPMENT PROGRAMME

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

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

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

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

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

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

BOARD AND COMMITTEES MEETINGS

During the twelve months Period, the Board held 16 meetings. The attendance of the directors at Board meetings, principal Board Committee meetings, Annual General Meeting ("AGM") on 18 August 2021 held is set out in the table below.

	Attendance of					
	Board meetings	**Audit committee meetings**	**Remuneration committee meeting**	**Nomination committee meeting**	**The Environmental, Social and Governance committee meetings**	**AGM***
Executive Directors						
Chen Yihong	16/16	N/A	1/1	1/1	N/A	0/1
Chen Chen	16/16	N/A	N/A	N/A	2/2	0/1
Zhang Zhiyong	16/16	N/A	N/A	N/A	N/A	1/1
Lyu Guanghong	16/16	N/A	N/A	N/A	2/2	1/1
Independent Non-Executive Directors						
Chen Guogang	16/16	3/3	1/1	N/A	2/2	1/1
Gao Yu	16/16	3/3	N/A	1/1	N/A	1/1
Liu Xiaosong	16/16	3/3	1/1	1/1	N/A	1/1

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

BOARD COMMITTEES

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

AUDIT COMMITTEE

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

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

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

The Audit Committee met 3 times during the twelve months Period. The major work performed by the Audit Committee included:

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

(ii) Review and recommend the Board's approval of the annual financial statements as at 31 March 2021, interim financial statements for the six months ended 30 September 2021;

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

(iv) Approval of the remuneration and terms of engagement of PricewaterhouseCoopers for the audit during the twelve months Period; and

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

REMUNERATION COMMITTEE

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

Under its Terms of Reference, the principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration, determining the remuneration packages of all executive Directors and making recommendations to the Board of the remuneration of non-executive Directors, assessing performance of executive directors, approving the terms of executive directors' service contract, and reviewing and approving performance-based remuneration by reference to the Company's goals and objectives.

The Remuneration Committee met once during the twelve months Period. The major work performed by Remuneration Committee during the twelve months Period included reviewing and determining the Directors' remuneration for the year ending 31 March 2022.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration of the members of the senior management by band for the year ended 31 March 2022 is set out below:

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

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 39 and note 8 to the financial statements, respectively.

NOMINATION COMMITTEE

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

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

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

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

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

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

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

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

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

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

Nomination Policy

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

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

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

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

- the Secretary of the NC shall call a meeting of the NC, and invite nominations of candidates from Board members if any, for consideration by the NC prior to its meeting. The NC may also put forward candidates who are not nominated by Board members.
- For filling a casual vacancy, the NC shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the NC shall make nominations to the Board for its consideration and recommendation.
- The Company's website set out the procedures for shareholders to propose a person for election as a Director. For any person that is nominated by a Shareholder, the Nomination Committee shall evaluate such candidate based on the selection criteria set out in the Nomination Policy and make recommendation to the Board if appropriate. Recommendation shall then be made to Shareholders in a supplementary circular for the proposed election of such candidate at a general meeting.

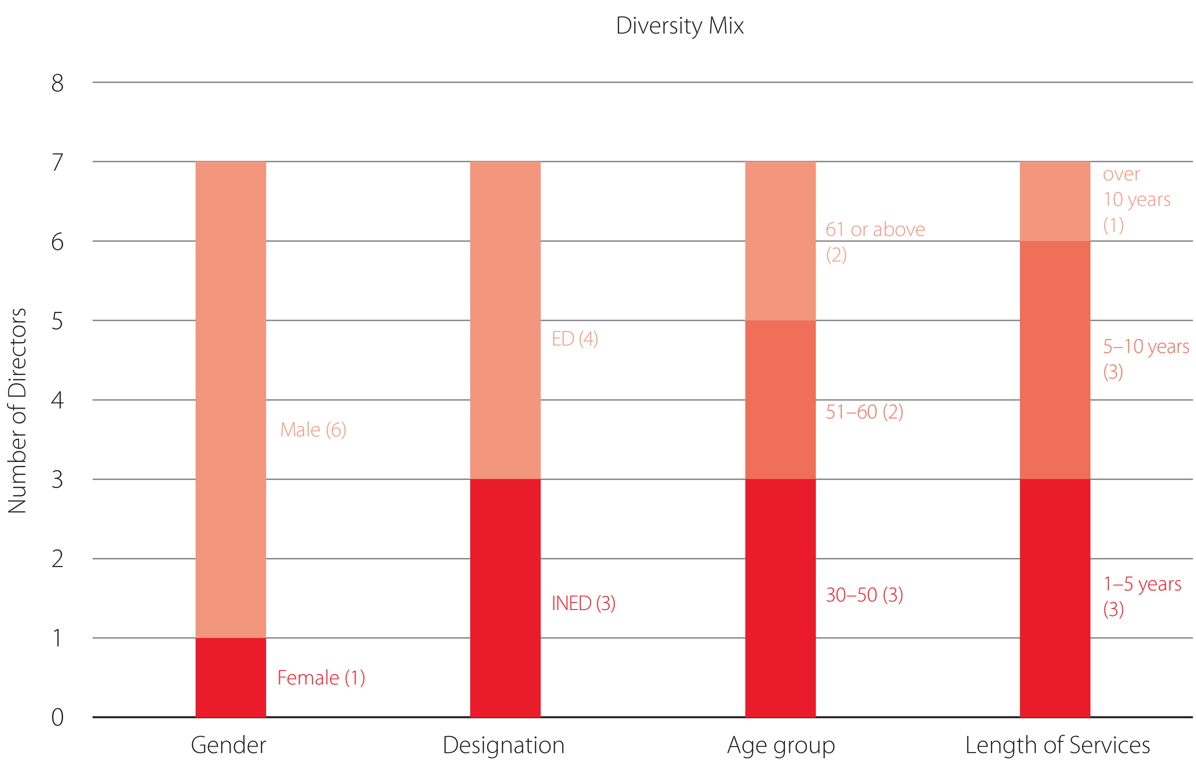
Directors' Remuneration Policy

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

Board Diversity Policy

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

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



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

The Company has also taken, and continues to take steps to promote diversity at all levels of its workforce. As of 31 March 2022, our total workforce comprised approximately 62.8% female and 37.2% male. Further details of the Group's inclusive policy, please refer to "Employment Standards" section of 2021/2022 ESG Report.

EXECUTIVE COMMITTEE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5) Disclosures in the Group's ESG report.

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

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

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

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

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

RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

RISK MANAGEMENT AND INTERNAL CONTROL

Aims and Objectives

The Board confirms that it assumes responsibility towards the risk management and internal control system and is responsible for reviewing its effectiveness on an ongoing basis. The risk management and internal control system aims to manage, rather than eliminate, the risks of failing to achieve business objectives, and make reasonable, but not absolute, guarantee for preventing material misstatements or losses. The Board has delegated its responsibility for risk management and internal control, together the relevant authorities, to the Audit Committee. The Audit Committee oversees the management in the design, implementation and oversight of the risk management and internal control system on behalf of the Board. The management had confirmed to the Audit Committee (and the Board) that the relevant system is effective for the twelve months ended 31 March 2022.

Major features of the risk management and internal control system

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

The Board:

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

The Audit Committee:

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

The management:

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

Internal audit and control department:

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

Programme for identification, assessment and management of material risks

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

(i) Control Environment

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

- To implement a system of accountability for every employee in the responsibilities for internal control during the fulfilment of the Group's corporate goals;

(ii) Risk evaluation

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

(iii) Control activities

- To select and formulate control measures in order to reduce the risks in connection with achieving goals to an acceptable level;
- To select and formulate certain general control measures for information technology by using IT services in the pursuit for the Group's goals;
- To ascertain projected objectives with policies and ensure that the policies are implemented in practice with programmes in order to devise control measures;

(iv) Information and communications

- To gather and organise quality information relevant to the Group and the external environment in support for the internal control function;
- To communicate within the Group the information necessary to the operation of internal control, including the goals and responsibilities of internal control;
- To communicate with the external public with regards to the issues which impact the operation of internal control;

(v) Monitoring

- To select, formulate and implement continuous and/or independent assessment to ascertain the existence and normal functioning of each key element in internal control;
- To assess inadequacies in internal control when and as appropriate and notify the person-in-charge, including senior management personnel and the Audit Committee of the Board (if appropriate), about such inadequacies for adopting the remedial actions.

Internal Audit

The responsibilities of the Internal Audit and Control Department (the "IAC") include conducting internal control review based on the approved annual budget plan, and assess regularly the implementation of each financial and operational activity, programme and internal control of the Group. The IAC has unrestricted access to any information related to risk management, control and governance programme of the Group. Audit findings and the remedial plan are submitted by the IAC to the Audit Committee and the management, and internal communications are conducted regularly. The IAC will follow up regularly on all the audit findings to ensure remedies are put in place for every issue. For the twelve months ended 31 March 2022, the IAC implemented and completed 9 internal audit projects and met with the management to report the relevant findings to Audit Committee.

Whistle-blowing

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

Anti-corruption

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

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

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

Audits on subsidiaries and departments are conducted on a regular basis. During the audit period, training and promotion on anti-corruption, anti-bribery and anti-money laundering are held for principals and staffers of the audited departments to enhance staff knowledge of the Group's internal culture of probity. During the reporting period, the Group conducted 3 hours of anti-corruption training for all Directors and the principals and staff of subsidiaries and departments, fostering a sound corporate culture of probity.

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

Insider information and information disclosure

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

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

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

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

For the twelve months Period under review, the Board has conducted annual review of the effectiveness of the Group's risk management and internal control systems for the twelve months ended 31 March 2022 as required under New Principle D.2 of the CG Code, in particular Code Provision D.2.3, covering the material financial, operational and compliance controls, and considered the Group's risk management and internal control systems effective and adequate. The Board confirmed that the Group has complied with the relevant Code Provisions in the CG Code on internal control. The Board has also confirmed the adequacy of resources, budget, staff qualifications, experience and training programs of the Group's internal audit staff and accounting and financial reporting staff as well as those relating to the Company's ESG performance and reporting and considered that the staffing is adequate and the staff members are competent to carry out their roles and responsibilities.

EXTERNAL AUDITOR

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

During the twelve months Period, the remuneration paid or payable to the Group's independent auditor, PricewaterhouseCoopers, and its affiliated firms, for services rendered is broken down below:

	RMB'000
Statutory audit	4,500
Non-audit services	540
Total	5,040

The non-audit services mainly comprised tax compliance and certain agreed upon procedure work. The responsibilities of the independent auditor with respect to the consolidated financial statements for the twelve months Period are set out in the section "Independent Auditor's Report" on pages 72 to 77.

COMPANY SECRETARY

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

DIVIDEND POLICY

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

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

COMMUNICATION WITH SHAREHOLDERS

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

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

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

To further enhance our relationship with the Shareholders and investors and to ensure that our investors have a better understanding of the Company, we have established an Investor Relations ("IR") Department to handle regular contact with our investors. An Investor Relations Report is produced hereto on pages 37 to 38 to provide a more comprehensive overview of the work performed by the IR Department during the twelve months Period. During the period under reviewed, the Board considered the shareholders' communication policy conducted is effective.

SHAREHOLDERS' RIGHT

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

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

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

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

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

CONSTITUTIONAL DOCUMENTS

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

REPORT OF THE DIRECTORS

The directors hereby presents to the shareholders their report together with the audited consolidated financial statements for the twelve months ended 31 March 2022.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group are principally engaged in brand development, design and sales of sport-related apparel, footwear and accessories and investment activities in Mainland of the People's Republic of China and abroad. The principal activities and other particulars of the subsidiaries are set out on pages 144 to 150 of the annual report.

Further discussion and analysis of these activities, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 16 to 36 of the annual report. That discussion forms part of this directors' report.

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

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

GROUP PROFIT OR LOSS

The Group's profit or loss for the twelve months ended 31 March 2022 is set out in the consolidated statement of profit or loss and other comprehensive income on pages 78 to 79 of this annual report.

DIVIDENDS

The Board of the directors of the Company has not recommended to declare any final dividend or final special dividend for the year ended 31 March 2022.

No interim dividend and interim special dividend were paid for the six months ended 30 September 2021.

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

PROPERTY, PLANT AND EQUIPMENT

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

BANK LOANS AND OTHER BORROWINGS

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

FIVE-YEAR SUMMARY

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

SHARE CAPITAL

Movements in the share capital of the Company during the year are set out in Note 23 to the consolidated financial statements.

RESERVES

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

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2022 amounted to approximately RMB9,470,565.

PRE-EMPTIVE RIGHTS

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

MATERIAL CONTRACT

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

DIRECTORS

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

Executive Directors:

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

Independent Non-Executive Directors:

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

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

Mr. Chen Yihong (re-elected as an executive Director on 19 August 2020), Mr. Zhang Zhiyong (re-elected as an executive director on 18 August 2021). Ms. Chen Chen (re-elected as an executive director on 18 August 2021) and Dr. Chen Guogang (re-elected as an independent non-executive director on 18 August 2021) shall hold office until they are required to retired in accordance with the Company's articles of association.

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to the independence guidelines under the Listing Rules and the Company considers such directors to be independent. Particulars of the directors' remuneration disclosed pursuant to Appendix 16 of the Listing Rules are set out in Note 39 to the consolidated financial statements. Directors' remuneration was determined by reference to his/her duties and responsibilities, experience, performance and market conditions.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the directors of the Company is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the twelve months ended 31 March 2022 and up to and including the date of this report.

TAX RELIEF AND EXEMPTION

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As of 31 March 2022, none of the Company, controlling Shareholders of the Company or the companies under the same controlling Shareholders with the Company was a party to any arrangement to entitle the Company's Directors or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

PERMITTED INDEMNITY PROVISION

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

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the directors are set out on pages 39 to 42 of this annual report.

RESTRICTED SHARE AWARD SCHEME

On 10 December 2010 (the "Adoption Date"), the Board adopted the restricted share award scheme (the "Share Award Scheme") as an incentive to retain and encourage the participants for the continual operation and development of the Group.

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

An administration committee (comprising the remuneration committee and certain senior management of the Company which shall include the chief executive officer of the Board) (the "Administration Committee") may, subject always to the Scheme Rules, from time to time, determine the number of Restricted Shares to be granted and at its absolute discretion select any selected participant (excluding any excluded employee of the Group as provided under the Scheme Rules) to be a selected participant under the Share Award Scheme.

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

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

A selected participant will be qualified to receive the Restricted Shares which are referable to him after all the qualifying conditions having been fulfilled in accordance with the vesting schedule pursuant to the Scheme Rules. Pursuant to the Scheme Rules, Restricted Shares held by the Trustee which are referable to a selected participant shall not vest in the selected participant if the employment contract of the selected participant has been terminated by the Company or any of its subsidiary because of, amongst others, (i) dishonesty or serious misconduct; (ii) incompetence or negligence in the performance of his duties; (iii) becoming bankrupt; and (iv) being convicted for any criminal offence involving his integrity or honesty etc.

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

For the twelve months ended 31 March 2022, none of the Restricted Shares were granted to any eligible participant pursuant to the Restricted Share Award Scheme. None of the Restricted Shares were vested during the period. As at 31 March 2022, the number of Restricted Shares granted under the Scheme amounted to 7,081,000 shares, representing approximately 0.125% of the issued shares as at the Adoption Date. In 2016, 131,071 granted Restricted Shares was lapsed. As at 1 April 2021 and 31 March 2022, the number of restricted shares are 23,050,071 shares.

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

SHARE OPTION SCHEME

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

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

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

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

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

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

(iii) the nominal value of the shares.

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

The maximum limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the shares in issue from time to time. In addition, the maximum number of shares in respect of which options may be granted under the Share Option Scheme and any other option schemes of the Company shall not in aggregate exceed 10% of total number of issued shares as of the Adoption Date ("Scheme Mandate") which is 588,612,102 shares, representing 10% of the issued share capital of the Company as at the date of this report.

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

For the twelve months ended 31 March 2022, 189,680,000 share options are available for issue under the Share Option Scheme which represents approximately 3.22% of the issued shares as at the date of the annual report. Further details of the share option scheme are set out in Note 26 to the consolidated financial statements of this report.

