

DONGXIANG

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

(Incorporated in the Cayman Islands with limited liability) Stock Code: 3818

phenix



2024/2025
INTERIM REPORT



phenix

CORPORATE INFORMATION

Executive Directors

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

Independent Non-Executive Directors

Mr. Gao Yu
Mr. Liu Xiaosong
Dr. Chen Guogang (resigned on 8 October 2024)

Auditor

Deloitte Touche Tohmatsu
(appointed on 30 September 2024)
Certified Public Accountants and Registered Public
Interest Entity Auditor

Legal Advisers

Norton Rose Fulbright Hong Kong
Conyers Dill & Pearman (Cayman) Limited
Zhong Lun (Shanghai) Law Firm, Beijing

Authorised Representatives

Mr. Gao Yu
Ms. Wai Pui Man

Company Secretary

Ms. Wai Pui Man

Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3,
Building D, P.O. Box 1586, Gardenia Court,
Camana Bay, Grand Cayman,
KY1-1100, Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712-1716,
17/F Hopewell Centre,
183 Queen's Road East,
Wanchai,
Hong Kong

Registered Office

Cricket Square, Hutchins Drive,
P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

Head Office in People's Republic of China

Building 21, No. 2 Jingyuanbei Street,
Beijing Economic-Technological Development Area,
100176, People's Republic of China

Principal Place of Business in Hong Kong

Office Unit 7, 13/F,
Tower One, Lippo Centre,
No. 89 Queensway,
Hong Kong

Principal Bankers

Morgan Stanley Asia International Limited
Industrial and Commercial Bank of China

Website

www.dxsport.com



INFORMATION FOR INVESTORS

OTHER IMPORTANT INFORMATION

1. Share information

Listing: Main Board of the Hong Kong Stock Exchange,
10 October 2007

Stock code: 03818

Number of ordinary shares issued as at
30 September 2024: 5,887,561,025 shares

2. Important dates

Announcement of 2024/2025 interim results:
27 November 2024

Book closure date:
11 December 2024 to 13 December 2024
(both days inclusive)

3. 2024/2025 interim dividend and interim special dividend

Interim dividend: RMB0.70 cents per share

Interim special dividend: RMB0.70 cents per share

Payment date: on or around 24 December 2024

4. Investor Relations Department

Building 21, No. 2 Jingyuanbei Street,
Beijing Economic-Technology Development Area,
Beijing 100176, People's Republic of China

Telephone: (8610) 6783 6585

Facsimile: (8610) 6785 6606

Email: ir@dxsport.com.cn

5. Website

www.dxsport.com

RESULTS HIGHLIGHTS**RESULTS HIGHLIGHTS**

For the six months ended 30 September

	2024 Unaudited (RMB million)	2023 Unaudited (RMB million)	Change
Revenue	749	776	-3.5%
Gross profit	516	536	-3.7%
Gross profit (before changes of provision for inventories)	524	515	+1.7%
Gross profit margin	68.9%	69.1%	-0.2 pts
Gross profit margin (before changes of provision for inventories)	70.0%	66.4%	+3.6 pts
Operating profit/(loss)	162	(471)	Negative for the same period of last year
Of which: Operating profit of the sporting goods business in China	20	75	-73.3%
Profit/(Loss) attributable to owners of the Company	137	(410)	Negative for the same period of last year
	(RMB cents)	(RMB cents)	
Basic/Diluted earnings/(losses) per share	2.34	(6.99)	Negative for the same period of last year
Interim dividend and interim special dividend per share	1.40	0.71	+97.2%

CHAIRMAN'S STATEMENT

Dear Shareholders,

I would like to present on behalf of the Board our interim results for the six months ended 30 September 2024 (the "Reporting Period").

In 2024, the world economy faces numerous challenges. The domestic and international environments are complex and ever-changing, with external factors intertwined in turmoil, leading to increased risks and challenges. This reflects the challenges that the world economy faces during its recovery process. Against the backdrop of the intertwining of cyclical contradictions and structural contradictions in major global economies, China achieved an economic growth rate of 4.8% in the first three quarters of the year, mainly benefitted from timely policy adjustments and effective implementation. Domestic consumption markets in China have been gradually growing, with the total retail sales of social consumer goods increasing by 3.3% year-on-year, reflecting an optimisation of consumption structure and steady progress in service-oriented consumption. With the convening of an important meeting of the Central Political Bureau in late September, the accelerated introduction of a package of incremental policies has enhanced market confidence and stimulated market vitality. While maintaining reasonable growth in quantity, the structure of China's economic development is optimising, and the overall trend of high-quality development continues to deepen.

With regard to international events, the 2024 Paris Olympics and other major sporting events have provided a boost to the Chinese sports goods industry. The enthusiasm for national fitness has been ignited, driving sales in the related sports goods market. In recent years, encouraged by government policies, the population of sports enthusiasts in China has been continuously expanding. Consumers are no longer only seeking practical and functional products but also paying more attention to their intrinsic value and design concepts. The sportswear market is transitioning towards a "function + fashion" direction, with sports apparel demand further extending to daily scenarios, reflecting consumers' desire for more fashionable and versatile sports clothing. The diversification of sports tracks has unearthed more outdoor and niche sports, providing young people with more opportunities to understand sports culture and engage in exchanges, while fostering the growth of community cultures centered around sports, and further driving the development of the Chinese sports goods industry. On the branding front, the new generation of consumer demand has made companies acutely aware of the importance of multi-dimensional upgrades in product quality, technological innovation, and brand image. This has accelerated their self-improvement efforts, injecting new growth vitality into the industry's development.