The table below sets out the details of the movements in the share options granted to the Grantees under the Share Option Scheme for the financial year ended 31 March 2022:

		Number of share options								
Category	Date of grant	Outstanding as at 1 April 2021	Granted during the financial year ended 31 March 2022	Exercised during the financial year ended 31 March 2022	Lapsed during the financial year ended 31 March 2022	Outstanding as at 31 March 2022	Exercise period	Exercise price per share (HK$)	Closing price immediately before the date of grant (HK$)	Vesting period
Directors										
Ms. Chen Chen[5]	15/04/2021	—	23,000,000	—	—	23,000,000	15/04/2021–14/04/2031	0.94	0.92	14/04/2024
Mr. Zhang Zhiyong[5]	15/04/2021	—	36,000,000	—	—	36,000,000	15/04/2021–14/04/2031	0.94	0.92	14/04/2024
Mr. Lyu Guanghong[5]	15/04/2021	—	6,000,000	—	—	6,000,000	15/04/2021–14/04/2031	0.94	0.92	14/04/2024
Employees										
–	16/09/2019[1]	16,680,000	—	1,340,000[10]	2,740,000	12,600,000	16/09/2019–15/09/2029	0.854	0.82	16/09/2019–15/09/2022
–	07/01/2020[2]	1,080,000	—	—	—	1,080,000	07/01/2020–06/01/2030	0.86	0.82	07/01/2020–06/01/2023
–	01/04/2020[3]	2,400,000	—	—	2,400,000	—	01/04/2020–31/03/2030	0.67	0.64	01/04/2020–31/03/2023
–	01/09/2020[4]	1,200,000	—	—	—	1,200,000	01/09/2020–31/08/2030	1.09	0.99	01/09/2020–31/08/2023
–	15/04/2021[5]	—	124,400,000	—	18,200,000	106,200,000	15/04/2021–14/04/2031	0.94	0.92	14/04/2024
–	02/07/2021[6]	—	3,500,000	—	2,000,000	1,500,000	02/07/2021–01/07/2031	1.36	1.34	01/07/2024
–	28/01/2022[7]	—	1,500,000	—	—	1,500,000	28/01/2022–27/01/2032	0.676	0.67	27/01/2025
	17/03/2022[8]	—	600,000	—	—	600,000	17/03/2022–16/03/2032	0.459	0.435	16/03/2025
	Total	**21,360,000**	**195,000,000**	**1,340,000**	**25,340,000**	**189,680,000**				

* Further details of the share options are set out in note 26 to the consolidated financial statement on pages 168 to 171 of this annual report.

Notes:

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

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

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

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

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

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

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

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

9. For the twelve months ended 31 March 2022, 195,000,000 share options were granted. 1,340,000 share options were exercised. 25,340,000 share options have lapsed due to the resignation of staff.

10. The weighted average closing price of the ordinary shares of the Company immediately before the dates on which the options were exercised was approximately HK$1.25.

11. There are no participants with options granted in excess of the individual limit and no grants to suppliers of goods and services.

12. Save as disclosed above, no other share options were granted, exercised, lapsed or canceled for the twelve months ended 31 March 2022.

RETIREMENT SCHEMES

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

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

For the twelve months ended 31 March 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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

Details of the emoluments of the Directors and five individuals with highest emoluments are set out in note 39 and note 8 to the consolidated financial statements.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2022, the interests and short positions of the directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), which have been notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 & 8 Part XV of the SFO, including interests and short positions which the directors and chief executive of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Model Code contained in the Listing Rules are as follows:

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

		Number and class of securities		Approximate percentage of total issued
Name of Directors	**Nature of interest**	**Long position**	**Short position**	**Shares**
Mr. Chen Yihong	Interest of a controlled corporation(1)	2,359,936,000 shares	—	40.08%
	Interest of a controlled corporation(3)	312,090,025 shares	—	5.3%
Ms. Chen Chen	Interest of a controlled corporation(2)	176,787,730 shares	—	3.00%
	Beneficial owner	44,500,000 shares(5)	—	0.76%
Mr. Zhang Zhiyong	Beneficial owner(3)	202,120,025 shares(4)	—	3.43%
Mr. Lyu Guanghong	Beneficial owner(3)	16,000,000 shares(6)	—	0.27%

Notes:

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

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

(3) 312,090,025 shares (out of which 166,090,025 shares are held by Mr. Zhang Zhiyong and 10,000,000 shares are held by Mr. Lyu Guanghong) have been charged to Gaea Sports Limited ("GAEA"). Each of Mr. Chen Yihong, Harvest Luck, Poseidon and the Company is deemed to be interested in such shares by virtue of GAEA, being a wholly owned subsidiary of the Company and Poseidon being entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of the Company.

(4) It included Mr. Zhang Zhiyong's interests in 166,120,025 shares and share options to subscribe for 36,000,000 shares pursuant to the share options granted by the Company on 15 April 2021 under the share option scheme adopted by the Company on 8 August 2019 at an exercise price of HK$0.94 each.

(5) It included Ms. Chen Chen's interests in 21,500,000 shares and share options to subscribe for 23,000,000 shares pursuant to the share options granted by the Company on 15 April 2021 under the share option scheme adopted by the Company on 8 August 2019 at an exercise price of HK$0.94 each.

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

Save as disclosed above, as at 31 March 2022, none of the directors and chief executives of the Company had or was deemed to have any interests or short position in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 March 2022, other than the interests and short positions as disclosed above, the following persons have interests or short positions in the Shares, underlying Shares and debentures of the Company which fall to be disclosed to the Company under Divisions 2 & 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Part XV (s.336) of the SFO, or otherwise known to the directors:

		Number of Shares		Approximate percentage of
Name of Shareholders	**Nature of interest**	**Long position**	**Short position**	**shareholding**
Poseidon Sports Limited	Corporate interest	2,359,936,000	—	40.08%
	Interest in a controlled corporation[2]	312,090,025	—	5.3%
Harvest Luck Development Limited[1]	Interest in a controlled corporation	2,359,936,000	—	40.08%
	Interest in a controlled corporation[2]	312,090,025	—	5.3%

Notes:

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

(2) 312,090,025 shares (out of which 166,090,025 shares are held by Mr. Zhang Zhiyong and 10,000,000 shares are held by Mr. Lyu Guanghong) have been charged to Gaea Sports Limited ("GAEA"). Each of Mr. Chen Yihong, Harvest Luck, Poseidon and the Company is deemed to be interested in such shares by virtue of GAEA, being a wholly owned subsidiary of the Company and Poseidon being entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of the Company.

Save as disclosed above, as at 31 March 2022, the Directors are not aware of any other person or corporation (who were not Directors or chief executive of the Company) having an interest or short position in Shares and underlying Shares of the Company representing 5% or more of the issued share capital of the Company.

MANAGEMENT CONTRACTS

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

CONNECTED TRANSACTIONS

During the year ended 31 March 2022, the Company did not enter into any transactions with its connected persons (as defined in the Listing Rules) which was subject to the reporting, announcement and/or shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

On 30 June 2020, Shanghai Kappa Sporting Goods Co., Ltd. ("Shanghai Kappa"), an indirect wholly-owned subsidiary of the Company, entered into the 2020 renewed framework agreement (the "2020 Renewed Framework Agreement") with Mai Sheng Yue He Sportswear Company Limited ("Mai Sheng Yue He"), in relation to the supply and sale of sport-related products by Shanghai Kappa to Mai Sheng Yue He. Mai Sheng Yue He is an associate of Mr. Chen Yihong, the chairman and an executive Director of the Company, as it is a majority-controlled company (as defined under the Listing Rules) held by Chen Co., which is a company owned by Mr. Chen Yiliang, Mr. Chen Yiyong and Mr. Chen Yizhong, each being a brother of Mr. Chen Yihong. Mai Sheng Yue He is hence a connected person of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the 2020 Renewed Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The 2020 Renewed Framework Agreement shall be valid from 1 April 2021 to 31 March 2024 and transaction amount between Mai Sheng Yue He and Shanghai Kappa for the supply and sale of goods under the 2020 Renewed Framework Agreement shall be subject to the annual caps of RMB94,000,000, RMB113,000,000 and RMB130,000,000 (each the "2020 renewed Mai Sheng Yue He Annual Cap") for the financial year ended 31 March 2022, financial year ending 31 March 2023 and the financial year ending 31 March 2024, respectively. Please refer to the announcement of the Company dated 30 June 2020 and the circular of the Company dated 4 August 2020 for further details. For the financial year ended 31 March 2022, the transactions conducted pursuant to the arrangement under the 2020 Renewed Framework Agreement amounted to RMB61,478,000.

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

The auditors of the Company have reviewed the above transactions and given written notice to the Board to confirm that the above transactions: (1) have been approved by the Board; (2) have been conducted in accordance with the 2020 Renewed Framework Agreement; (3) were in accordance with the pricing policies of the Company; and (4) did not exceed the Mai Sheng Yue He Annual Cap for the financial year ended 31 March 2022.

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

PUBLIC FLOAT

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

MAJOR SUPPLIERS AND CUSTOMERS

During the twelve months Period ended 31 March 2022, the purchases from the largest supplier and the aggregated purchases from the largest five suppliers amounted for 10% and 34% of the Group's total purchases, and the sales to the largest customer and the aggregated sales to the largest five customers amounted for 8% and 18% of the Group's total sales, respectively. To the best knowledge of the Directors, at no time during the financial year have the Directors, their associates or any shareholder of the Company (own more than 5% of the number of issued Shares) had any interest in these major customers and suppliers.

MATERIAL ACQUISITIONS AND DISPOSAL AND SIGNIFICANT INVESTMENTS

Save as mentioned in the this report, the Group did not have any other material investments or acquire any material capital assets, or make any material acquisitions or disposals of subsidiaries and associated companies, or significant investments for the year ended 31 March 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

CORPORATE GOVERNANCE

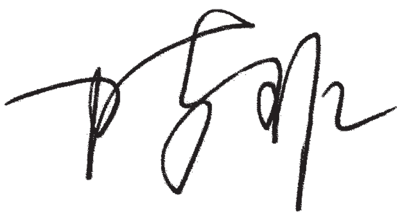
Throughout the twelve months ended 31 March 2022, the Company has complied with all the Code Provisions, except deviation from Code Provision F.2.2 of the Corporate Governance Code contained in Appendix 14 to the Listing Rules. Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 43 to 59 of this report.

EVENTS SUBSEQUENT TO 31 MARCH 2022

There was no other significant event occurred subsequent to 31 March 2022 and up to the date of this report.

AUDITOR

PricewaterhouseCoopers will retire as auditor of the Company at the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as auditor of the Company until the conclusion of the next AGM is to be proposed at the forthcoming AGM.



On behalf of the Board
Chen Yihong
Chairman

22 June 2022

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

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

OPINION

What we have audited

The consolidated financial statements of China Dongxiang (Group) Co., Ltd. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 78 to 184, comprise:

- the consolidated balance sheet as at 31 March 2022;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

KEY AUDIT MATTERS

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Fair value determination of level 3 Financial assets at fair value through profit or loss	
Refer to notes 3.3 and note 20 to the consolidated financial statements. The Group has invested in certain financial assets at fair value through profit or loss with fair value of RMB6,725million as at 31 March 2022 and among which, amount of RMB5,653 million is classified as level 3 in fair value hierarchy. These level 3 financial assets represent 53.9% of the total assets value of the Group as at 31 March 2022. These level 3 financial assets at fair value through profit or loss include private equity fund investments, other unlisted equity investments and unlisted fixed coupon notes. The valuation for level 3 financial assets were not based on active market prices, nor based on observable market data. Instead, they were based on significant unobservable inputs.	On sample basis, our major procedures on the fair value determination of level 3 financial assets at fair value through profit or loss were as follows: 1. We understood and evaluated the relevant management's internal controls and valuation process in selecting the valuation techniques and determining the significant unobservable inputs for the fair value determination of level 3 financial assets at fair value through profit or loss, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud. 2. We assessed the appropriateness of the valuation techniques adopted for each type of level 3 financial assets at fair value through profit or loss by comparing with the industry practice.

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

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ng Ping Fai.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Note	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
Continuing operations			
Revenue	5	**1,915,735**	1,969,607
Cost of sales	7	**(690,541)**	(678,246)
(Provision for)/reversal of impairment of inventories — net	7	**(103,019)**	27,660
Gross profit		**1,122,175**	1,319,021
Distribution expenses	7	**(1,210,802)**	(1,169,607)
Administrative expenses	7	**(164,432)**	(155,841)
Provision for impairment of financial assets — net		**(36,866)**	(38,519)
Other (losses)/gains — net	6	**(1,460,715)**	2,114,872
Operating (loss)/profit		**(1,750,640)**	2,069,926
Finance income	9	**2,406**	4,171
Finance expenses	9	**(15,470)**	(19,597)
Finance expenses — net	9	**(13,064)**	(15,426)
Share of post-tax profit/(loss) of joint ventures and associates accounted for using the equity method	12(c)	**405**	(25,099)
(Loss)/profit before income tax		**(1,763,299)**	2,029,401
Income tax credit/(expense)	10	**34,097**	(165,373)
(Loss)/profit from continuing operations		**(1,729,202)**	1,864,028
Loss from discontinued operations	33	**(19,497)**	(54,631)
(Loss)/profit for the year		**(1,748,699)**	1,809,397
(Loss)/profit attributable to:			
— Owners of the Company		**(1,746,944)**	1,810,545
— Non-controlling interests		**(1,755)**	(1,148)
		(1,748,699)	1,809,397

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Note	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
(Loss)/profit for the year		**(1,748,699)**	1,809,397
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss			
— Currency translation differences on foreign operations of continuing operations		**(145,749)**	(353,440)
— Currency translation differences on foreign operations of discontinued operations		**18,028**	21,022
— Reclassification of foreign currency translation reserve on discontinued operations upon disposal		**18,966**	—
Items that may not be reclassified to profit or loss			
— Currency translation differences on foreign operations		**(36,502)**	(55,213)
Other comprehensive loss for the year, net of tax		**(145,257)**	(387,631)
Total comprehensive (loss)/income for the year		**(1,893,956)**	1,421,766
Total comprehensive (loss)/income for the year attributable to:			
— Owners of the Company		**(1,895,531)**	1,421,083
— Non-controlling interests		**1,575**	683
		(1,893,956)	1,421,766
Total comprehensive (loss)/income for the year attributable to owners of the Company			
— Continuing operations		**(1,911,453)**	1,452,144
— Discontinued operations		**15,922**	(31,061)
		(1,895,531)	1,421,083
(Losses)/earnings per share for (loss)/profit from continuing operations attributable to owners of the Company for the year			
(expressed in RMB cents per share)			
— Basic (losses)/earnings per share	11	**(29.49)**	31.74
— Diluted (losses)/earnings per share	11	**(29.49)**	31.74
(Losses)/earnings per share for (loss)/profit attributable to owners of the Company for the year			
(expressed in RMB cents per share)			
— Basic (losses)/earnings per share	11	**(29.79)**	30.88
— Diluted (losses)/earnings per share	11	**(29.79)**	30.88

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

CONSOLIDATED BALANCE SHEET

As at 31 March 2022

	Note	As at 31 March 2022 RMB'000	As at 31 March 2021 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	13	**97,835**	77,335
Right-of-use assets	15	**92,407**	96,716
Intangible assets	14	**175,651**	182,716
Investments accounted for using the equity method	12(c)	**45,204**	94,656
Financial assets at fair value through profit or loss	20	**4,474,765**	4,938,828
Deferred income tax assets	16	**179,136**	142,771
Other financial assets at amortised cost	19	**82,404**	449,937
Other assets	22	**64,190**	169,513
Total non-current assets		**5,211,592**	6,152,472
Current assets			
Inventories	17	**398,495**	369,601
Trade receivables	18	**153,909**	180,950
Other current assets	22	**33,711**	41,892
Financial assets at fair value through profit or loss	20	**2,250,094**	3,470,575
Other financial assets at amortised cost	19	**885,593**	598,409
Restricted cash	21	**27,870**	134
Cash and cash equivalents	21	**1,523,938**	1,823,757
Total current assets		**5,273,610**	6,485,318
Total assets		**10,485,202**	12,637,790
Equity			
Equity attributable to owners of the Company			
Share capital and share premium	23	**1,091,344**	1,090,096
Shares held for employee share scheme	24	**(196)**	(196)
Reserves	25	**8,259,742**	10,442,863
Capital and reserves attributable to owners of the Company		**9,350,890**	11,532,763
Non-controlling interests		**—**	3,162
Total equity		**9,350,890**	11,535,925

CONSOLIDATED BALANCE SHEET

As at 31 March 2022

	Note	As at 31 March 2022 RMB'000	As at 31 March 2021 RMB'000
Liabilities			
Non-current liabilities			
Lease liabilities	15	**27,559**	41,641
Deferred income tax liabilities	16	**316,915**	338,966
Total non-current liabilities		**344,474**	380,607
Current liabilities			
Derivatives	29	**64,835**	35,403
Deferred income tax liabilities	16	**—**	577
Contract liabilities	31	**14,027**	9,738
Lease liabilities	15	**49,131**	47,967
Borrowings	30	**156,120**	126,630
Trade payables	27	**229,591**	125,779
Accruals and other payables	28	**263,901**	359,542
Current income tax liabilities		**12,233**	15,622
Total current liabilities		**789,838**	721,258
Total liabilities		**1,134,312**	1,101,865
Total equity and liabilities		**10,485,202**	12,637,790

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

The financial statements on pages 78 to 184 were approved by the Board of Directors on 22 June 2022 and were signed on its behalf.