China Dongxiang Group, as one of the leading enterprises in the domestic sports apparel industry, has always been at the forefront of the industry, focusing on the fashion sports field. Its brands KAPPA and PHENIX have consistently upheld quality and the core DNA of the brand, striving to create uniquely designed and personality-rich products to meet market trends and the needs of young consumers. The Group continuously optimises its products and services, closely following market trends, and responding to the ever-changing market demands of consumers. With innovative design concepts and high standards of quality control, China Dongxiang aims to stand out in the fiercely competitive market, becoming a popular fashion sports brand for users and creating more value for consumers.

During the Reporting Period, the Group recorded revenue of RMB749 million, a year-on-year decrease of 3.5%. The profit attributable to the Group's equity holders amounted to RMB137 million. Basic earnings per share were RMB2.34 cents. To reward shareholders for their continuous support of the Group, the Board has resolved to declare on distributing 30% and 30% of the net profit attributable to the equity holders as interim dividend and interim special dividend for the interim period ended 30 September 2024. The total dividend payout ratio is 60%.

CONTINUOUSLY DEEPEN THE OMNI-CHANNEL LAYOUT TO ACHIEVE AN EFFICIENT OPERATIONAL MODEL

The Group is committed to comprehensively optimising the omni-channel layout model and strengthening the synergy of business systems. During the Reporting Period, the Group, focusing on product-centric strategies, combined with brand social media marketing, placed emphasis on enhancing the online and offline consumer experience and conducted dynamic sales operations management. In offline consumer scenarios, the brand further optimised store product displays and visual designs to boost sales conversion rates and unit price. In online consumer scenarios, the brand improved the best-selling product matrix for clothing, footwear, and accessories, achieving multi-platform traffic conversion. Furthermore, the Group continued to build the membership ecosystem, enhancing the membership benefits system to drive interactivity between the brand and consumers, ultimately boosting sales repeat rates.

As at 30 September 2024, the total number of stores for the Group's KAPPA brand was 1,001 (excluding KAPPA children's clothing business), representing a net decrease of 11 stores compared to those as at 31 March 2024.

ESTABLISH A BRAND CONTENT MARKETING CULTURE TO RESHAPE THE BRAND'S NEW IMAGE

The Group's core brand, KAPPA, places its marketing focus on consumer experience and content development, centering around the core idea of "Live through Sports (用運動·去生活)" to engage in deep communication with consumers. Through comprehensive online and offline marketing strategies, the brand continuously communicates its brand philosophy to consumers and enhances brand influence. During the Reporting Period, KAPPA launched series of offline events such as "Seaside Summer School (海邊夏校)", "KAPPA Invites You to Watch Ball Games (KAPPA請你去看球)" and "Aranya Mountain Peak Water Splashing Festival (阿那亞山頂潑水節)" to convey brand culture and values to the public, successfully revitalising the brand's consumer impression. On the other hand, by collaborating with well-known actors to shoot brand short films, KAPPA continues to produce and refine high-quality content, increasing brand exposure, and consistently embodying the brand's sports values to establish a stronger emotional connection with young consumers. In the future, the Group will continue to deepen and convey the KAPPA brand philosophy and core messages, strengthening interaction and connection with consumers.

ROOTING IN THE HISTORICAL DNA OF THE KAPPA BRAND AND SHAPING A NEW TREND FOR THE BRAND

The KAPPA brand, built on its century-old history, continues to innovate and lead trends. During the Reporting Period, in-depth consumer research was conducted to accurately position its product lines. The KAPPA 1916 series combines nostalgic elements with

modern fashion, refreshing the classic football autumn jersey and effectively establishing a perception of the brand's modern retro trend design in the minds of consumers. The KAPPA Player series integrates current popular street sports culture into the brand's long history, showcasing the personality and vitality of young consumers through trendy colors and innovative designs. The KAPPA Gara line combines multiple functional technologies with fashionable design to enhance the competitiveness of the products, providing consumers with a high-quality wearing experience.

During the Reporting Period, PHENIX focused on providing ski equipment and functional apparel in the Chinese market, launching the lightweight SP27 LITE series and daily wear products, including outdoor jackets like shell jackets, to meet diverse outdoor needs. The PHENIX FOOTWEAR series incorporates high-tech materials, bringing a new definition to the ski wear experience. In terms of brand marketing, PHENIX not only became the official sponsor of the Swedish Alpine Skiing National Team but also continued to be the ski suit sponsor for the Tsinghua University Ski Team, and established a partnership with the Peking University Ski Team, dedicated to promoting the popularity of skiing culture through university collaborations. Moreover, PHENIX actively expanded into the off-season market, opening its first specialty store for children's ski wear and establishing the nation's first membership black card center at the Wanlong Ski Resort, further solidifying its leading position in the skiing market.

FOLLOWING THE FOOTSTEPS OF THE CENTRAL GOVERNMENT AND COMMITTED TO FULFILLING THE PROMISE OF GREEN DEVELOPMENT

According to the central government work report and the "Opinions on Accelerating Comprehensive Green Transformation of Economic and Social Development" (《關於加快經濟社會發展全面綠色轉型的意見》), the importance of industrial green transformation and the development of new quality productivity was explicitly highlighted. As a responsible corporate citizen, China Dongxiang has been actively responding to the call for industrial green transformation, committed to building a high-tech, efficient, and high-quality green sports industry to support China's goal of building a strong sports nation. The Group continues to make efforts in environmental, social and corporate governance (ESG), emphasising brand sustainable development strategies, optimising production processes, actively using environmentally friendly materials, ensuring product recyclability, and reducing carbon emissions. China Dongxiang will continue to deepen and expand ESG practices, actively promoting green concepts, giving back to society, and achieving harmonious coexistence between the economy and the environment.