CHEN YIHONG
Executive Director & Chairman

ZHANG ZHIYONG
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Note	Attributable to owners of the Company						Non-controlling interests	Total equity
		Share capital	Share premium account	Shares held for employee share scheme	Other reserves	Retained earnings	Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 April 2021		56,467	1,033,629	(196)	(40,666)	10,483,529	11,532,763	3,162	11,535,925
Comprehensive loss									
Loss for the year		—	—	—	—	(1,746,944)	(1,746,944)	(1,755)	(1,748,699)
Other comprehensive (loss)/income									
Currency translation differences		—	—	—	(165,846)	—	(165,846)	1,623	(164,223)
Reclassification of foreign currency translation reserve on discontinued operations upon disposal		—	—	—	17,259	—	17,259	1,707	18,966
Total comprehensive (loss)/income		—	—	—	(148,587)	(1,746,944)	(1,895,531)	1,575	(1,893,956)
Transaction with owners									
Exercise of share options	23	11	942	—	—	—	953	—	953
Transfer of fair value of share options exercised to share premium	23	—	295	—	(295)	—	—	—	—
Dividends declared and paid	32	—	—	—	—	(300,580)	(300,580)	—	(300,580)
Total contribution by and distribution to owners, recognised directly in equity		11	1,237	—	(295)	(300,580)	(299,627)	—	(299,627)
Appropriation to statutory reserves	25	—	—	—	306	(306)	—	—	—
Share-based compensations	26	—	—	—	13,285	—	13,285	—	13,285
Disposal of a subsidiary		—	—	—	—	—	—	(4,737)	(4,737)
Total transactions with owners, recognised directly in equity		11	1,237	—	13,296	(300,886)	(286,342)	(4,737)	(291,079)
Balance at 31 March 2022		56,478	1,034,866	(196)	(175,957)	8,435,699	9,350,890	—	9,350,890

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Note	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
Cash flows from operating activities			
Cash (used in)/generated from operations	34	**(185,307)**	100,256
Interest received		**2,406**	4,177
Income tax paid		**(28,285)**	(37,697)
Net cash (outflow)/inflow from operating activities		**(211,186)**	66,736
Cash flows from investing activities			
Purchase of property, plant and equipment		**(38,255)**	(3,503)
Purchase of land use rights		**(11,259)**	—
Purchase of intangible assets		**(1,872)**	(459)
Decrease in term deposits with initial terms over three months and within one year		**—**	37,738
Proceeds from disposal of property, plant and equipment and intangible assets		**1,209**	97,497
Investment in financial assets at fair value through profit or loss		**(2,558,215)**	(4,848,350)
Proceeds from investment income and disposal of financial assets at fair value through profit or loss		**2,684,966**	5,215,568
Increase in loans receivables		**(535,508)**	(355,000)
Repayment of loan receivables		**619,413**	253,617
Interest received from other financial assets at amortised cost		**73,522**	69,829
Proceeds from disposal of investments in associates and a joint venture		**47,687**	39,000
Investment in a joint venture		**(4,900)**	(30,000)
Net cash inflow from investing activities		**276,788**	475,937

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Note	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
Cash flows from financing activities			
Dividends paid	32	**(300,580)**	(502,163)
Proceeds from bank borrowings		**206,784**	320,186
Repayments of bank borrowings		**(175,061)**	(420,866)
Interest paid		**(7,244)**	(8,787)
Payments for lease liabilities	15(iii)	**(59,423)**	(61,568)
Proceeds received from employees in relation to exercise of share options		**953**	—
Net cash outflow from financing activities		**(334,571)**	(673,198)
Net decrease in cash and cash equivalents		**(268,969)**	(130,525)
Cash and cash equivalents at the beginning of the year		**1,823,757**	2,063,150
Effects of exchange rate changes on cash and cash equivalents		**(30,850)**	(108,868)
Cash and cash equivalents at end of the year	21	**1,523,938**	1,823,757

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. GENERAL INFORMATION

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

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

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

During the year ended 31 March 2022, the COVID-19 pandemic continued to rampage in fluctuations and spread rapidly as many nations reported COVID-19 variant infections. The business environment was full of challenges during the past year and the Group's business was affected by uncertainties in the external environment.

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

These financial statements have been approved for issue by the Board of Directors on 22 June 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

(i) Compliance with IFRS and HKCO

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

(ii) Historical cost convention

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2021:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform —Phase 2

The Group also elected to adopt the following amendments early:

Amendment to IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published but are not mandatory for 31 March 2022 reporting period and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.2 Principles of consolidation and equity accounting

(i) Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.3).

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting (Continued)

(ii) Associates

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

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

Investments in associates in the form of ordinary shares with preferential rights are accounted as financial assets measured at fair value through profit or loss (Note 2.11).

(iii) Joint arrangements

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

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

(iv) Equity method

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

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

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.9.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting (Continued)

(v) Changes in ownership interests

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

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

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

2.3 Business combinations

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

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

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

Acquisition-related costs are expensed as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

The excess of the

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

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

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

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

2.4 Separate financial statements

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

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

2.5 Segment reporting

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

(iii) Group companies

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,

- income and expenses for each consolidated statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- all resulting exchange differences are recognised in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation (Continued)

(iii) Group companies (Continued)

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

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

(iv) Disposal of foreign operation and partial disposal

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

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

2.7 Property, plant and equipment

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

Freehold land is stated at cost less accumulated impairment losses, if any. Cost represents consideration paid for the purchase of the land. Freehold land is not subject to depreciation.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment (Continued)

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

—	Buildings	20–40 years
—	Office furniture and equipment	2–15 years
—	Vehicles	5 years
—	Leasehold improvements	2–5 years or over lease term

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

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

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

2.8 Intangible assets

(i) Trademarks

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

(ii) Software

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets (Continued)

(iii) Amortisation methods and periods

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

• Trademarks	40 years
• Computer software	2–5 years

2.9 Impairment of non-financial assets

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

2.10 Discontinued operations

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

2.11 Investments and other financial assets

(i) Classification

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

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

- those to be measured at amortised cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Investments and other financial assets (Continued)

(i) Classification (Continued)

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

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

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

(ii) Recognition and derecognition

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

(iii) Measurement

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

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

Debt instruments

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Investments and other financial assets (Continued)

(iii) Measurement (Continued)

Debt instruments (Continued)

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

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

Equity instruments

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Investments and other financial assets (Continued)

(iv) Impairment

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

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

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

2.12 Offsetting financial instruments

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

2.13 Derivative financial instrument

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

2.14 Inventories

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are generally due for settlement within 30 to 90 days and therefore are all classified as current.

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

2.16 Cash and cash equivalents

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

2.17 Share capital and shares held for employee share scheme

Ordinary shares are classified as equity (Note 23).

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

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

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

2.18 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Borrowings

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

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

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

2.20 Borrowings cost

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Current and deferred income tax

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

(a) Current income tax

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

(b) Deferred income tax

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Employee benefits

(i) Short-term obligations

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

(ii) Pension obligations

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

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

(iii) Termination benefits

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

2.23 Share-based payments

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Share-based payments (Continued)

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

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.24 Provisions

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

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

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

2.25 Revenue recognition

(a) Sales of goods — wholesale

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

The products of the Group are often sold with sales discounts. Revenue from these sales are recognised based on the price specified in the sales contracts, net of the estimated sales discounts at the time of sale. The sales discounts are estimated based on the terms of agreements. No element of financing is deemed present as the sales are made with a credit term of 45–60 days, which is consistent with the market practice.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Revenue recognition (Continued)

(b) Sales of goods — retail

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

(c) Sales of goods — online sales

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

(d) Sales of goods — consignment sales

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

(e) Sale of goods — refunds

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

(f) Sale of goods — customer loyalty programme

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

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

(g) Royalty income

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 (Losses)/earnings per share

(i) Basic (losses)/earnings per share

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

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

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

(ii) Diluted (losses)/earnings per share

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

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

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

2.27 Dividend income

Dividends arising from equity investments measured at fair value through profit or loss other than those investments in private equity funds are recognised as dividend income within "other (losses)/gains — net" when the right to receive payment of the dividends is established.

2.28 Leases

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

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Leases (Continued)

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

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the lease will be extended (or not terminated).

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

To determine the incremental borrowing rate, the Group:

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Leases (Continued)

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

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

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

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

The Group has adopted Amendment to IFRS 16 — Covid-19-Related Rent Concessions retrospectively from 1 April 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; b. any reduction in lease payments affects only payments due on or before 30 June 2021; and c. there is no substantive change to other terms and conditions of the lease.

The Group has early adopted Amendment to IFRS 16 — Covid-19-Related Rent Concessions beyond 30 June 2021, which extended the practical expedient to lease payments that were due on or before 30 June 2022.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.29 Dividend distribution

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

2.30 Government grants

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

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

2.31 Interest income

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

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

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

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

3. FINANCIAL RISK MANAGEMENT

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

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

3.1 Financial risk factors

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in the PRC with most of the transactions denominated and settled in RMB. Foreign exchange risk arises from recognised assets and liabilities and net investments in foreign operations. The Group did not enter into any forward contract to hedge its exposure to foreign currency risk for the year ended 31 March 2022.

Exposure

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

	31 March 2022		31 March 2021	
	USD	**HKD**	USD	HKD
	RMB'000	**RMB'000**	RMB'000	RMB'000
Deposits	**265,738**	**21,492**	47,204	33,867
Bank loans	**—**	**(9,744)**	—	(99,685)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

Exposure (Continued)

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

	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
Net foreign exchange losses included in other (losses)/gains — net	**(9,744)**	(30,865)
Exchange losses on foreign currency borrowing included in finance expenses — net	**(3,131)**	(6,370)
Total net foreign exchange losses recognised in profit or loss before income tax for the year	**(12,875)**	(37,235)
— Continuing operations	**(12,875)**	(37,981)
— Discontinued operations	**—**	746

Sensitivity

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

	Impact on post tax profit	
	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
USD/RMB exchange rate — increase 5%	**13,282**	1,770
USD/RMB exchange rate — decrease 5%	**(13,282)**	(1,770)
HKD/RMB exchange rate — increase 5%	**588**	(2,468)
HKD/RMB exchange rate — decrease 5%	**(588)**	2,468

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Cash flow interest rate risk

The Group's main interest rate risk arises from short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group currently does not hedge its exposure to interest rate risk. For the year ended 31 March 2022 and 31 March 2021, the Group's borrowings at variable rate were mainly denominated in USD and HKD.

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

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

	31 March 2022 RMB'000	**% of total loans**	31 March 2021 RMB'000	% of total loans
Variable rate borrowings	**156,120**	**100%**	126,630	100%

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

Sensitivity

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

	Impact on post tax profit	
	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
Interest rates — increase by 50 basis points (50 bps)	**(781)**	(633)
Interest rates — decrease by 50 basis points (50 bps)	**781**	633

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Price risk

The Group's exposed to equity securities price risk because of certain listed equity investments held by the Group and classified on the consolidated balance sheet as at FVPL. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

As at 31 March 2022, if all the share prices of the Group's listed equity securities had risen/fallen by 10% consistently while all other variables had been held constant, the Group's post-tax loss for the year ended 31 March 2022 would have decreased/increased by approximately RMB107,191,000 (As at 31 March 2021, post-tax profit would have increased/decreased by approximately RMB99,379,000).

(b) Credit risk

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

(i) Risk management

To manage risk arising from cash and cash equivalents, restricted cash and investments in WMPs, the Group only transacts with state-owned or reputable financial institutions in mainland China and reputable international financial institutions outside of mainland China. There has been no recent history of default in relation to these financial institutions. Hence, management considers that the credit risk is very minimal.

To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually within 30 to 90 days and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other forward-looking factors.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Risk management (Continued)

For other financial assets at amortised cost, management makes periodic collective assessments as well as individual assessment on the recoverability of these balances based on historical settlement records and past experiences. The Group's other financial assets at amortised cost mainly include loans receivables (including loans to third parties, loans to related parties and loans to management personnel and employees). Further details of the impairment assessment on loans receivables are given in Note 3.1(b)(ii) below.

(ii) Impairment of financial assets

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

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

While cash and cash equivalents, restricted cash are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

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

The expected loss rates are based on the payment profiles of sales over a period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in this factor.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

On that basis, the loss allowance as at 31 March 2022 and 31 March 2021 was determined as follows for trade receivables:

31 March 2022	**0–30 days**	**31–180 days**	**Over 180 days**	**Total**
Provision on collective basis				
Lifetime expected credit loss rate	**1%**	**9%**	**100%**	
Gross carrying amount	**90,386**	**70,930**	**9,486**	**170,802**
Loss allowance	**(680)**	**(6,727)**	**(9,486)**	**(16,893)**
Total loss allowance	**(680)**	**(6,727)**	**(9,486)**	**(16,893)**

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

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

	As at 31 March 2022 RMB'000	As at 31 March 2021 RMB'000
Opening loss allowance at 1 April	**9,311**	39,463
Increase in loss allowance recognised in profit or loss during the year	**7,828**	9,810
Receivables written off during the year as uncollectible	**(246)**	(10,033)
Reversal of impairment losses	**—**	(29,929)
Closing loss allowance at 31 March	**16,893**	9,311

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

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

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

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- The EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

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

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

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

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

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

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

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

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

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

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

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

(1) Significant increase in credit risk (SICR)

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

- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates

- Actual or expected forbearance or restructuring

- Actual or expected significant adverse change in operating results of the borrower

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

(2) Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, when the borrower is more than 90 days past due on its contractual payments. This has been applied to all loan receivables held by the Group.

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

- The borrower is in significant financial difficulties;

- It is becoming probably that the borrower will enter bankruptcy or other debt restructuring;

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

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

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

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

Credit loss allowance

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

- Transfers between Stage 1 and Stages 2 or 3 due to loans receivables experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the year, and the subsequent "step up" (or "step down") between 12-month and Lifetime ECL. Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the year, arising from regular refreshing of inputs to models;

- Additional allowances for new financial instruments recognised, as well as releases for loans receivables derecognised in the year;

- Loan receivables derecognised and write-offs of allowances related to assets that were written off during the year.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Credit loss allowance (Continued)

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

	Stage 1 12 months expected credit loss RMB'000	**Stage 2 Lifetime Expected credit loss RMB'000**	**Stage 3 Lifetime expected credit loss RMB'000**	**Total RMB'000**
Total gross carrying amount as of 1 April 2021	**656,557**	**50,062**	**334,956**	**1,041,575**
Derecognised during the year	**(624,308)**	**(50,662)**	**(30,277)**	**(705,247)**
New originated	**592,848**	**600**	**45,669**	**639,117**
Total gross carrying amount as of 31 March 2022	**625,097**	**—**	**350,348**	**975,445**

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Credit loss allowance (Continued)

A significant portion of loans receivables has sufficiently low "loan to value ratio" (i.e. sufficient collateral), which results in no provision being recognised. As at 31 March 2022, the carrying amount of such loans receivables with sufficient collateral is RMB742,034,000 (As at 31 March 2021: RMB812,779,000).

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

	Stage 1 12 months expected credit loss RMB'000	**Stage 2 Lifetime expected credit loss RMB'000**	**Stage 3 Lifetime expected credit loss RMB'000**	**Total RMB'000**
Loss allowance as of 1 April 2021	—	—	**79,704**	**79,704**
Changes in PDs/LGDs/EADs	—	—	**34,277**	**34,277**
Derecognized during the year	—	—	**(5,989)**	**(5,989)**
New originated	—	—	—	—
Loss allowance as of 31 March 2022	—	—	**107,992**	**107,992**

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Collateral and other credit enhancements

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

	As at 31 March 2022			
	Current RMB'000	**Overdue 1–90 days RMB'000**	**Overdue over 91 days RMB'000**	**Total RMB'000**
Unsecured	**—**	**—**	**9,606**	**9,606**
Secured by collateral	**625,097**	**—**	**340,742**	**965,839**
	625,097	**—**	**350,348**	**975,445**

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

As at 31 March 2022 and 2021, the Group's loans receivables were secured by various collaterals such as equity interest in certain companies, investment return under private equity funds, real estates as well as shares of the Company subscribed by the borrowers (Note 19).

The Group's policy regarding obtaining collateral has not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period. As at 31 March 2022 and 2021, the fair value of collateral held for loans receivables is RMB858 million and RMB949 million respectively.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

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

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

	Other receivables RMB'000
Opening loss allowance as at 1 April 2020	1,316
Decrease in the allowance recognised in profit or loss during the year	(671)
Closing loss allowance as at 31 March 2021	**645**
Increase in the allowance recognised in profit or loss during the year	**750**
Closing loss allowance as at 31 March 2022	**1,395**

Write-off policy for trade receivables and loans receivables

The Group writes off trade receivables and loans receivables, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity.

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

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

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

	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
Impairment losses		
Impairment losses on trade receivables	**(7,828)**	(9,810)
Impairment losses on other financial assets at amortised cost	**(35,027)**	(60,353)
Reversal of impairment losses on trade receivables	**—**	29,929
Reversal of impairment losses on other financial assets at amortised cost	**5,989**	926
Net impairment losses on financial assets at amortised cost	**(36,866)**	(39,308)
— Continuing operations	**(36,866)**	(38,519)
— Discontinued operations	**—**	(789)

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

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

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

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total contractual cash flows RMB'000	Carrying amount RMB'000
At 31 March 2022					
Non-derivatives					
Borrowings	**156,120**	—	—	**156,120**	**156,120**
Trade payables (Note 27)	**229,591**	—	—	**229,591**	**229,591**
Accruals and other payables	**228,541**	—	—	**228,541**	**228,541**
Lease liabilities	**51,511**	**25,194**	**7,235**	**83,940**	**76,690**
Total Non-derivatives	**665,763**	**25,194**	**7,235**	**698,192**	**690,942**
Derivatives	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

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

As disclosed in Note 29, as at 31 March 2022, the Group had entered into certain derivative agreements with investment banks, of which certain quantities of the underlying securities listed on the New York Stock Exchange ("NYSE") and HKSE are agreed to be settled at an agreed price when certain agreed events occurred. Such investments were designated as derivatives and stated at fair value as at 31 March 2022.

In accordance with the price of listed shares in contracts, the maximum possible amount to settle derivatives is Nil as at 31 March 2022 (As at 31 March 2021: Nil), though the final pay-out may not be to such extent.

3.2 Capital management

The Group's objectives when managing capital are to

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management (Continued)

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. As at 31 March 2022 and 31 March 2021, the Group has no net debt.

3.3 Fair value estimation

(a) Financial assets and liabilities

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements.

At 31 March 2022	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at fair value through profit or loss (FVPL)				
— Private equity fund investments	—	—	5,313,629	5,313,629
— Listed equity securities				
— stock	1,071,906	—	—	1,071,906
— Other unlisted equity investments	—	—	307,511	307,511
— Unlisted fixed coupon notes	—	—	31,813	31,813
Total financial assets	1,071,906	—	5,652,953	6,724,859
Financial liabilities				
Derivatives	—	—	(64,835)	(64,835)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

(i) Fair value hierarchy (Continued)

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

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

(i) Fair value hierarchy (Continued)

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

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

  As at 31 March 2022 and 31 March 2021, the Group's financial assets that are measure at fair value using level 1 inputs mainly include:

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

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

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

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

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

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

The following table presents the changes in level 3 items for the year ended 31 March 2022 and the year ended 31 March 2021:

	Private equity fund investments RMB'000	Other unlisted equity investments RMB'000	Unlisted fixed coupon notes RMB'000	WMPs RMB'000	Derivatives RMB'000	Total RMB'000
Opening balance 1 April 2020	4,314,726	181,912	—	18,000	(29,616)	4,485,022
Acquisitions	2,127,274	95,836	315,613	192,126	—	2,730,849
Disposals	(790,648)	(4,598)	(254,996)	(212,959)	—	(1,263,201)
Other gains/(losses) — net (b)	1,220,382	217,960	5,212	2,833	(8,348)	1,438,039
Currency translation difference	(110,735)	(21,077)	79	—	2,561	(129,172)
Closing balance 31 March 2021	6,760,999	470,033	65,908	—	(35,403)	7,261,537
Opening balance 1 April 2021	**6,760,999**	**470,033**	**65,908**	**—**	**(35,403)**	**7,261,537**
Acquisitions	350,457	80	31,741	130,000	—	512,278
Disposals	(698,417)	(6,291)	(71,259)	(131,263)	—	(907,230)
Transfer from Level 3 to Level 1 (a)	—	(32,857)	—	—	—	(32,857)
Other (losses)/gains — net (b)	(1,015,490)	(112,765)	7,701	1,263	(31,173)	(1,150,464)
Currency translation difference	(83,920)	(10,689)	(2,278)	—	1,741	(95,146)
Closing balance 31 March 2022	**5,313,629**	**307,511**	**31,813**	**—**	**(64,835)**	**5,588,118**

* (a) During the year ended 31 March 2022, one investment which was categorized as Level 3 whose shares got listed in a stock exchange and its fair value measurement as at 31 March 2022 was the quoted market price on that date without any adjustment.

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

Year ended 31 March 2022	**(1,047,653)**	**(112,765)**	**7,701**	**—**	**(31,173)**	**(1,183,890)**
Year ended 31 March 2021	1,221,110	217,960	5,212	—	(8,348)	1,435,934

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

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

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value at 31 March 2022 RMB'000	Fair value at 31 March 2021 RMB'000	Valuation Technique	Significant unobservable inputs*	Range of inputs As at 31 March 2022	Range of inputs As at 31 March 2021	Relationship of unobservable inputs to fair value
Financial assets							
Private equity fund investments (Note 1)	**5,313,629**	6,760,999	Net asset value	N/A	**N/A**	N/A	N/A
Other unlisted equity investments (Note 2)	**307,511**	470,033	Market comparable companies	Price to sales multiple ("PS"), earnings before interest and tax multiple ("EV/EBIT") Discount for lack of marketability ("DLOM")	**PS: 7.70 EV/EBIT: 21.27 DLOM: 20%**	PS: 2.04–10.56 EV/EBIT: 28.03 DLOM: 13%–22%	Increased or decreased PS or EV/EBIT by 1 would increase or decrease fair value by RMB20,495,000 (31 March 2021: RMB19,767,000). Increased or decreased DLOM by 5% would decrease or increase fair value by RMB19,219,000 (31 March 2021: RMB29,325,000).
Unlisted fixed coupon notes (Note 3)	**31,813**	65,908	Option pricing model	Expected volatility	**N/A**	N/A	The higher the expected volatility, the lower the fair value.
Total financial assets	**5,652,953**	7,296,940					
Financial liabilities							
Derivatives (Note 4)	**(64,835)**	(35,403)	Option pricing model	Expected volatility	**N/A**	N/A	The higher the expected volatility, the higher the fair value.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

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

Notes:

(1) The Group determines the fair value of its private equity fund investments as at the reporting date based on the net asset values of the private equity funds with underlying assets and liabilities measured at fair value as reported by the general partners of the funds.

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

(3) The amount represents the Group's short-term investments in fixed coupon notes which in substance are equity-index notes with the maturity of no more than 12 months, which are issued by reputable multinational banks such as JPMorgan Chase Bank. As at 31 March 2022, management determines the fair value of these fixed coupon notes based on the statements provided by the respective issuing banks. The related valuation technique is option pricing model and valuation inputs were developed by the issuing banks which were not reasonably available to the Group.

(4) The amount recognised is to reflect the derivative agreements entered into between the Group and certain reputable multinational banks such as Morgan Stanley and Bank Julius Baer with a contract term of no more than 12 months. According to the derivative agreements, certain quantities of the underlying securities listed on the New York Stock Exchange and The Stock Exchange of Hong Kong Limited are agreed to be gross settled between the Group and the issuing banks at an agreed price when certain agreed events occurred. As at 31 March 2022, management determines the fair value of these derivatives based on the statements provided by the respective issuing banks. The related valuation technique is option pricing model and valuation inputs were developed by the issuing banks which were not reasonably available to the Group.

(iv) Valuation processes

The Group has a team of personnel that manages the valuation on these level 3 instruments for financial reporting purposes. The team manages the valuation exercise of these level 3 instruments based on available information obtained from the relevant counter parties (including the general partners of the private equity funds, the management of unlisted investees, the issuing banks of the unlisted fixed coupon notes and other derivative products as well as the banks sponsoring and managing the WMPs, etc), at least twice every financial year, which coincides with the Group's semi-annually reporting dates. External valuation experts may also be involved and consulted when it is necessary. The valuation process is under the management's supervision and the valuation results are finally reviewed by the Group's CFO.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

4.1 Fair value of financial assets and derivatives

The fair value of financial instruments and derivatives that are not traded in active markets is determined using valuation techniques. These techniques include the use of the net assets value provided by the respective private equity funds, price of recent investments, discounted cash flow model, etc. To the extent practical, models use observable data. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. For details, please refer to Note 3.3.

4.2 Inventory provision

Inventories are stated at the lower of cost and net realisable value. Management makes provision based on historical experience and on the estimation of future market condition and sales. Management will adjust the provision where actual net realisable value is higher or lower than previously estimated. This requires significant judgement. As at 31 March 2022, the Group made a provision for impairment loss of out-season inventories of RMB188,773,000 (As at 31 March 2021: RMB85,754,000) (Note 17).

4.3 Impairment of trade receivables and other financial assets at amortised cost

The Group's management determines the provision for impairment of trade receivables and other financial assets at amortised cost. This estimate is based on the credit history of its customers and current market conditions. Management reassesses at each balance sheet date the adequacy of impairment provision on a regular basis by reviewing the individual account based on past credit history and any prior knowledge of debtor insolvency or other credit risk which might not be easily accessible public information and market volatility that might bear a significant impact but might not be easily ascertained. As at 31 March 2022, the Group made a provision for impairment of trade receivables and other financial assets at amortised cost of RMB126,280,000 (As at 31 March 2021: RMB89,660,000) (Note 3.1(b), 18, 19).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.4 Income taxes

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

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

5. SEGMENT INFORMATION

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

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

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

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

During the year ended 31 March 2021, the Group discontinued the business in Japan-Apparel segment (Note 33) and therefore it is no longer a reportable segment of the Group. As a result, the related revenue, expenses and income tax are presented as a single amount in the consolidated statement of profit or loss and other comprehensive income under "loss from discontinued operations" during the year ended 31 March 2022 and 31 March 2021. In January 2022, the Japan entity related to discontinued operations has completed its liquidation.

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

5. SEGMENT INFORMATION (CONTINUED)

The segment results and other items included in the consolidated statement of profit or loss and other comprehensive income provided to the chief operating decision maker for the reportable segments for the year ended 31 March 2022 and the year ended 31 March 2021, respectively are as follows:

	Continuing operations			Discontinued operations	
	China — Apparel RMB'000	Investment RMB'000	Subtotal RMB'000	Japan — Apparel RMB'000	Total RMB'000
Year ended 31 March 2022					
Revenue from external customers	**1,915,735**	**—**	**1,915,735**	**—**	**1,915,735**
Cost of sales	**(690,541)**	**—**	**(690,541)**	**—**	**(690,541)**
Provision for impairment of inventories — net	**(103,019)**	**—**	**(103,019)**	**—**	**(103,019)**
Segment gross profit	**1,122,175**	**—**	**1,122,175**	**—**	**1,122,175**
Other gains/(losses) — net	**6,914**	**(1,467,629)**	**(1,460,715)**	**(18,966)**	**(1,479,681)**
Segment operating loss	**(215,369)**	**(1,535,271)**	**(1,750,640)**	**(19,497)**	**(1,770,137)**
Finance income	**2,211**	**195**	**2,406**	**—**	**2,406**
Finance expenses	**(6,104)**	**(9,366)**	**(15,470)**	**—**	**(15,470)**
Share of profit/(loss) of investments accounted for using the equity method	**645**	**(240)**	**405**	**—**	**405**
Loss before income tax	**(218,617)**	**(1,544,682)**	**(1,763,299)**	**(19,497)**	**(1,782,796)**
Income tax credit	**24,808**	**9,289**	**34,097**	**—**	**34,097**
Loss for the year	**(193,809)**	**(1,535,393)**	**(1,729,202)**	**(19,497)**	**(1,748,699)**
Material items of income and expense					
Depreciation and amortisation	**16,573**	**—**	**16,573**	**—**	**16,573**
Depreciation of right-of-use assets	**56,492**	**272**	**56,764**	**—**	**56,764**
Provision for impairment losses on financial assets — net	**3,577**	**33,289**	**36,866**	**—**	**36,866**
Provision for impairment losses of inventories — net	**103,019**	**—**	**103,019**	**—**	**103,019**
Selling and advertising expenses	**917,762**	**—**	**917,762**	**—**	**917,762**

5. SEGMENT INFORMATION (CONTINUED)

	Continuing operations			Discontinued operations	
	China — Apparel RMB'000	Investment RMB'000	Subtotal RMB'000	Japan — Apparel RMB'000	Total RMB'000
Year ended 31 March 2021					
Total revenue before inter-segment elimination	2,036,662	—	2,036,662	188,276	2,224,938
Inter-segment revenue	(67,055)	—	(67,055)	(15,491)	(82,546)
Revenue from external customers	1,969,607	—	1,969,607	172,785	2,142,392
Cost of sales	(678,246)	—	(678,246)	(213,022)	(891,268)
Reversal of impairment of inventories — net	27,660	—	27,660	35,742	63,402
Segment gross profit/(loss)	1,319,021	—	1,319,021	(4,495)	1,314,526
Other gains — net	20,290	2,094,582	2,114,872	73,671	2,188,543
Segment operating profit/(loss)	58,688	2,011,238	2,069,926	(54,687)	2,015,239
Finance income	2,335	1,836	4,171	6	4,177
Finance expenses	(12,734)	(6,863)	(19,597)	(927)	(20,524)
Share of loss of investments accounted for using the equity method	(2,358)	(22,741)	(25,099)	—	(25,099)
Profit/(loss) before income tax	45,931	1,983,470	2,029,401	(55,608)	1,973,793
Income tax (expense)/credit	(36,170)	(129,203)	(165,373)	977	(164,396)
Profit/(loss) for the year	9,761	1,854,267	1,864,028	(54,631)	1,809,397
Material items of income and expense					
Depreciation and amortisation	15,140	—	15,140	3,418	18,558
Depreciation of right-of-use assets	49,634	—	49,634	13,127	62,761
Reversal of impairment losses of inventories — net	(27,660)	—	(27,660)	(35,742)	(63,402)
(Reversal of)/provision for impairment losses on financial assets — net	(21,580)	60,099	38,519	789	39,308
Selling and advertising expenses	921,143	—	921,143	20,905	942,048

5. SEGMENT INFORMATION (CONTINUED)

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

	Continuing operations		
	China — Apparel RMB'000	Investment RMB'000	Total RMB'000
As at 31 March 2022			
Cash and cash equivalents	187,643	1,336,295	1,523,938
Restricted cash	27,870	—	27,870
Investments accounted for using the equity method	17,624	27,580	45,204
Financial assets at fair value through profit or loss	—	6,724,859	6,724,859
Deferred income tax assets	144,585	34,551	179,136
Right-of-use assets	80,101	12,306	92,407
Other assets	965,512	926,276	1,891,788
Total assets before inter-segment elimination	1,423,335	9,061,867	10,485,202
Inter-segment elimination	—	—	—
Segment assets	1,423,335	9,061,867	10,485,202
Deferred income tax liabilities	6,310	310,605	316,915
Current income tax liabilities	12,233	—	12,233
Lease liabilities	75,468	1,222	76,690
Other liabilities	468,230	260,244	728,474
Total liabilities before inter-segment elimination	562,241	572,071	1,134,312
Inter-segment elimination	—	—	—
Segment liabilities	562,241	572,071	1,134,312

5. SEGMENT INFORMATION (CONTINUED)

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

As at 31 March 2022, the total non-current assets other than financial assets and deferred tax assets located in the PRC amounted to RMB424,672,000 (As at 31 March 2021: RMB542,086,000) and those located in other countries and regions amounted to RMB50,615,000 (As at 31 March 2021: RMB78,850,000).