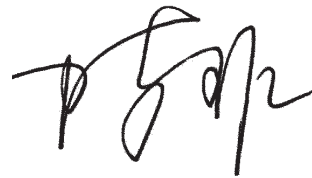
MAINTAINING A CAUTIOUS INVESTMENT STRATEGY AMIDST GLOBAL ECONOMIC DOWNTURN

During the Reporting Period, the global economy experienced slow growth, and major stock markets witnessed fluctuations. The Group's investment portfolio mainly consists of equity investments, stock investments, fixed income, and cash management, performing steadily during the Reporting Period. The diversified investment layout of the Group demonstrates a strong risk resistance capability, ensuring secure and effective investments. As at 30 September 2024, the net assets of the Group's investment segment were RMB8,311 million, representing a gradual increase of 0.5% compared to 31 March 2024. During the Reporting Period, the Group realised a net investment income of RMB171 million. The Group will continue to pursue a cautious approach, optimise the

investment asset structure, strengthen close collaboration with investment project management, prudently advance new project investments, and promote timely and rational exits from existing projects, aiming to provide shareholders with long-term and stable income returns.

APPRECIATION

Finally, I would like to represent the Board to express sincere gratitude to all senior management and staff members for their hard work and dedication as well as to all stakeholders for their longstanding support and attention to the Group. The Group's achievements are inseparable from the efforts of the entire team, the trust of all partners, and the support of shareholders. Looking to the future, notwithstanding various forms of uncertainties and challenges, the Group will continue to uphold the core spirit of the KAPPA brand, maintain an open and sharing mindset, forge ahead, embrace opportunities, and remain focused on the fashion sports sector, striving to bring stable and substantial returns to shareholders. Through relentless efforts, we believe that we will achieve higher goals and write a brilliant new chapter in China Dongxiang.



Chen Yihong

Chairman

27 November 2024



MANAGEMENT DISCUSSION AND ANALYSIS



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1. Kappa and Drunk N Jump Bar co-organised offline events
2. PHENIX x Carver co-hosted events
3. Kappa cooperates with Shi Ce, a renowned actress, in the brand's short film named "Settlement List of Three Points" (《三分的結算單》)
4. PHENIX SP27 LITE series
5. Kappa x Bai Yufan
6. Kappa interviewed the Chinese national fencing team
7. Kappa Seaside Summer School
8. PHENIX new shoes products
9. PHENIX x Mountain Culture "Team Up With Freedom" (山系文化「與自由為伍」) Summer community event



9.

MACROECONOMIC REVIEW

In the first half of 2024, the global economy maintained a slow recovery trend. The Chinese government has launched a series of policies and measures, especially in terms of expanding domestic demand, to further improve the consumption structure, cultivate new consumption formats, and release consumption vitality. At the same time, in response to the pressure on the downward economy and poor performance of the real estate market, government bonds were issued and favorable real estate policies and measures were introduced to provide favorable policy conditions for the smooth operation of the economy. Data released by the National Bureau of Statistics of China shows that the gross domestic product (GDP) in the first three quarters of 2024 increased by 4.8% year-on-year, and China's economy shows signs of recovery. As residents' income rebounds and consumer confidence increases, China's consumer market continues to grow steadily. In the first three quarters, total retail sales of consumer goods increased by 3.3% year-on-year. Online consumption continues to become an important growth engine. China has become the world's largest online retail market for 11 consecutive years. The number of online shopping users has exceeded 900 million, representing a year-on-year increase of 8.6%. China's economy has shown strong resilience despite various challenges, with steady growth in all areas.

In the second half of the year, in the face of the timing and intensity of the Federal Reserve's interest rate cuts, trade protectionism and international political events such as the U.S. election, the world economy is still facing uncertainties such as insufficient demand, increased debt burdens in some countries, and rising international financial risks. There are still challenges and uncertainties on the way to economic recovery. However, the Chinese government actively tackles the challenges. With the further unleashing of the benefits under policies in the fourth quarter, and as the world's largest economic driving force, the Chinese economy is expected to achieve its pre-set target for the year. The International Monetary Fund (IMF) raised China's GDP growth rate to 5% in 2024, which is consistent with the 5% growth rate set by China's Two Sessions in 2024.

INDUSTRY REVIEW

2024 was a year of rapid recovery for Chinese sports brands. At the Paris Olympics, the athletes' tenacious effort and continuous self-improvement inspired every audience inside and outside the stadium, further deepening the public's enthusiasm and participation in sports activities. Sports brands participate in global sports events from different perspectives to enhance their brand awareness and influence, reach out to a wider range of customer groups and partners, and open up new market space. Market development presents a new consumer culture: consumers are increasingly pursuing outdoor lifestyles and diversified sports, and outdoor footwear and clothing products and subdivided sports-related products are showing a trend of rapid development.

In terms of brand competition and innovation, various domestic and foreign brands are scaling up their investment in the Chinese market. As market competition intensifies, it also motivates upgrades in product quality, technological innovation and brand image, which has a positive impact on the development of the entire industry. On the product side, while taking into account functionality and fashion, brands are also responding to the upgrading of market demand and moving towards professionalism, technology, high quality and sustainability.

The sports industry is showing a trend of differentiation and refinement. From product layout to marketing methods, today's sports brands must, in addition to promoting product innovation, also shape brand power, efficiently reach users and deeply cultivate users. The rapid development of digital technology has also brought new opportunities for sports marketing, with the application of, among other things, the Internet, social media, mobile applications becoming an important tool matrix for promotion, communication and interaction.