6. OTHER (LOSSES)/GAINS — NET

	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
Changes in fair value of financial instruments at fair value through profit or loss	**(1,623,849)**	2,016,232
Investment income from loans receivables	**102,913**	72,937
Dividend income from financial assets at fair value through profit or loss	**31,122**	13,966
Net gains on disposal of investments in associates and a joint venture (Note 12(c))	**29,645**	12,664
Government subsidy income	**7,128**	16,600
Foreign exchange losses	**(9,744)**	(31,611)
Others — net	**2,070**	14,084
	(1,460,715)	2,114,872

7. EXPENSES BY NATURE

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

	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
Selling and advertising expenses	**917,762**	921,143
Cost of inventories recognised as cost of sales (Note 17)	**690,541**	678,246
Employee salary and benefit expenses (Note 8)	**185,843**	156,187
Provision for/(reversal of) impairment of inventories (Note 17)	**103,019**	(27,660)
Depreciation of right-of-use assets (Note 15)	**56,764**	49,634
Logistic fees	**46,430**	49,048
Product design and development expenses	**31,567**	26,452
Expenses relating to short-term leases and variable leases (Note 15)	**34,505**	38,861
Travelling expenses	**10,488**	7,189
Professional expenses	**13,183**	11,270
Amortisation of intangible assets (Note 14)	**8,937**	8,723
Depreciation of property, plant and equipment (Note 13)	**7,636**	6,417
Auditor's remuneration	**5,040**	4,840
— Audit services	**4,500**	4,300
— Non-audit services	**540**	540
Others	**57,079**	45,684
	2,168,794	1,976,034

8. EMPLOYEE SALARY AND BENEFIT EXPENSES

	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
Wages and salaries	**104,052**	104,554
Pension costs (Note (a))	**10,904**	2,545
Share-based compensation expenses (Note 26(b))	**13,285**	2,102
Termination benefits	**5,057**	2,375
Other benefits	**52,545**	44,611
	185,843	156,187

Notes:

(a) Pensions — defined contribution plans

The employees of the Group in the PRC (including Hong Kong) participate in defined contribution retirement benefit plans organised by the relevant local governments. The Group is required to make monthly defined contributions to these plans at rate 16% (Year ended 31 March 2021: 0% to 16%) in the PRC of the employees' basic salaries for the year, depending upon the applicable local regulations.

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

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 March 2022 include four (Year ended 31 March 2021: three) directors whose emoluments are reflected in the analysis shown in Note 39. The emoluments payable to the remaining one individual (Year ended 31 March 2021: two individuals) during the year are as follows:

	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
Salaries and others	**1,721**	3,951
Pension costs	**77**	147
	1,798	4,098

8. EMPLOYEE SALARY AND BENEFIT EXPENSES (CONTINUED)

Notes: (Continued)

(b) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	Number of individuals	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Emolument bands:		
HKD1,500,001 to HKD2,000,000	**—**	1
HKD2,000,001 to HKD2,500,000	**1**	1

9. FINANCE EXPENSES — NET

	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
Finance income:		
— Interest income	**2,406**	4,171
Finance expenses:		
— Net foreign exchange losses	**(3,131)**	(6,370)
— Interest expenses	**(7,244)**	(8,690)
— Interest of lease liabilities (Note 15)	**(4,143)**	(4,042)
— Others	**(952)**	(495)
	(15,470)	(19,597)
Finance expenses — net	**(13,064)**	(15,426)

10. INCOME TAX CREDIT/(EXPENSE)

	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
Current income tax		
— Corporate income tax ("CIT")	**(17,806)**	(3,964)
— Withholding and remit tax recognised	**(7,090)**	(7,184)
Deferred income tax (Note 16)	**58,993**	(153,248)
	34,097	(164,396)
Income tax credit/(expense) is attributable to:		
— Continuing operations	**34,097**	(165,373)
— Discontinued operations	**—**	977

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

Hong Kong profits tax and Singapore profits tax have not been provided as there are no estimated assessable profits arising in or derived from Hong Kong and Singapore during the year ended 31 March 2022 (Year ended 31 March 2021: Nil).

Provision for the PRC corporate income tax is calculated based on the statutory tax rate of 25% (Year ended 31 March 2021: 25%) on the assessable income of the group companies, except for Group's subsidiaries incorporated in Tibet Autonomous Region which is subject to preferential tax rate of 15% (Year ended 31 March 2021: 15%).

According to the PRC New Corporate Income Tax Law ("New CIT Law"), distribution of profits earned by PRC companies since 1 January 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies. As at 31 March 2022, the Group had provided a deferred tax liability amounting to RMB177,144,000 (As at 31 March 2021: RMB185,983,000) in relation to the profit of the Group's PRC subsidiaries that will be distributed in the future (Note 16).

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

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

	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
(Loss)/profit from continuing operations before income tax expense	**(1,763,299)**	2,029,401
Loss from discontinued operations before income tax expense	**(19,497)**	(55,608)
	(1,782,796)	1,973,793
Tax calculated at applicable tax rates of 25%	**(445,699)**	493,448
Tax effects of		
— Impact of different tax rate	**383,833**	(412,339)
— Tax losses and temporary differences for which no deferred income tax asset was recognised	**30,622**	42,471
— Withholding and remit tax recognized during current year	**7,090**	7,184
— Expenses or losses not deductible for tax purpose	**1,086**	1,454
— Impact on share of results of joint ventures and associates	**49**	(577)
— (Reversal of)/provision for withholding income tax on profits of PRC subsidiaries to be distributed to foreign investors (Note 16)	**(8,839)**	37,415
— Utilisation of previously unrecognised temporary differences and tax losses	**(2,239)**	(4,660)
	(34,097)	164,396

11. (LOSSES)/EARNINGS PER SHARE

(a) Basic (losses)/earnings per share

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

	For the year ended 31 March 2022	For the year ended 31 March 2021
(Loss)/profit from continuing operations attributable to owners of the Company (RMB'000)	**(1,729,202)**	1,860,797
Loss attributable to owners of the Company from discontinued operations (RMB'000)	**(17,742)**	(50,252)
(Loss)/profit attributable to owners of the Company (RMB'000)	**(1,746,944)**	1,810,545
Weighted average number of ordinary shares in issue less shares held for Restricted Share Award Scheme (thousands)	**5,864,168**	5,863,072
Basic (losses)/earnings per share for (loss)/profit from continuing operations (RMB cents per share)	**(29.49)**	31.74
Basic loss per share for loss from discontinued operations (RMB cents per share)	**(0.30)**	(0.86)
Total basic (losses)/earnings per share (RMB cents per share)	**(29.79)**	30.88

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

(b) Diluted (losses)/earnings per share

Diluted (losses)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group's dilutive potential shares comprise only share option scheme. In relation to shares issued under share option schemes, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the year) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. This potential adjustment results in an anti-dilutive effect in the calculation of diluted (losses)/earnings per share for the year ended 31 March 2022 and is dilutive for the year ended 31 March 2021.

	For the year ended 31 March 2022	For the year ended 31 March 2021
(Loss)/profit from continuing operations attributable to owners of the Company (RMB'000)	**(1,729,202)**	1,860,797
Loss attributable to owners of the Company from discontinued operations (RMB'000)	**(17,742)**	(50,252)
(Loss)/profit attributable to owners of the Company	**(1,746,944)**	1,810,545
Weighted average number of ordinary shares in issue less shares held for Restricted Share Award Scheme (thousands)	**5,864,168**	5,863,072
Adjustment for share options (thousands)	**—**	265
Weighted average number of ordinary shares in issue for diluted earnings per share (thousands)	**5,864,168**	5,863,337
Diluted (losses)/earnings per share for (loss)/profit from continuing operations (RMB cents per share)	**(29.49)**	31.74
Diluted loss per share for loss from discontinued operations (RMB cents per share)	**(0.30)**	(0.86)
Total diluted (losses)/earnings per share (RMB cents per share)	**(29.79)**	30.88

12. SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(a) Subsidiaries

The following is a list of the principal subsidiaries at 31 March 2022:

Name of entity	Place of incorporation and kind of legal entity	Particulars of issued/registered capital	Principal activities and place of operation	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				As at 31 March 2022 %	As at 31 March 2021 %	**As at 31 March 2022 %**	As at 31 March 2021 %
Hong Kong Dongxiang Sports Development Holdings Limited	Hong Kong, limited liability company	10,000 ordinary shares of HK$1 each	Investment holding, Hong Kong	**100%**	100%	**–**	–
光景集團有限公司 Brilliant King Group Ltd	British Virgin Island, limited liability company	US$1	Investment holding, British Virgin Island	**100%**	100%	**–**	–
明泰企業有限公司 Bright Pacific Enterprises Limited	British Virgin Island, limited liability company	US$100	Investment holding, British Virgin Island	**100%**	100%	**–**	–
Phenix Ski Europe S.A	Swit, limited liability company	CHF 105,000	Retail company for Phenix	**100%**	100%	**–**	–
Achilles Sports Pte. Ltd.	Singapore, limited liability company	100,000 ordinary shares of US$1 each	Owns trademark, Singapore	**100%**	100%	**–**	–
Gaea Sports Limited	Hong Kong, limited liability Company	1 ordinary share of HK$1	Investment holding, Hong Kong	**100%**	100%	**–**	–
北京動向體育發展有限公司 Beijing Dongxiang Sports Development Co., Ltd.	The PRC, limited liability company	RMB10,000,000	Design and sales of sport-related footwear, apparel and accessories, PRC	**100%**	100%	**–**	–
上海卡帕體育用品有限公司 Shanghai Kappa Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB100,000,000	Design and sales of sport-related footwear, apparel and accessories, PRC	**100%**	100%	**–**	–
上海泰坦體育用品有限公司 Shanghai Taitan Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB1,500,000	Design, production and sales of sport-related footwear, apparel and accessories, PRC	**100%**	100%	**–**	–
考伊斯體育用品商貿(上海)有限公司 Coeus Sporting Goods Trading (Shanghai) Co., Ltd.	The PRC, limited liability company	USD23,900,000	Sales of sport-related footwear, apparel and accessories, PRC	**100%**	100%	**–**	–
上海嘉班納體育用品有限公司 Shanghai Gabbana Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB120,000,000	Design and consulting services, PRC	**100%**	100%	**–**	–
上海克瑞斯體育用品有限公司 Shanghai Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB42,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–

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

(a) Subsidiaries (Continued)

Name of entity	Place of incorporation and kind of legal entity	Particulars of issued/registered capital	Principal activities and place of operation	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				As at 31 March 2022 %	As at 31 March 2021 %	**As at 31 March 2022 %**	As at 31 March 2021 %
哈爾濱克瑞斯體育用品有限公司 Haerbin Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–
Hebe Fashions Pte., Ltd.	Singapore, limited liability company	Singapore Dollar 1	Investment holding, Singapore	**100%**	100%	**–**	–
Cronus Sports Pte., Ltd.	Singapore, limited liability company	Singapore Dollar 1	Investment holding, Singapore	**100%**	100%	**–**	–
Japan Dongxiang Co., Ltd. (i)	Japan, limited liability company	JPY1,000,000	Investment holding, Japan	**100%**	100%	**–**	–
Phenix Co., Ltd. (ii)	Japan, limited liability company	JPY99,000,000	Brand development, design and sales of sport-related apparel, Japan	**NA**	91%	**NA**	9%
北京快樂運動體育用品有限公司 Beijing Happy Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–
大連克瑞斯體育用品有限公司 Dalian Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–
深圳克瑞斯特體育用品有限公司 Shenzhen Criust Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–
鄭州克瑞斯體育用品有限公司 Zhengzhou Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–
武漢克瑞斯體育用品有限公司 Wuhan Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–
湖南克瑞斯體育用品有限公司 Hunan Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–

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

(a) Subsidiaries (Continued)

Name of entity	Place of incorporation and kind of legal entity	Particulars of issued/registered capital	Principal activities and place of operation	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				As at 31 March 2022 %	As at 31 March 2021 %	**As at 31 March 2022 %**	As at 31 March 2021 %
上海動向體育用品有限公司(ii) Shanghai Dongxiang Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB20,000,000	Design, sales of sports-related products, apparel and accessories, imports and exports, PRC	**NA**	100%	**NA**	–
杭州克雷斯體育用品有限公司 Hangzhou Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–
天津克瑞斯體育用品有限公司 Tianjin Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–
南京克瑞特斯體育用品有限公司 Nanjing Curetes Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–
北京克瑞特斯體育用品有限公司 Beijing Curetes Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	100%	**–**	–
太倉泰坦體育用品有限公司 Taicang Taitan Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB91,000,000	Design, production and sales of sports-related footwear, apparel and accessories, PRC	**100%**	100%	**–**	–
上海卡帕動力兒童體育用品有限公司 Shanghai Kappa Kinetic Kids Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB1,000,000	Design, sales of children's clothing	**100%**	100%	**–**	–
西藏普魯都斯投資管理有限公司 Tibet Plutus Investment Management Co., Ltd.	The PRC, limited liability company	RMB10,000,000	Investment	**100%**	100%	**–**	–
西藏佑德投資管理有限公(iii) Tibet Youde Investment Management Co., Ltd. (iii)	The PRC, limited liability company	RMB2,000,000	Investment	**100%**	100%	**–**	–
西藏雷澤資本投資有限公司(iii) Tibet Leize Capital Investment Co., Ltd. (iii)	The PRC, limited liability company	RMB10,000,000	Investment	**100%**	100%	**–**	–
西藏瑞亞體育用品有限公司 Tibet Rhea Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB5,000,000	Purchase for children's garments	**100%**	100%	**–**	–

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

(a) Subsidiaries (Continued)

Name of entity	Place of incorporation and kind of legal entity	Particulars of issued/registered capital	Principal activities and place of operation	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				As at 31 March 2022 %	As at 31 March 2021 %	As at 31 March 2022 %	As at 31 March 2021 %
西藏赫拉體育用品有限公司(ii) Tibet Hera Sporting Goods Co., Ltd. (ii)	The PRC, limited liability company	RMB2,000,000	Purchasing company	NA	100%	NA	—
上海特提斯體育用品有限公司 Shanghai Tethys Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB20,000,000	Sales company	100%	100%	—	—
昆明赫提體育用品有限公司 Kunming Heti Sporting Goods Co. Ltd.	The PRC, limited liability company	RMB1,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	100%	100%	—	—
蘭州克瑞斯體育用品有限公司 Lanzhou Crius Sporting Goods Co., Ltd.	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	100%	100%	—	—
上海鎔富投資管理中心（有限合夥） Shanghai Rongfu Investment Management Center (Limited Partnership)	The PRC, limited partnership	RMB650,000,000	Investment	100%	100%	—	—
CPE Assets Allocation Fund D, L.P.	Cayman Islands, limited partnership	USD157,079,005	Investment	100%	100%	—	—
富蘊縣可可托海查理雪屋有限公司(i) Fuyun Ketohai Charlie Snow House Co., LTD (i)	The PRC, limited liability company	RMB100,000	Hotel management and tourism	100%	—	—	—
富蘊縣可可托海黑鑽俱樂部酒店管理有限公司(i) Fuyun County Ketohai Black Diamond Club Hotel Management Co. LTD (i)	The PRC, limited liability company	RMB500,000	Hotel management and tourism	100%	—	—	—
富蘊縣可可托海和順服務有限公司(i) Fuyun County Ketohai Heshun Service Co. LTD (i)	The PRC, limited liability company	RMB500,000	Tourism service	80%	—	20%	—
新疆斯諾動向置業有限公司(i) Xinjiang Snow Dongxiang Real Estate Co., Ltd (i)	The PRC, limited liability company	RMB10,000,000	Real estate development and operation	100%	—	—	—
新疆艾斯動向置業有限公司(i) Xinjiang Ice Dongxiang Real Estate Co., Ltd (i)	The PRC, limited liability company	RMB10,000,000	Real estate development and operation	100%	—	—	—

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

(a) Subsidiaries (Continued)

Name of entity	Place of incorporation and kind of legal entity	Particulars of issued/registered capital	Principal activities and place of operation	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				As at 31 March 2022 %	As at 31 March 2021 %	As at 31 March 2022 %	As at 31 March 2021 %
上海鳳翼梧熙體育文化發展有限公司(i) Shanghai Fengyi Wuxi Sports Culture Development Co., Ltd (i)	The PRC, limited liability company	RMB3,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	—	**—**	—
四川克瑞特斯体育用品有限公司(i) Sichuan Creates sporting goods Co., Ltd (i)	The PRC, limited liability company	RMB1,000,000	Retail sales of sports-related products, apparel and accessories, imports and exports, PRC	**100%**	—	**—**	—

Note:

(i) These group entities are newly established during the year ended 31 March 2022.

(ii) This group entities were deregistered during the year ended 31 March 2022.

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

(b) Non-controlling interests

The total non-controlling interests as at 31 March 2022 amounted to Nil (As at 31 March 2021: RMB3,162,000). No subsidiary has non-controlling interests that are material to the Group.

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

(c) Investments accounted for using the equity method

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

Set out below are the associates and joint ventures of the Group as at 31 March 2022 which, in the opinion of the directors, are immaterial to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

		% of ownership interest				Carrying amount	
Name of entity	**Place of business/ country of incorporation**	**As at 31 March 2022 %**	As at 31 March 2021 %	**Nature of relationship**	**Measurement method**	**As at 31 March 2022 RMB'000**	As at 31 March 2021 RMB'000
Tianjin Ganquan Yijia Investment Partnership (Limited Partnership) ("Tianjin Ganquan")	PRC	**39%**	39%	Joint Venture	Equity method	**22,680**	22,523
Shan Xi Mai Sheng Yue He Sporting Goods Co., Ltd Group	PRC	**30%**	30%	Joint Venture	Equity method	**14,922**	14,845
Fulong Davos Xinjiang Real Estate Co., Ltd. (i)	PRC	**49%**	—	Joint Venture	Equity method	**4,900**	—
Shen Yang Mai Sheng Yue He Sporting Goods Co., Ltd Group	PRC	**30%**	30%	Joint Venture	Equity method	**2,702**	3,278
Feixue Yuedong Sports Development Zhangjiakou Co., Ltd.	PRC	**40%**	—	Associate	Equity method	**—**	—
Boundary Bay Investment LLC (ii)	US	**NA**	35%	Associate	Equity method	**—**	21,789
Mai Sheng Yue He Sporting Goods Co., Ltd Group ("MSYH") (iii)	PRC	**NA**	30%	Joint Venture	Equity method	**—**	28,581
Yueshang (Tianjin) Apparel Co., Ltd (iv)	PRC	**NA**	25%	Associate	Equity method	**—**	3,640
Total equity accounted investments						**45,204**	94,656

(i) In June 2021, the Group entered into an investment agreement with a third party in respect of the establishment of Fulong Davos Xinjiang Real Estate Co., Ltd. ("Fulong Davos", a limited liability company established in the PRC and principally engaged in the real estate development and operation in the PRC). The total registered capital of Fulong Davos is RMB10,000,000, including RMB4,900,000 contributed by the Group, representing 49% of the registered capital.

(ii) In January 2022, the Group entered into an equity transfer agreement with a third party in respect of the disposal of 35% equity of Boundary Bay Investment LLC. The transaction was completed in January 2022. The total consideration is USD8,120,000, of which the Group received USD4,000,000 (equivalent to approximately RMB24,173,000), and USD4,120,000 (equivalent to approximately RMB26,155,000) in February and April 2022 respectively. The Group recognized a disposal gain of USD4,711,000 (equivalent to approximately RMB30,432,000) in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2022.

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

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

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

(iii) In May 2021, the Group entered into an equity transfer agreement with a third party in respect of the disposal of 30% equity of Mai Sheng Yue He Sporting Goods Co., Ltd ("MSYH"). The transaction was completed in July 2021. The total consideration is RMB28,514,000, of which the Group received RMB21,514,000 during the year with remaining balance (RMB7,000,000) to be paid by March 2023. The Group recognized a disposal loss of RMB623,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2022.

(iv) In September 2021, the Group entered into an investment agreement with a third party in respect of the disposal of 25% equity of Yueshang (Tianjin) Apparel Co., Ltd. The transaction was completed in September 2021. The total consideration is RMB4,000,000, of which the Group received RMB2,000,000 during the year with remaining balance (RMB2,000,000) to be paid by December 2022. The Group recognized a disposal loss of RMB164,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2022.

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

	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
At beginning of the year	**94,656**	117,173
Addition	**5,900**	30,000
Disposal	**(54,254)**	(26,336)
Share of profit/(loss) for the year	**405**	(25,099)
Elimination of unrealised profit	**—**	1,176
Currency translation difference	**(1,503)**	(2,258)
At ending of the year	**45,204**	94,656

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Buildings RMB'000	Office furniture and equipment RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Construction in-progress RMB'000	Total RMB'000
At 1 April 2020							
Cost	25,237	98,748	68,330	1,650	17,429	—	211,394
Accumulated depreciation	—	(44,470)	(58,169)	(1,331)	(10,440)	—	(114,410)
Net book amount	25,237	54,278	10,161	319	6,989	—	96,984
For the year ended 31 March 2021							
Opening net book amount	25,237	54,278	10,161	319	6,989	—	96,984
Additions	—	—	3,495	8	—	—	3,503
Disposals	—	—	(4,606)	(7)	(3,785)	—	(8,398)
Depreciation	—	(4,562)	(2,864)	(130)	(1,593)	—	(9,149)
Impairment	—	(202)	(55)	—	(523)	—	(780)
Currency translation difference	(1,759)	(2,035)	(494)	—	(537)	—	(4,825)
Closing net book amount	23,478	47,479	5,637	190	551	—	77,335
At 31 March 2021							
Cost	23,478	96,226	56,289	1,431	3,379	—	180,803
Accumulated depreciation and impairment	—	(48,747)	(50,652)	(1,241)	(2,828)	—	(103,468)
Net book amount	23,478	47,479	5,637	190	551	—	77,335
For the year ended 31 March 2022							
Opening net book amount	**23,478**	**47,479**	**5,637**	**190**	**551**	**—**	**77,335**
Additions	**—**	**—**	**4,225**	**534**	**—**	**25,446**	**30,205**
Reversal of impairment	**—**	**—**	**386**	**—**	**435**	**—**	**821**
Disposals	**—**	**—**	**(388)**	**—**	**(821)**	**—**	**(1,209)**
Depreciation	**—**	**(4,545)**	**(2,791)**	**(205)**	**(95)**	**—**	**(7,636)**
Transfers	**—**	**24,171**	**563**	**—**	**—**	**(24,734)**	**—**
Currency translation difference	**(969)**	**(642)**	**—**	**—**	**(70)**	**—**	**(1,681)**
Closing net book amount	**22,509**	**66,463**	**7,632**	**519**	**—**	**712**	**97,835**
At 31 March 2022							
Cost	**22,509**	**119,666**	**58,614**	**1,965**	**360**	**712**	**203,826**
Accumulated depreciation and impairment	**—**	**(53,203)**	**(50,982)**	**(1,446)**	**(360)**	**—**	**(105,991)**
Net book amount	**22,509**	**66,463**	**7,632**	**519**	**—**	**712**	**97,835**

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
Administrative expenses	**4,519**	4,828
Manufacturing overheads included in cost of goods sold	**1,602**	967
Distribution expenses	**1,515**	3,354
	7,636	9,149
— Continuing operations	**7,636**	6,417
— Discontinued operations	**—**	2,732

There is no pledge of property, plant and equipment of the Group as at 31 March 2022 and 31 March 2021.

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

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

14. INTANGIBLE ASSETS

	KAPPA trademarks RMB'000	Phenix trademark RMB'000	Computer software RMB'000	Total RMB'000
At 1 April 2020				
Cost	386,537	8,605	77,194	472,336
Accumulated amortisation	(191,642)	(2,132)	(72,982)	(266,756)
Net book amount	194,895	6,473	4,212	205,580
For the year ended 31 March 2021				
Opening net book amount	194,895	6,473	4,212	205,580
Additions	—	—	459	459
Disposal	(13,524)	—	(117)	(13,641)
Amortisation charge	(7,268)	(216)	(1,925)	(9,409)
Currency translation difference	(238)	—	(35)	(273)
Closing net book amount	173,865	6,257	2,594	182,716
At 31 March 2021				
Cost	373,013	8,605	77,536	459,154
Accumulated amortisation	(199,148)	(2,348)	(74,942)	(276,438)
Net book amount	173,865	6,257	2,594	182,716
For the year ended 31 March 2022				
Opening net book amount	**173,865**	**6,257**	**2,594**	**182,716**
Additions	**—**	**—**	**1,872**	**1,872**
Amortisation charge	**(7,025)**	**(215)**	**(1,697)**	**(8,937)**
Closing net book amount	**166,840**	**6,042**	**2,769**	**175,651**
At 31 March 2022				
Cost	**373,013**	**8,605**	**73,746**	**455,364**
Accumulated amortisation	**(206,173)**	**(2,563)**	**(70,977)**	**(279,713)**
Net book amount	**166,840**	**6,042**	**2,769**	**175,651**

14. INTANGIBLE ASSETS (CONTINUED)

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

	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
Administrative expenses	**2,365**	2,081
Distribution expenses	**6,572**	7,328
	8,937	9,409
— Continuing operations	**8,937**	8,723
— Discontinued operations	**—**	686

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

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

15. LEASES

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	As at 31 March 2022 RMB'000	As at 31 March 2021 RMB'000
Right-of-use assets		
Land use rights	**20,748**	9,938
Properties and warehouses	**71,659**	86,778
	92,407	96,716
Lease Liabilities		
Current	**49,131**	47,967
Non-current	**27,559**	41,641
	76,690	89,608

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

	Year ended 31 March	
	2022 RMB'000	2021 RMB'000
At 1 April		
Cost	**173,379**	155,933
Accumulated depreciation and impairment	**(76,663)**	(55,772)
Opening net book amount	**96,716**	100,161
Year ended 31 March		
Opening net book amount	**96,716**	100,161
Additions	**60,363**	84,152
Depreciation charge	**(56,764)**	(62,761)
Impairment	**(2,364)**	(6,383)
Disposal	**(5,544)**	(3,795)
Lease modification	**—**	(12,164)
Currency translation difference	**—**	(2,494)
Closing net book amount	**92,407**	96,716
At 31 March		
Cost	**175,957**	173,379
Accumulated depreciation and impairment	**(83,550)**	(76,663)
Closing net book amount	**92,407**	96,716

15. LEASES (CONTINUED)

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

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

	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
Depreciation charge of right-of-use assets		
— for continuing operations		
Land use rights	**450**	285
Properties and warehouses	**56,314**	49,349
	56,764	49,634
— for discontinued operations	**—**	13,127
	56,764	62,761
— for continuing operations		
Interest of lease liabilities (included in finance expense — net) (Note 9)	**4,143**	4,042
Expense relating to short-term leases not included in lease liabilities (included in distribution expenses and administrative expenses)	**28,510**	33,477
Expense relating to variable leases not included in lease liabilities (included in distribution expenses)	**5,995**	5,384
	38,648	42,903
— for discontinued operations	**—**	6,172
	38,648	49,075

(iii) Amounts recognised in the statement of cashflow

	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
The cash outflow for leases as operating activities	**38,680**	47,853
The cash outflow for leases as financing activities	**59,423**	61,568

15. LEASES (CONTINUED)

(iv) Variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 100% of lease payments are on the basis of variable payment terms with percentages ranging from 6% to 27% of sales. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

A 10% increase in sales across all stores in the Group with such variable lease contracts would increase total lease payments by approximately RMB600,000 for the year ended 31 March 2022 (for the year ended 31 March 2021: RMB538,000).

16. DEFERRED INCOME TAX

a. Deferred tax assets

The balance comprises temporary differences attributable to:

	As at 31 March 2022 RMB'000	As at 31 March 2021 RMB'000
Tax losses	**67,581**	66,082
Provision for impairment of inventories	**44,901**	21,439
Provision for impairment of trade receivables and other financial assets at amortised cost	**34,299**	24,476
Elimination for inventory	**15,779**	24,795
Fair value changes of investments in financial assets	**10,009**	—
Lease liabilities	**9,761**	12,824
Other accrued expenses	**3,768**	1,715
Provision for sales returns/rebates	**2,384**	3,820
Total deferred tax assets	**188,482**	155,151
Set-off of deferred tax liabilities pursuant to set-off right-of-use assets	**(9,346)**	(12,380)
Net deferred tax assets	**179,136**	142,771

16. DEFERRED INCOME TAX (CONTINUED)

a. Deferred tax assets (Continued)

Movements	Provision for sales returns/ rebates	Provision for impairment of inventories	Provision for impairment of trade receivables and other financial assets at amortised cost	Elimination for inventory	Tax losses	Fair value changes of investments in financial assets	Lease liabilities	Other accrued expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'00	RMB'000	RMB'000	RMB'000
At 1 April 2020	5,391	24,920	15,195	47,922	91,631	—	14,251	2,902	202,212
(Charged)/credited to profit or loss (Note 10)	(1,571)	(3,481)	9,281	(23,127)	(25,549)	—	(1,427)	(1,187)	(47,061)
At 31 March 2021	3,820	21,439	24,476	24,795	66,082	—	12,824	1,715	155,151
(Charged)/credited to profit or loss (Note 10)	(1,436)	23,462	9,823	(9,016)	1,499	10,009	(3,063)	2,053	33,331
At 31 March 2022	**2,384**	**44,901**	**34,299**	**15,779**	**67,581**	**10,009**	**9,761**	**3,768**	**188,482**

As at 31 March 2022, deferred income tax assets of RMB30,622,000 (As at 31 March 2021: RMB42,471,000) have not been recognised in respect of the tax losses amounting to RMB122,488,000 (As at 31 March 2021: RMB169,884,000) which can be carried forward against future taxable income. The tax losses mainly resulted from accumulated operating losses of the subsidiaries of the Group. These tax losses will expire from 2022 to 2026.

16. DEFERRED INCOME TAX (CONTINUED)

b. Deferred tax liabilities

The balance comprises temporary differences attributable to:

	As at 31 March 2022 RMB'000	As at 31 March 2021 RMB'000
Withholding income tax on profit distribution of PRC subsidiaries	**177,144**	185,983
Fair value changes of investments in financial assets	**133,461**	148,517
Right-of-use assets	**9,410**	12,920
Others	**6,246**	4,503
Total deferred tax liabilities	**326,261**	351,923
Set-off of deferred tax liabilities pursuant to set-off right-of-use assets	**(9,346)**	(12,380)
Net deferred tax liabilities	**316,915**	339,543

Movements	**Withholding income tax on profit distribution of PRC subsidiaries** RMB'000	**Fair value changes of investments in financial assets** RMB'000	**Right-of-use assets** RMB'000	**Others** RMB'000	**Total** RMB'000
At 1 April 2020	148,568	78,736	13,871	4,561	245,736
Charged/(credited) to profit or loss (Note 10)	37,415	69,781	(951)	(58)	106,187
At 31 March 2021	185,983	148,517	12,920	4,503	351,923
(Credited)/charged to profit or loss (Note 10)	(8,839)	(15,056)	(3,510)	1,743	(25,662)
At 31 March 2022	**177,144**	**133,461**	**9,410**	**6,246**	**326,261**

According to the New CIT Law, distribution of profits earned by PRC companies since 1 January 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies. During the year ended 31 March 2022, the Group anticipated to distribute the profit of the PRC subsidiaries in the future to foreign investors. Therefore, deferred tax liabilities in respect of those profits of RMB8,839,000 were reversed (year ended 31 March 2021: RMB37,415,000 were recognised).