MANAGEMENT DISCUSSION AND ANALYSIS

At the policy level, China has introduced a series of policies to support the development of the sports industry. All sectors are working together towards the goal of attaining a gross scale of more than RMB5 trillion for sports industry in 2025. In this year, China's Two Sessions have included sports as a new consumption growth point. In June 2024, five departments including the National Development and Reform Commission issued the "Measures on Creating New Consumption Scenarios and Cultivating New Consumption Growth Points" (《關於打造消費新場景培育消費新增長點的措施》), which proposed to promote the construction of fitness venues such as sports parks and fitness centers, create several high-quality outdoor sports destinations, as well as lead and expand consumption in sports and leisure. The introduction of favorable policies will further promote the vigorous development of the national fitness sector.

The General Administration of Sport of China has formulated the "2024 Sports Standardization Work Points" (《2024年體育標準化工作要點》) and the "2024 Sports Standardization Project Guidelines" (《2024年體育標準立項指南》) to widely promote national sports, promote the comprehensive development of mass sports and competitive sports, and build a higher-level national fitness public service system. Sports are no longer just an exercise, but a lifestyle, and have become the focus of the public. Looking ahead, the national sports trend, accompanied by a series of favorable government policies and measures, will create a bright and broad prospect for the domestic leisure sports industry.

BUSINESS REVIEW

During the Reporting Period, China's economic growth decelerated, but overall remained stable. Domestic demand and investment have become the main driving forces, and China's consumer market has gradually recovered. With the Paris Olympics and various grand international sports events taking place, the passion for sports has been further stimulated across the nation. Additionally, the Chinese government frequently launched a series of policy initiatives to provide significant support to the sporting goods industry in China, while an increasingly diverse consumer demand for sports equipment has also promoted the development of the sports goods industry. The Group seized market opportunities by optimising its omni-channel layout and strengthening business system synergy, thereby enhancing its efficiency and business performance. The Group continued to focus on product research and development and create new products for its brand series, innovating in product design, materials and functionality to further enhance market competitiveness.

In terms of brand promotion, the Group emphasises consumer experience and brand content development. Oriented to users, KAPPA thoroughly maintains user experience and places high importance on brand content construction. Through a series of promotion and creative events, we continuously engage in deep communication with consumers, establish brand content culture, and successfully shape a fresh impression of the brand in consumers' minds.

Brand-building and promotion

PRC — KAPPA brand

During the Reporting Period, KAPPA's core theme of "Live through Sports (用運動·去生活)" continued to be at the forefront and conveyed the brand philosophy to users. Through diversified marketing strategies and a blend of online and offline activities, we further enhanced brand awareness and user engagement.

During the Reporting Period, KAPPA focused on brand ambassadors and brand partnerships to make its content marketing more vivid and impactful, helping the brand establish a stronger emotional connection among young consumers and continuously enhancing brand awareness. Throughout the period, the brand collaborated with renowned actors Shi Ce and Bai Yufan to shoot short videos, which were precisely targeted and distributed across multiple platforms. In a comfortable and humorous manner, we advocated for trying various forms of exercise and encouraged everyone to enjoy the fun of sports. Through quality brand content, we gradually embodied KAPPA's sporting values, built a core fan base, and further boosted brand influence. Besides, before the start of the Paris Olympics, KAPPA made an exclusive visit to the Chinese National Fencing Team during their preparation, showing support for the Olympic athletes and embodying the brand's sports elements, aiming to convey a positive attitude towards life to consumers through the inspiration of sports.

Focusing on consumer interaction and experience, the brand launched a series of offline events to stimulate community vitality and convey KAPPA's brand culture and values to the public. Amidst the fervor of the Paris Olympics, KAPPA collaborated with Drunk N Jump Bar (跳海酒吧) to create the "Hello, Stranger (你好·陌生人)" event, themed around "human snooker (人間斯諾克)". Leveraging the Olympic season as a hot topic to combine with the Drunk N Jump community culture, it represents the first experimental step towards external exploration and communication. Simultaneously, the brand partnered with a well-known avant-garde cultural community to create a 40-day sports experience space called "Seaside Summer School (海邊夏校)". This event, utilising an innovative "brand experience + sales" model, featured a range of consumer experience activities, such as seaside yoga, seaside meditation and seaside Zumba classes, to expand social boundaries through diverse sports. This did not only attract a large number of users to participate but also effectively increased customers' interest and willingness to purchase through interactive sessions and product trials. During the annual event "Mountain Peak Water Splashing Festival (山頂潑水節)" in Aranya, KAPPA further deepened the brand's philosophy of a carefree and joyful approach to sports, successfully rejuvenating consumer recognition of the KAPPA brand.

PRC — PHENIX brand

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

In terms of products, the Company has consistently adhered to professional skiing products as its core business in Chinese market. It upholds the traditional competitive series that embodies the spirit of the PHENIX brand, which has been tested in the market for over 70 years. The NORGE series showcases the brand's sponsorship of the Norwegian Alpine Ski Team for 30 years, emphasising professional craftsmanship and design concepts at the elite level. The MISS PHENIX high-end women's fashion series, as well as the more youth-oriented product lines SP27 and X-niX that integrate contemporary trends, enable PHENIX to confidently cater to a more diverse range of consumer choices in recent years.

Furthermore, the alk phenix and +phenix product lines, which focus on functional living, expand the PHENIX brand's comprehensive expression in outdoor functionality.