17. INVENTORIES

	As at 31 March 2022 RMB'000	As at 31 March 2021 RMB'000
Finished goods	**568,772**	445,109
Work in progress	**16,458**	8,839
Raw materials	**2,038**	1,407
Less: provision for inventories	**(188,773)**	(85,754)
	398,495	369,601

The cost of inventories recognised as cost of sales amounted to approximately RMB690,541,000 (Year ended 31 March 2021: RMB678,246,000) (Note 7) for the year ended 31 March 2022.

The Group recognized total impairment losses of inventories of RMB103,019,000 during the year ended 31 March 2022 (year ended 31 March 2021: a reversal of impairment losses of inventories of RMB27,660,000 was made), which have been included in (provision for)/reversal of impairment of inventories — net in the consolidated statement of profit or loss and other comprehensive income.

18. TRADE RECEIVABLES

	As at 31 March 2022 RMB'000	As at 31 March 2021 RMB'000
Trade receivables		
— Third parties	**166,108**	163,021
— Related parties (Note 36(b))	**4,694**	27,240
	170,802	190,261
Less: provision for impairment	**(16,893)**	(9,311)
Trade receivables, net	**153,909**	180,950

18. TRADE RECEIVABLES (CONTINUED)

The Group's sales are mainly made on credit limits and the Group would deny credit sales to customers if the trade receivables of these customers exceeded their credit limits. Customers are normally granted credit terms within 30 to 90 days. The aging analysis of trade receivables as at 31 March 2022 and 31 March 2021 was as follows:

	As at 31 March 2022 RMB'000	As at 31 March 2021 RMB'000
Within 30 days	**90,386**	99,667
31 to 180 days	**70,930**	86,861
Over 180 days	**9,486**	3,733
	170,802	190,261

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

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

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

19. OTHER FINANCIAL ASSETS AT AMORTISED COST

	As at 31 March 2022 RMB'000	As at 31 March 2021 RMB'000
Current portion:		
Loans receivable (a)	**652,620**	577,032
Loans to management personnel (b) (Note 36(b))	**242,453**	—
Loans to related parties (Note 36(b))	**9,903**	14,606
Consideration receivable in relation to disposal of investments accounted for using the equity method (Note 12(c))	**35,155**	—
Others	**54,849**	87,120
Less: provision for impairment	**(109,387)**	(80,349)
— Stage 1	**(1,395)**	(645)
— Stage 2	**—**	—
— Stage 3	**(107,992)**	(79,704)
	885,593	598,409
Non-current portion:		
Loans receivable (a)	**70,469**	171,200
Loans to management personnel (b)	**—**	278,737
Others	**11,935**	—
Less: provision for impairment	**—**	—
	82,404	449,937

Notes:

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

As at 31 March 2022, loans receivables due from third parties summed up to RMB723,089,000 (As at 31 March 2021: RMB748,232,000) with the interest rate in the range of 8% to 15% (As at 31 March 2021: 8% to 16%) per annum. The amount of each loan receivables varies from RMB3,756,000 to RMB236,262,000 (As at 31 March 2021: RMB4,745,000 to RMB201,761,000).

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

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

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

As at 31 March 2022, the outstanding loans to management personnel would mature within one year and were therefore reclassified to current portion of other financial assets at amortised cost.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

Financial assets mandatorily measured at FVPL include the following:

	As at 31 March 2022 RMB'000	As at 31 March 2021 RMB'000
Non-current portion		
— Private equity fund investments	**4,167,254**	4,414,811
— Other unlisted equity investments	**307,511**	470,033
— Listed perpetual bonds	**—**	53,984
	4,474,765	4,938,828
Current portion		
— Private equity fund investments	**1,146,375**	2,346,188
— Listed equity securities — stock	**1,071,906**	993,794
— Unlisted fixed coupon notes	**31,813**	65,908
— Listed debt securities	**—**	23,103
— Other unlisted equity investments	**—**	41,582
	2,250,094	3,470,575

Further details of financial assets at FVPL are given in Note 3.1(a)(iii) and Note 3.3.

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

(ii) Amounts recognised in profit or loss

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

	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
Fair value (losses)/gains on private fund investments	**(1,015,490)**	1,220,382
Fair value (losses)/gains on listed equity securities — stock	**(476,931)**	522,696
Fair value (losses)/gains on other unlisted equity investments	**(115,410)**	226,839
Fair value (losses)/gains on listed debt securities	**(1,795)**	8,747
Fair value (losses)/gains on listed perpetual bonds	**(196)**	43,673
Fair value gains on unlisted fixed coupon notes	**7,701**	5,212
Fair value gains on WMPs	**9,445**	10,997
	(1,592,676)	2,038,546

21. CASH AND BANK BALANCES

	As at 31 March 2022 RMB'000	As at 31 March 2021 RMB'000
Restricted cash (a)	**27,870**	134
Cash and cash equivalents (b)	**1,523,938**	1,823,757
	1,551,808	1,823,891

Notes:

a. As at 31 March 2022, restricted cash of RMB27,870,000 was held at banks as guarantee for the issuance of notes payable (for operating purpose and included in trade payables in the consolidated balance sheets) (31 March 2021: Nil).

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

21. CASH AND BANK BALANCES (CONTINUED)

Notes: (Continued)

c. As at 31 March 2022 and 31 March 2021, the cash and bank balances were denominated in the following currencies

	As at 31 March 2022 RMB'000	As at 31 March 2021 RMB'000
RMB	**921,719**	636,720
USD	**604,487**	1,119,426
HKD	**21,492**	33,867
JPY	**37**	30,141
Others	**4,073**	3,737
	1,551,808	1,823,891

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

22. OTHER ASSETS

	As at 31 March 2022 RMB'000	As at 31 March 2021 RMB'000
Current portion:		
Prepayments	**23,797**	29,484
Value added tax recoverable	**9,914**	9,246
Right to returned goods	**—**	782
Others	**—**	2,380
	33,711	41,892
Non-current portion:		
Prepayments for property, plant and equipment	**8,050**	—
Prepayments for investments measured at FVTPL	**—**	131,426
Prepayments for others	**39,486**	27,217
Others	**16,654**	10,870
	64,190	169,513

23. SHARE CAPITAL AND SHARE PREMIUM

	Number of issued ordinary shares at par of each value	Nominal value of issued ordinary shares	Equivalent nominal value of issued ordinary shares	Share premium account	Total
	HKD'0.01	HKD'000	RMB'000	RMB'000	RMB'000
As at 1 April 2020	5,886,121,025	58,862	56,466	1,033,539	1,090,005
Issuance of ordinary shares (Note 26(b))	100,000	1	1	90	91
As at 31 March 2021	5,886,221,025	58,863	56,467	1,033,629	1,090,096
As at 1 April 2021	5,886,221,025	58,863	56,467	1,033,629	1,090,096
Issuance of ordinary shares (Note 26(b))	1,340,000	13	11	1,237	1,248
As at 31 March 2022	**5,887,561,025**	**58,876**	**56,478**	**1,034,866**	**1,091,344**

24. SHARES HELD FOR EMPLOYEE SHARE SCHEME

	As at 31 March 2022 Number of shares	At as 31 March 2021 Number of shares	**As at 31 March 2022 RMB'000**	At as 31 March 2021 RMB'000
Shares held for employee share scheme	**23,050,071**	23,050,071	**196**	196

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

25. RESERVES

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

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

	Capital reserve (note a) RMB'000	**Share-based compensation reserve RMB'000**	**Statutory reserve RMB'000**	**Exchange reserve RMB'000**	**Shares held for Restricted Share Award Scheme RMB'000**	**Retained earnings RMB'000**	**Total RMB'000**
At 1 April 2021	**283,522**	**12,601**	**93,081**	**(363,115)**	**(66,755)**	**10,483,529**	**10,442,863**
Loss for the year	**—**	**—**	**—**	**—**	**—**	**(1,746,944)**	**(1,746,944)**
Foreign currency translation reserve (Note (b))	**—**	**—**	**—**	**(165,846)**	**—**	**—**	**(165,846)**
Dividends declared and paid (Note 32)	**—**	**—**	**—**	**—**	**—**	**(300,580)**	**(300,580)**
Share-based compensations	**—**	**13,285**	**—**	**—**	**—**	**—**	**13,285**
Appropriation to statutory reserves (Note (c))	**—**	**—**	**306**	**—**	**—**	**(306)**	**—**
Transfer of fair value of share options exercised to share premium	**—**	**(295)**	**—**	**—**	**—**	**—**	**(295)**
Reclassification of foreign currency translation reserve on discontinued operations upon disposal	**—**	**—**	**—**	**17,259**	**—**	**—**	**17,259**
At 31 March 2022	**283,522**	**25,591**	**93,387**	**(511,702)**	**(66,755)**	**8,435,699**	**8,259,742**

Notes:

(a) The capital reserve represents mainly the difference between the fair value of shares of the Company issued and the carrying amount of the net assets of the subsidiaries acquired under common control combination upon group reorganisations in the year 2007.

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

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

26. SHARE BASED COMPENSATION SCHEMES

(a) Restricted Share Award Scheme

The Company adopted the Restricted Share Award Scheme (Note 2.18) on 10 December 2010. The objective of the Restricted Share Award Scheme is to encourage and retain selected participants including directors and employees of the Group, to work with the Group and to provide additional incentive for them to achieve performance goals. Under the scheme, the China Dongxiang (Group) Co., Ltd. Restricted Share Award Scheme Trust (the "Trust") was established in Hong Kong and purchased 30,000,000 shares of the Company from the open market in December 2010. No further purchase of shares of the Company has been made since December 2010. The total amount of RMB87,138,000 paid to acquire the shares was financed by the Company by way of contributions made to the Trust. As the financial and operational policies of the Trust are governed by the Group and the Group benefits from the Trust's activities, the Trust is consolidated in the Group's financial statements as a special purpose entity.

When restricted shares are granted to selected participants, the fair value of the restricted shares awarded based on the market value of the Company's shares on the date of grant is charged as employee expenses in the consolidated statement of profit or loss and other comprehensive income of the Group.

The scheme has a term of 10 years and will end on 10 December 2020. On 8 December 2020, the Board of the Company resolved to extend the term of the scheme for another 10 years and the scheme will end on 10 December 2030. Save as the aforesaid, all other material terms of the scheme remain unchanged and valid.

During the year ended 31 March 2022, no shares were granted to senior management under the Restricted Share Award Scheme (Year ended 31 March 2021: Nil). The amount charged to the consolidated statement of profit or loss and other comprehensive income during the year ended 31 March 2022 was nil (Year ended 31 March 2021: Nil).

(b) The 2019 share option scheme

Pursuant to the shareholders' resolution passed on 8 August 2019, the Group adopted a share option scheme (the "2019 Share Option Scheme"). The 2019 Share Option Scheme will remain in force for a period of 10 years commencing from the respective grant date. The vesting period for the options granted during the year is 1–3 years from the respective grant date. An option may be exercised in accordance with whether a service or a non-market performance condition is met.

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

26. SHARE BASED COMPENSATION SCHEMES (CONTINUED)

(b) The 2019 share option scheme (Continued)

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

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

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

(iii) the nominal value of the shares.

Under the share option scheme, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 588,612,102 shares of the Company, being 10% of the total number of shares in issue immediately prior to the date on which dealings in the Shares commenced on HKSE.

The fair values of the options granted pursuant to the 2019 Share Option Scheme during the year ended 31 March 2022 are as below:

Grant date	Fair value RMB'000
15 April 2021	45,893
2 July 2021	1,238
28 January 2022	249
17 March 2022	67
	47,447

26. SHARE BASED COMPENSATION SCHEMES (CONTINUED)

(b) The 2019 share option scheme (Continued)

The Group has used binomial model to determine the fair value of the share option granted during the year ended 31 March 2022. Key assumptions are set as below:

	Year ended 31 March	
	2022	2021
Spot price at the grant date (HKD)	**0.450–1.360**	0.670–1.090
Exercise price (HKD)	**0.459–1.360**	0.670–1.090
Expected volatility	**39.56%–41.86%**	38%–41%
Expected dividend yield	**4.16%–4.75%**	5.26%
Contractual option life	**10**	10
Annual risk-free interest rate	**1.27%–2.03%**	0.62%–1.66%

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

For the year ended 31 March 2022, value of employee services provided under the 2019 Share Option Scheme recognised in the consolidated statement of profit or loss and other comprehensive income was RMB13,285,000 (Year ended 31 March 2021: RMB2,102,000).

26. SHARE BASED COMPENSATION SCHEMES (CONTINUED)

(b) The 2019 share option scheme (Continued)

Movements in the number of share options outstanding during the year ended 31 March 2022 under this scheme and their weighted average exercise prices are as follows:

	Year ended 31 March 2022		Year ended 31 March 2021	
	Weighted average exercise price (per share) HKD	**Number of share options (thousands)**	Weighted average exercise price (per share) HKD	Number of share options (thousands)
As at 1 April	**0.847**	**21,360**	0.854	19,860
Granted during the year	**0.944**	**195,000**	0.810	3,600
Exercised during the year	**0.854**	**(1,340)**	0.854	(100)
Forfeited during the year	**0.938**	**(25,340)**	0.855	(2,000)
As at 31 March	**0.847**	**189,680**	0.847	21,360
Vested and exercisable as at 31 March	**0.865**	**9,360**	0.833	7,000

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

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

Grant Date	**Expiry date**	**Exercise price**	**Share options (thousands) 31 March 2022**	Share options (thousands) 31 March 2021
16 September 2019	15 September 2029	HKD0.854	**12,600**	16,680
7 January 2020	6 January 2030	HKD0.860	**1,080**	1,080
1 April 2020	31 March 2030	HKD0.670	**—**	2,400
1 September 2020	31 August 2030	HKD1.090	**1,200**	1,200
15 April 2021	14 April 2031	HKD0.940	**171,200**	—
2 July 2021	1 July 2031	HKD1.360	**1,500**	—
28 January 2022	27 January 2032	HKD0.676	**1,500**	—
17 March 2022	16 March 2032	HKD0.459	**600**	—
Total			**189,680**	21,360
Weighted average remaining contractual life of options outstanding at end of period			**8.94 years**	8.60 years

27. TRADE PAYABLES

The ageing analysis of trade payables based on goods receipt date as at 31 March 2022 and 31 March 2021 was as follows:

	As at 31 March 2022 RMB'000	As at 31 March 2021 RMB'000
Within 30 days	**85,570**	70,271
31 to 180 days	**129,516**	43,498
Over 180 days	**14,505**	12,010
	229,591	125,779

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

28. ACCRUALS AND OTHER PAYABLES

	As at 31 March 2022 RMB'000	As at 31 March 2021 RMB'000
Current portion:		
Suppliers' deposits	**95,329**	73,547
Deposits of investment in FVPL	**36,000**	18,000
Payables for marketing expenses	**29,097**	34,246
Other taxes and levies payable	**19,273**	22,204
Salary and welfare payable	**16,087**	26,000
Amounts due to related parties (Note 36(b))	**10,937**	26,769
Payables for logistics fees	**8,859**	11,723
Payables for professional and legal fees	**4,303**	7,116
Refund liabilities	**—**	1,464
Deposits of loan receivables (a)	**—**	98,570
Others	**44,016**	39,903
	263,901	359,542

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

(a) As at 31 March 2021, the amount represented a deposit of USD15,000,000 as collateral pledged for loan receivable of RMB103,921,000, which was fully paid off during the year ended 31 March 2022.

29. DERIVATIVES

	As at 31 March 2022 RMB'000	As at 31 March 2021 RMB'000
Derivatives	**64,835**	35,403

During the years ended 31 March 2022 and 31 March 2021, the Group entered certain derivative agreements with investment banks, of which certain quantities of the underlying securities listed on the NYSE and HKSE are agreed to be settled at an agreed price when certain agreed events occurred. Such investments were designated as derivatives and stated at fair value as at 31 March 2022 and 31 March 2021.

30. BORROWINGS

	As at 31 March 2022 RMB'000	As at 31 March 2021 RMB'000
Bank Loans		
— Pledged (a)	**156,120**	126,630
	156,120	126,630

Notes:

a. As at 31 March 2022, the outstanding loans due to Morgan Stanley Asia International Limited at the prevailing interest rate were HKD178,207,000 (equivalent to approximately RMB144,522,000) and USD1,827,000 (equivalent to approximately RMB11,598,000), which were secured by an equivalent value of shares held by banks as collateral.