The newly launched PHENIX FOOTWEAR product line caters to a variety of wearing needs before and after skiing, providing skiing enthusiasts with a more diverse range of product choices.

During the Reporting Period, PHENIX entered into a partnership agreement with the Swedish Alpine Ski National Team and has become its official sponsor. At the same time, PHENIX continued its sponsorship of the Tsinghua University Ski Team and acted as its official sponsor, while also collaborated with the Peking University Ski Team on ski apparel to further promote the popularisation of skiing culture in universities.

MANAGEMENT DISCUSSION AND ANALYSIS

In Summer 2024–25, the PHENIX brand actively promoted the market influence to the public, strengthening the interaction and connection between the brand and consumers through a series of community activities. From July to September 2024, PHENIX hosted a diverse range of outdoor sports activities to attract consumer attention and participation in the brand’s off-season products. The event included different types of outdoor sports such as paddleboarding, cycling, frisbee, surfskating, hiking, and rollerblading, showcasing PHENIX’s support and promotion of a diverse active lifestyle. This initiative has fostered PHENIX’s presence and impact during the off-season. By providing consumers with immersive experiences, PHENIX allowed them to personally experience how the brand’s off-season products integrate into everyday outdoor life, enhancing brand identification and loyalty. Through a combination of online and offline efforts, PHENIX did not only raise awareness of its off-season products but also laid a solid foundation for the brand’s future expansion in the off-season market.

PHENIX brand has achieved several breakthroughs, further solidifying its leading position in the skiing market. PHENIX has partnered with Shanghai L+SNOW Indoor Skiing Theme Resort, China’s largest indoor skiing project, opening up a collaboration channel in indoor skiing venues. In the field of children’s skiing apparel, PHENIX has pioneered a new path by establishing the first PHENIX Kids flagship store in the country, focusing on children’s skiwear at the Lake Songhua Ski Resort in Jilin.

KAPPA Apparel Series

During the Reporting Period, KAPPA conducted extensive consumer research with a view to achieving more precise positioning of its product series. Full upgrades were introduced to the product lines as the KAPPA 1916 Series inheriting brand classics and retro sporting elements, the KAPPA Player Series targeting at new-generation trendy consumers, and the KAPPA Gara Series integrating technical functions into fashionable sportswear were launched. The standalone combat pant series, an all-time best-seller, was fully upgraded, including a mixed patch-up of 22 cut-out pieces highlighting KAPPA’s attention to quality details.

KAPPA 1916 Series

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

KAPPA Player Series

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

KAPPA Gara Series

During the Reporting Period, the KAPPA Gara Series continued to foster its competitiveness through a combination of functional technology with fashionable designs. K-TECH, the technology platform launched by the brand, has continued to incorporate integrated technological elements into KAPPA Gara products. The application of K-UVCUT, K-ICEKOOL, K-FLEX, K-SHELL and K-FLASH DRY technologies in combination has brought to consumers textured and stylish sporting products that are not only fashionable, but also more comfortable to wear, demonstrating KAPPA's premium quality.

Shoes Products

During the Reporting Period, KAPPA footwear continued to focus on the forging of fashionable sports products with meticulous efforts in the three principal core categories of retro running shoes, fashion running shoes, and sneakers, while emphasising on the forging of TIFO shoes products. We re-categorised product hierarchy and corresponding consumer groups, which covered consumers at different levels through an innovative strategy that highlights our product style and category differences with an emphasis on the blending of brand assets with products, enrichment of product lines by incorporating trendy designs and we valued our strategy of brand sustainability. In the second quarter of 2024, the sales of both sneakers and running shoes grew steadily; during the summer, TIFO with lightweight fabrics with unique seasonal attributes, had great sales performance. In the third quarter of 2024, leveraging marketing events such as football matches at popular timings, we spared no effort in promoting the brand's signature TIFO, resulting in significant increases in market share and product exposure. Moreover, our products gained continuous exposure in the market thanks to a diversified marketing approach, as we consistently raised their profiles through digital marketing, and popular timings afforded by festivals and events, among others, in order to focus on trendy stuff followed by young consumers, further enlarge our customer base, and enhance our brand awareness.

Accessories

During the Reporting Period, KAPPA accessories continued to focus on the forging of fashionable sports products. On the basis of emphasising the strategy of brand sustainability, the online and offline businesses were growing at the same pace. In terms of offline products, they closely cooperated along the adjustment of styles of apparel products to emphasise the combination of brand DNA expression and business needs, which effectively enhances store image, driving an increase in customer foot traffic and associated sales growth. Meanwhile, the online accessories business continued to grow significantly, the influence of the stores gradually expanded, and sales increased significantly year-on-year. We focused on online consumer demand to create a series of popular accessory products, and emphasised product iteration to drive sales growth. In terms of online store operations, we actively implemented small-batch quick-response processes and upgraded product packaging, among other initiatives to enhance customer experience, consumer satisfaction and repurchase rates were effectively improved, further promoting the steady growth of the online accessories business.

Omni-channel Retail Network

During the Reporting Period, the Group continued to focus on the quasi-direct operation model and optimisation of single-store efficiency to speed up the efficient turnover of merchandise through omni-channels. As at 30 September 2024, the Group had a total of 1,001 KAPPA stores (excluding KAPPA Kid's stores), a net decrease of 11 stores (excluding KAPPA Kid's stores) compared to the end of FY2024.

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

MANAGEMENT DISCUSSION AND ANALYSIS

PRUDENT INVESTMENT STRATEGIES

During the Reporting Period, major stock markets were experiencing significant volatility amid global economic slowdown. The Group's investments include mainly equity investment, stock investment, fixed income and cash management. The diversity in investment distribution affords strong resilience against risks and ensures the safety and effectiveness of investment. As at 30 September 2024, the Group reported a net asset value of RMB8,311 million for its investment segment, representing a gradual increase of 0.5% as compared to 31 March 2024. During the Reporting Period, the Group achieved net investment income of RMB171 million. The Group will continue to optimise its investment asset portfolio, strengthen close cooperation with its investment project managers, advance new project investment in a prudent manner and facilitate timely and reasonable divestments of invested projects based on prudent principles to generate long-term and stable return for shareholders.

OUTLOOK

Looking forward, with the domestic economic growth stabilising and a series of government policies aimed at countering economic downturn and expanding domestic demand taking effect, the domestic consumer market is gradually recovering, with consumer confidence on the rise. According to the government's work report and the "Opinions on Accelerating Comprehensive Green Transformation of Economic and Social Development (《關於加快經濟社會發展全面綠色轉型的意見》)", the importance of green transformation for industry and the development of new quality productive forces are explicitly stated. As one of the key areas in the domestic consumer market, the sports consumer industry will actively respond to the government's call to build a green sports industry, injecting new impetus into economic growth. China Dongxiang remains optimistic about the prospects of China's overall sports and leisure clothing industry, with a belief in the significant development potential of the domestic sports market. In the future, the Group will continue to closely monitor market trends, seize opportunities, optimise its omni-channel layout and business systems, introduce more innovative products, provide consumers with quality consumer experiences, and enhance market competitiveness.

In terms of brand marketing, the Group will continue to adopt a variety of online and offline promotional activities, engage in cross-industry collaborations, and sponsor popular programs. These content marketing strategies aim to strengthen the interaction and experience between the brand and consumers, drive brand sales, increase brand exposure or generate buzz, hence further enhancing brand recognition and consolidating brand core competitiveness.

In terms of investment operations, the Group will continue to adjust its investment asset structure, strengthen close cooperation with investment project managers, prudently advance new project investments, assess the situation timely, and exit existing investments reasonably, thereby bringing stable and long-term returns to shareholders.

FINANCIAL REVIEW

The Group reported sales of RMB749 million for the six months ended 30 September 2024 (the “Reporting Period”), which decreased by 3.5% as compared to that for the six months ended 30 September 2023 (the “Comparative Period”). For the Reporting Period, operating profit of

RMB20 million was reported for the China Sporting Goods business, and operating profit of RMB142 million was reported for the investment business. Profit attributable to owners of the Company for the Reporting Period amounted to RMB137 million (Comparative Period: loss attributable to owners of the Company of RMB410 million).

Sales Analysis

Sales analysed by business and product categories

	For the six months ended 30 September						Change
	2024			2023			
	RMB million	% of product/brand mix	% of Group sales	RMB million	% of product/brand mix	% of Group sales	
Kappa Brand							
Apparel	520	73.8%	69.4%	543	73.5%	70.0%	-4.2%
Footwear	100	14.2%	13.4%	147	19.9%	18.9%	-32.0%
Accessories	85	12.0%	11.3%	49	6.6%	6.3%	73.5%
Kappa Brand Total	705	100.0%	94.1%	739	100.0%	95.2%	-4.6%
Others	44		5.9%	37		4.8%	18.9%
Total	749		100.0%	776		100.0%	-3.5%

MANAGEMENT DISCUSSION AND ANALYSIS

Total sales of the Kappa brand business, the core business of the Group, for the Reporting Period decreased by RMB34 million to RMB705 million as compared to RMB739 million for the Comparative Period.

During the Reporting Period, the Group continued to consolidate the business models of “brand + product” and “brand + direct operation”. We further enhanced our brand value by blending our brand culture in our continuously refined and upgraded products to foster solid brand

influence. Meanwhile, ongoing efforts were made to optimise and improve the new operation management model, optimise the networking of direct operations, enhance store efficiency and improve the e-commerce operations, so that demands from consumers were better accommodated and satisfied. Meanwhile, the Group also continued to conduct adjustments and optimisation of its directly operated stores, resulting in the operation of 1,001 Kappa stores in total.

Sales of Kappa brand analysed by sales channels

	For the six months ended 30 September				
	2024		2023		Change
	Sales RMB million	% of Kappa brand sales	Sales RMB million	% of Kappa brand sales	
Non directly-operated	253	35.9%	288	39.0%	-12.2%
Directly-operated	452	64.1%	451	61.0%	0.2%
Kappa Brand Total	705	100.0%	739	100.0%	-4.6%

Note: Excluding Kappa Kids' apparel business.

Sales of Kappa brand via non directly-operated channel decreased by RMB35 million to RMB253 million for the Reporting Period from RMB288 million for the Comparative Period, representing 35.9% of the total sales of the Group's Kappa brand business (Comparative Period: 39.0%).

As at 30 September 2024, the number of directly-operated stores under Kappa brand operated by our subsidiaries reached 557. Sales via directly operated channel increased by RMB1 million to RMB452 million for the Reporting Period from RMB451 million for the Comparing Period, representing 64.1% of the total sales of Group's Kappa brand business (Comparative Period: 61.0%).

Cost of Sales and Gross Profit

Cost of sales of the Group decreased by RMB7 million to RMB233 million for the Reporting Period (Comparative Period: RMB240 million).

The gross profit of the Group decreased by RMB20 million to RMB516 million (Comparative Period: RMB536 million). The Group's overall gross profit margin for the Reporting Period slightly decreased by 0.2 percentage point to 68.9% from 69.1% for the Comparative Period.