As at 31 March 2022 and 2021, the Group's borrowings were repayable as follows:

	As at 31 March 2022 RMB'000	As at 31 March 2021 RMB'000
Within 1 year	**156,120**	126,630

As at 31 March 2022, bank borrowings mature until 2023 and bear floating interest rate based on one month Hibor and one month Libor with adjustments (As at 31 March 2021: one month Hibor and one month Libor with adjustments).

31. CONTRACT LIABILITIES

	As at 31 March 2022 RMB'000	As at 31 March 2021 RMB'000
Advance from customers	**14,027**	9,738

(i) Revenue recognised in relation to contract liabilities

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

	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	**7,630**	18,919

32. DIVIDENDS

	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
Final dividend paid of RMB3.54 cent (2021: RMB0.91 cent) per share	**209,459**	52,719
Final special dividend paid of RMB1.54 cent (2021: RMB1.84 cent) per share	**91,121**	106,597
Interim dividend paid of RMB0 (2021: RMB5.69 cent)	**—**	344,763
	300,580	504,079

The total dividends paid for the year ended 31 March 2022 amounted to RMB301,750,000 or RMB5.08 cents per share (Year ended 31 March 2021: RMB504,079,000 or RMB8.44 cents per share), of which RMB1,170,000 (Year ended 31 March 2021: RMB1,916,000) were paid to the shares held for Restricted Share Award Scheme.

The board of directors of the Company has resolved not to declare any final dividend or final special dividend for the year ended 31 March 2022.

The aggregate amounts of the dividends paid for the year ended 31 March 2022 and the year ended 31 March 2021 have been disclosed in the consolidated statement of changes in equity in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

33. DISCONTINUED OPERATIONS

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

During the year ended 31 March 2022, loss from discontinued operations amounted to RMB19,497,000 which was mainly due to that all the currency translation differences accumulated in equity in respect of discontinued operations were reclassified to profit or loss upon the entity's liquidation in January 2022.

	Note	**For the year ended 31 March 2022 RMB'000**	For the year ended 31 March 2021 RMB'000
Revenue		**—**	172,785
Expenses		**(531)**	(300,354)
Reversal of impairment of financial assets — net		**—**	(789)
Other (losses)/gains — net		**(18,966)**	73,671
Finance expenses — net		**—**	(921)
Loss before income tax		**(19,497)**	(55,608)
Income tax benefit		**—**	977
Loss from discontinued operations		**(19,497)**	(54,631)
Currency translation differences of discontinued operations		**18,028**	21,022
Reclassification of foreign currency translation reserve on discontinued operations upon disposal		**18,966**	—
Other comprehensive income from discontinued operations		**36,994**	21,022
Net cash outflow from operating activities		**—**	(106,888)
Net cash inflow from investing activities		**—**	97,565
Net cash outflow from financing activities		**(12,338)**	(14,093)
Exchange losses on cash and cash equivalents		**—**	(2,362)
Net decrease in cash generated by the discontinued operations		**(12,338)**	(25,778)
		Cents	Cents
Basic losses per share from discontinued operations	11	**(0.30)**	(0.86)
Diluted losses per share from discontinued operations	11	**(0.30)**	(0.86)

34. CASH (USED IN)/GENERATED FROM OPERATIONS

	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
(Loss)/profit before income tax for the year from		
Continuing operations	**(1,763,299)**	2,029,401
Discontinued operations	**(19,497)**	(55,608)
(Loss)/profit before income tax including discontinued operations	**(1,782,796)**	1,973,793
Adjustments for:		
— Depreciation of property, plant and equipment (Note 13)	**7,636**	9,149
— Gain on disposal of property, plant and equipment	**—**	(80)
— Gain on disposal of intangible assets (Note 14)	**—**	(75,378)
— Amortisation of right-of-use assets (Note 15)	**56,764**	62,761
— Amortisation of intangible assets (Note 14)	**8,937**	9,409
— Provision for/(Reversal of) impairment losses of inventories	**103,019**	(63,402)
— Provision for impairment of financial assets — net	**36,866**	39,308
— Share of (profit)/loss of joint ventures and associates (Note 12)	**(405)**	25,099
— Elimination of unrealised profit of joint ventures	**—**	(1,176)
— Interest income from bank deposits	**(2,406)**	(4,177)
— Interest expenses on borrowings (Note 9)	**7,244**	8,787
— Dividend income from financial assets through profit or loss	**(31,122)**	(13,966)
— Interest from other financial assets at amortised cost	**(102,913)**	(72,937)
— Foreign exchange, net (Note 3.1(a))	**12,875**	6,370
— Share-based compensations	**13,285**	2,102
— Net gains on disposal of investments in associates and a joint venture	**(29,645)**	(12,664)
— Impairment on long-term assets	**1,543**	7,163
— Loss/(gain) from lease modification and lease disposal	**596**	(2,520)
— Change in fair value of financial instruments at fair value through profit or loss	**1,623,849**	(2,016,232)
	(76,673)	(118,591)
Changes in working capital:		
— (Increase)/decrease in inventories	**(131,913)**	151,218
— Decrease in trade receivables, other financial assets at amortised cost and other assets	**29,676**	30,400
— Increase in trade payables, provisions, contract liabilities and accruals and other payables	**21,339**	37,363
— Increase in restricted cash	**(27,736)**	(134)
Cash (used in)/generated from operations	**(185,307)**	100,256

34. CASH (USED IN)/GENERATED FROM OPERATIONS (CONTINUED)

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

	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
Net book amount (Note 13)	**1,209**	8,398
Gain on disposal of property, plant and equipment	**—**	80
Proceeds from disposal of property, plant and equipment	**1,209**	8,478

Non-cash investing and financing activities are set below:

	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
Acquisition of right-of-use assets	**49,104**	84,152
Change in consideration receivable in relation to disposal of investments accounted for using the equity method (Note 19)	**35,155**	—

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

Net cash	**As at 31 March 2022 RMB'000**	As at 31 March 2021 RMB'000
Cash and cash equivalents (Note 21)	**1,523,938**	1,823,757
Liquid investments (i)	**1,071,906**	1,016,897
Lease liabilities	**(76,690)**	(89,608)
Borrowings — repayable within one year (Note 30)	**(156,120)**	(126,630)
Net cash	**2,363,034**	2,624,416
Cash and liquid investments	**2,595,844**	2,840,654
Gross debt — fixed interest rates	**(76,690)**	(89,608)
Gross debt — variable interest rates	**(156,120)**	(126,630)
Net cash	**2,363,034**	2,624,416

34. CASH (USED IN)/GENERATED FROM OPERATIONS (CONTINUED)

	Other assets		Liabilities from financing activities		
	Cash and cash equivalents	**Liquid investments**	**Lease Liabilities**	**Borrowings due within 1 year**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net cash as at 1 April 2020	2,063,150	1,738,637	(93,101)	(246,308)	3,462,378
Cash flows	(130,525)	(875,003)	61,568	100,680	(843,280)
Acquisition — lease	—	—	(80,471)	—	(80,471)
Foreign exchange adjustments	(108,868)	(88,372)	1,230	18,998	(177,012)
Other non-cash movements	—	241,635	21,166	—	262,801
Net cash as at 31 March 2021	1,823,757	1,016,897	(89,608)	(126,630)	2,624,416
Cash flows	**(268,969)**	**561,378**	**59,423**	**(31,723)**	**320,109**
Acquisition — lease	**—**	**—**	**(49,104)**	**—**	**(49,104)**
Foreign exchange adjustments	**(30,850)**	**(27,643)**	**—**	**2,233**	**(56,260)**
Other non-cash movements	**—**	**(478,726)**	**2,599**	**—**	**(476,127)**
Net cash as at 31 March 2022	**1,523,938**	**1,071,906**	**(76,690)**	**(156,120)**	**2,363,034**

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

35. COMMITMENTS

Capital commitment

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

In September 2020, the Group entered into a limited partnership agreement with Xiamen Yuanfeng Investment LLP. (廈門源峰股權投資基金合夥企業(有限合夥)). As at 31 March 2022, the remaining balance of the investment commitment was RMB70 million (as at 31 March 2021: RMB110 million).

In January 2021, the Group entered into a limited partnership agreement with CPE Global Opportunities Fund II. As at 31 March 2022, the remaining balance of the investment commitment was USD15 million (equivalent to approximately RMB98 million). As at 31 March 2021, the remaining balance of the investment commitment was USD22 million (equivalent to approximately RMB142 million).

35. COMMITMENTS (CONTINUED)

Capital commitment (Continued)

In February 2021, the Group entered into a limited partnership agreement with Yunfeng Fund IV (雲鋒基金IV). As at 31 March 2022, the remaining balance of the investment commitment was USD12 million (equivalent to approximately RMB79 million). As at 31 March 2021, the remaining balance of the investment commitment was USD17 million (equivalent to approximately RMB110 million).

In October 2021, the Group entered into a limited partnership agreement with Shanghai Xiangheyongjun Investment LLP. (上海祥禾涌駿股權投資合夥企業(有限合夥)). As at 31 March 2022, the remaining balance of the investment commitment was RMB6 million.

36. RELATED PARTY TRANSACTIONS

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

The ultimate controlling party of the Group is Mr. Chen Yihong, the Chairman and Executive director of the Company. Therefore, close family members of Mr. Chen Yihong and parties that are controlled, jointly controlled or significantly influenced by Mr. Chen Yihong or his close family members are considered to be related parties of the Company as well.

a) Transactions with related parties

During the year ended and as at 31 March 2022 and the year ended and as at 31 March 2021, in addition to those disclosed elsewhere in the financial statements, the Group had the following transactions and balances with related parties:

	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
Sales of goods to:		
— Joint ventures of the Group	**10,751**	8,029
Interest income:		
— Management personnel	**2,772**	4,106
Commissions on consignment sales:		
— Joint ventures of the Group	**46,814**	98,791
Loans granted to:		
— Joint ventures of the Group	**9,903**	15,000
Loans repaid by:		
— Joint ventures of the Group	**—**	15,000

36. RELATED PARTY TRANSACTIONS (CONTINUED)

b) Balances with related parties

	As at 31 March 2022 RMB'000	As at 31 March 2021 RMB'000
Trade receivables (Note 18)		
— Joint ventures of the Group	**4,694**	27,240
Other financial assets at amortised cost (Note 19)		
Current portion		
— Joint ventures of the group	**9,903**	14,606
— Management personnel	**242,453**	—
— Provision	**(20)**	(14,606)
Non-current portion		
— Management personnel	**—**	278,737
Accruals and other payables (Note 28)		
— Joint ventures of the Group	**10,937**	26,769

Notes:

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

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

c) Key management compensation

	For the year ended 31 March 2022 RMB'000	For the year ended 31 March 2021 RMB'000
Salaries, bonus and other welfares	**9,406**	12,061
Pension — defined contribution plans	**164**	67
	9,570	12,128

37. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no material subsequent events during the period from 1 April 2022 to the approval date of these consolidated financial statements by the Board on 22 June 2022.

38. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance Sheet of the Company

	As at 31 March 2022 RMB'000	As at 31 March 2021 RMB'000
ASSETS		
Non-current assets		
Interests in subsidiaries	**10,191,673**	10,232,790
Financial assets at fair value through profit or loss	**85,722**	87,275
	10,277,395	10,320,065
Current assets		
Trade receivables	**—**	32,972
Other financial assets at amortised cost	**4,819**	739
Amounts due from subsidiaries	**329,515**	670,899
Cash and cash equivalents	**44,144**	37,674
	378,478	742,284
Total assets	**10,655,873**	11,062,349
EQUITY		
Share capital and share premium (Note 23)	**1,091,344**	1,090,096
Reserves (Note (a))	**9,176,564**	9,579,887
Total equity	**10,267,908**	10,669,983
LIABILITIES		
Current liabilities		
Amounts due to subsidiaries	**387,761**	390,450
Accruals and other payables	**204**	1,916
Total liabilities	**387,965**	392,366
Total equity and liabilities	**10,655,873**	11,062,349

The balance sheet of the Company was approved by the Board of Directors on 22 June 2022 and was signed on its behalf:

CHEN YI HONG
Executive Director & Chairman

ZHANG ZHIYONG
Executive Director

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

(a) Reserve movement of the Company

	Capital reserves RMB'000	Share-based compensation reserve RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 April 2020	10,059,941	2,461	(503,580)	145,792	9,704,614
Profit for the period	—	—	—	433,357	433,357
Foreign currency translation reserve	—	—	(55,214)	—	(55,214)
Shared-based compensations	—	1,209	—	—	1,209
Dividend paid	—	—	—	(504,079)	(504,079)
At 31 March 2021	10,059,941	3,670	(558,794)	75,070	9,579,887
At 1 April 2021	**10,059,941**	**3,670**	**(558,794)**	**75,070**	**9,579,887**
Loss for the period	**—**	**—**	**—**	**(78,061)**	**(78,061)**
Foreign currency translation reserve	**—**	**—**	**(36,502)**	**—**	**(36,502)**
Share-based compensations	**—**	**13,285**	**—**	**—**	**13,285**
Transfer of fair value of share options exercised to share premium	**—**	**(295)**	**—**	**—**	**(295)**
Dividend paid	**—**	**—**	**—**	**(301,750)**	**(301,750)**
At 31 March 2022	**10,059,941**	**16,660**	**(595,296)**	**(304,741)**	**9,176,564**

39. BENEFIT AND INTERESTS OF DIRECTORS

a. Directors' emoluments

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

For the year ended 31 March 2022:

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

Name of Director	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Estimated money value of other benefits RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Remuneration paid or receivable in respect of accepting office as director Total RMB'000
Year ended 31 March 2022						
Mr. Chen Yihong	**160**	**1,717**	—	—	—	**1,877**
Ms. Chen Chen	**160**	**1,490**	—	**77**	**53**	**1,780**
Mr. Zhang Zhiyong	**160**	**2,815**	—	—	**4**	**2,979**
Mr. Lyu Guanghong	**160**	**790**	—	**77**	**53**	**1,080**
Mr. Chen Guogang	**182**	—	—	—	—	**182**
Mr. Gao Yu	**182**	—	—	—	—	**182**
Mr. Liu Xiaosong	**182**	—	—	—	—	**182**
	1,186	**6,812**	—	**154**	**110**	**8,262**

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

39. BENEFIT AND INTERESTS OF DIRECTORS (CONTINUED)

a. Directors' emoluments (Continued)

Notes:

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

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

b. Directors' retirement benefits

No retirement benefits were paid in the year ended 31 March 2022 to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking (Year ended 31 March 2021: Nil).

c. Directors' termination benefits

No payment was made to directors as compensation for the early termination of the appointment during the year ended 31 March 2022 (Year ended 31 March 2021: Nil).

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

No payment was made to the former employer of directors for making available the services of them as a director of the Company during the year ended 31 March 2022 (Year ended 31 March 2021: Nil).

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

There is a loan in favour of Mr. Zhang Zhiyong, the CEO, during the year ended 31 March 2022 and the year ended 31 March 2021 respectively.

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

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the year ended 31 March 2022 (Yea ended 31 March 2021: Nil).

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

www.dxsport.com

MIX
Paper from responsible sources
FSC™ C007445
FSC
www.fsc.org

Review of Annual Results

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the consolidated financial statements for the twelve months ended 31 March 2022.

Final Dividend and Final Special Dividend

The Board of the directors of the Company has not recommended to declare any final dividend or final special dividend for the year ended 31 March 2022.

No interim dividend and interim special dividend were paid for the six months ended 30 September 2021.

Annual General Meeting ("AGM")

The AGM of the Company will be held in Beijing on 17 August 2022. Notice of the AGM will be issued and disseminated to shareholders in due course.

To ascertain shareholders' eligibility to attend and vote at the annual general meeting, the register of members will be closed from 12 August 2022 to 17 August 2022 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify to attend and vote at the annual general meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 11 August 2022.

Publication of Results Announcement

This annual results announcement is available for viewing on the Company's website at www.dxsport.com and Hong Kong Stock Exchange's website at www.hkexnews.hk.

On behalf of the Board
China Dongxiang (Group) Co., Ltd.
Chen Yihong
Chairman

22 June 2022

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