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

	For the six months ended		
	30 September		
	2024	2023	Change
	Gross profit margin	Gross profit margin	% pts
Kappa Brand			
Apparel	71.4%	73.7%	-2.3
Footwear	61.5%	58.3%	3.2
Accessories	73.4%	71.8%	1.6
Kappa Brand Total	70.2%	70.5%	-0.3
Others	48.3%	40.4%	7.9
Overall	68.9%	69.1%	-0.2

Gross profit margin of Kappa brand business for the Reporting Period slightly decreased by 0.3 percentage point to 70.2% from 70.5% for the Comparative Period.

Other Income and Gains/(Losses) — Net

The net gain amount of other income and gains/(losses) for the Reporting Period was RMB192 million (Comparative Period: net loss amount of other income and gains/(losses) of RMB461 million), which included the net amount of investment gains of RMB171 million contributed by the investment segment and franchise fee income of RMB21 million.

Investment Segment

Net amount of investment gains from investment segment of the Group for the Reporting Period was RMB171 million (Comparative Period: investment loss of RMB497 million), comprising mainly gains from fair value change of financial instruments of RMB109 million, dividend income from investment of RMB14 million, and interest income from loan receivables of RMB21 million.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	For the six months ended	
	30 September	
	2024	2023
	Gains/(losses)	(Losses)/gains
	from investment	from investment
	segment	segment
	RMB million	RMB million
Investments		
Equity	97	(188)
Private-equity funds	(26)	(151)
Equity funds	18	(61)
Single equity investments	25	(137)
Debts, bonds, debt funds	31	19
Others	26	21
Total	171	(497)

Distribution Expenses and Administrative Expenses

Distribution expenses and administrative expenses mainly comprised employee salary and benefit expenses, selling and advertising expenses, logistic and warehouse operation fees and product design and development expenses. Total distribution expenses and administrative expenses for the Reporting Period was RMB526 million (Comparative Period: RMB519 million), constituting 70.2% of the Group's total revenue and 3.3 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. The Group has strictly controlled various expenditures through effective management measures.

During the Reporting Period, the Group optimised and adjusted the internal organisational structure to further enhance the motivation of all staff members. Employee salary and benefit expenses decreased by RMB2 million to RMB60 million for the Reporting Period as compared to that for the Comparative Period (Comparative Period: RMB62 million).

Selling and advertising expenses of the Group increased by RMB9 million to RMB333 million for the Reporting Period from RMB324 million for the Comparative Period, which was principally due to the increase in marketing activities during the period as compared to the Comparative Period.

Logistic and warehouse operation fees for the Reporting Period amounted to RMB15 million (Comparative Period: RMB16 million), a decrease by RMB1 million versus the Comparative Period, which was due to the optimization of the storage structure and the improvement of storage operation efficiency during the period.

For the Reporting Period, the Group continued to adopt a more cautious but effective approach in investment in product R&D, as our design and product development expenses amounted to RMB19 million (Comparative Period: RMB17 million), which increased by RMB2 million as compared to that for the Comparative Period.

Operating Profit

For the Reporting Period, operating profit of the Group was RMB162 million (Comparative Period: operating loss of RMB471 million). The operating profit margin was 21.6% for the Reporting Period (Comparative Period: operating loss margin of 60.7%). Among this, operating profit from the China Sporting Goods segment was RMB20 million (Comparative Period: operating profit of RMB75 million).

Finance Income — Net

For the Reporting Period, net finance income of the Group amounted to RMB1 million (Comparative Period: net finance income of RMB30 million), which mainly consisted of interest income from bank deposit of RMB13 million (Comparative Period: RMB30 million); interest expense of lease liabilities of RMB1 million (Comparative Period: RMB1 million). Exchange loss of RMB10 million (Comparative Period: exchange gain of RMB2 million) was also generated during the Reporting Period.

Taxation

For the Reporting Period, the Group incurred operating profit before income tax amounting to RMB161 million, resulting in income tax expense amounting to RMB24 million (Comparative Period: income tax credit of RMB32 million). The effective tax rate was 14.9% (Comparative Period: 7.2%).

Profit and Net Profit Margin Attributable to Owners of the Company

Profit attributable to owners of the Company for the Reporting Period was RMB137 million (Comparative Period: loss attributable to owners of the Company of RMB410 million), and the profit margin attributable to owners of the Company was 18.3% (Comparative Period: loss margin attributable to owners of 52.8%).

Earnings Per Share

The basic and diluted earnings per share for profit attributable to owners of the Company were both RMB2.34 cents for the Reporting Period. The basic and diluted losses per share was RMB6.99 cents for the Comparative Period.

The basic earnings per share are calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares of the Company in issue less shares held under restricted share award scheme of the Company during the period. As at 30 September 2024, the total number of ordinary shares of the Company was 5,887,561,025 shares.

Interim Dividend and Interim Special Dividend

The board of directors of the Company has resolved to declare an interim dividend of RMB0.70 cents and an interim special dividend of RMB0.70 cents per ordinary share, totalling RMB1.40 cents (equivalent to HK1.52 cents) per share in total, for the six months ended 30 September 2024, amounting to approximately RMB82,426,000.

The interim dividend and interim special dividend will be paid in HK Dollars based on the rate of HKD1.00 = RMB0.92407 being the official exchange rate of HK Dollars against Renminbi as quoted by the People's Bank of China at 26 November 2024. The dividends will be paid on or around 24 December 2024 to shareholders whose names appear on the register of members of the Company on 13 December 2024.

Closure of Register of Members for the Entitlement of interim dividend and Interim Special Dividend

The Register of Members of the Company will be closed from 11 December 2024 to 13 December 2024 (both days inclusive), for the purpose of determining shareholders' entitlements to the 2024/2025 interim dividend and interim special dividend. In order to qualify for the 2024/2025 interim dividend and interim special dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 10 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Issue of New Shares to Management Personnel

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

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

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

Under the April Subscription, the Company issued 9,000,000 ordinary shares to Mr. Yang Gang on 27 April 2018 under general mandate at the subscription price of HK\$1.29 per subscription share. The aggregate nominal value of the 9,000,000 ordinary shares issued was HK\$90,000, and the net

subscription price (after deduction of relevant expenses) was approximately HK\$1.279 per subscription share. The subscription price of HK\$1.29 per subscription share represented a discount of approximately 9.8% to the closing price of HK\$1.43 per share as quoted on the Stock Exchange on the date of the subscription agreement. Mr. Yang Gang settled the subscription consideration using the proceeds of a five-year term loan provided by the Group.

Under the January Subscription and April Subscription, connected subscription loan agreements and management subscription loan agreements were entered into between Bright Pacific Enterprises Limited a wholly-owned subsidiaries of the Company and each of the subscribers and management. On 29 June 2020, these loan agreements were assigned to Gaea Sports Limited (“GSL”), a wholly-owned subsidiary of the Company. Please refer to the section headed “Other financial assets at amortised cost” in Note 18(b) to the interim condensed consolidated financial information for details of the subscription loans.

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

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

Restricted Share Award Scheme

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

Details of the Company's restricted share award scheme can be found in the "Other Information — Restricted share award scheme" section set out on pages 26 to 28 of the Company's interim report for the six months ended 30 September 2024.

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 "Other Information — Share Option Scheme" section set out on pages 28 to 31 of the Company's interim report for the six months ended 30 September, 2024.

FINANCIAL POSITION

Working capital efficiency ratios

Average trade receivable turnover days for the Reporting Period and the Comparative Period were 32 days and 35 days, respectively. Average trade payable turnover days for the Reporting Period and the Comparative Period were 139 days and 143 days, respectively. The average inventory turnover days for the Reporting Period and the Comparative Period were 266 days and 265 days, respectively.

Liquidity and financial resources

As at 30 September 2024, cash and bank balances of the Group amounted to RMB3,170 million, an increase of RMB135 million as compared to a balance of RMB3,035 million as at 31 March 2024, which was mainly due to the net effect of the followings:

- 1) Net cash outflow from operating activities of approximately RMB6 million;
- 2) Payment of dividends during the Reporting Period for an amount of equivalent to approximately RMB30 million;
- 3) Cash outflows for investment in financial assets of approximately RMB1,340 million, cash inflow from partial disposal of financial assets and dividend income of approximately RMB1,505 million, and cash inflow from interest income from loans to external parties of RMB8 million;
- 4) Other aggregate cash outflows amount of RMB2 million.

As at 30 September 2024, net asset value attributable to owners of the Company was RMB9,135 million (as at 31 March 2024: RMB9,075 million). The Group's current assets exceeded current liabilities by RMB4,186 million (as at 31 March 2024: RMB3,990 million). The Group also had a very strong liquidity position. The current ratio as of 30 September 2024 was 7.2 times (as at 31 March 2024: 9.0 times).

MANAGEMENT DISCUSSION AND ANALYSIS

Investments in financial assets

As at 30 September 2024, the Group's current and non-current proportion of financial assets at fair value through profit or loss amounted to RMB4,768 million in aggregate, which included the following:

Listed securities:

Name	Fair value as at 30 September 2024 RMB million	Fair value as at 31 March 2024 RMB million
Alibaba	448	396
Other listed securities	224	274
Total	672	670

Other unlisted investments:

Investments	Fair value as at 30 September 2024 RMB million	Fair value as at 31 March 2024 RMB million
CPE Yuanfeng Fund RMB III	384	400
Jiashi Investment Preferred Cornerstone	327	326
Guotiao Hongtai Fund	237	256
Panfeng Value Private Securities Investment Fund Phase C	210	0
Jiashi Investment Preferred II	159	159
CPE Yuanfeng RMB New Fund	156	158
Yunfeng Fund RMB IV	148	167
CPE Global Opportunities Fund L.P.	144	149
Yunfeng Fund USD III	101	110
CPE Global Opportunities Fund II, L.P.	96	93
Jiayu Fund RMB II	86	91
Hongtai Growth Fund	85	86
Yunfeng Fund RMB III	77	78
Boyu USD Fund	69	101
Others	1,817	1,883
Total	4,096	4,057

Loan Receivables

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

As at 30 September 2024, the Group had loan receivables of an aggregated carrying amount of RMB884 million (31 March 2024: RMB901 million), including loans of an aggregated carrying amount of RMB560 million (31 March 2024: RMB575 million) to the independent third parties, loans of an aggregated carrying amount of RMB12 million (31 March 2024: RMB12 million) to the related parties and loan receivables of an aggregated carrying amount of RMB312 million (31 March 2024: RMB313 million) to the management personnel.

As at 30 September 2024, the amount of each loan receivable from the Borrower from the independent third parties varied from RMB4 million to RMB323 million, which bear interests at fixed interest rates in the range of 8% to 12% per annum. The maturity period of each loan receivable from the Borrower varied with the range from 10 to 36 months. All these loan receivables were secured by the pledges of certain assets of the Borrowers.

The total number of Borrowers under the Lending Arrangement was sixteen as at 30 September 2024. The aggregated carrying amount of loan receivables due from the largest Borrower was RMB323 million, whereas the aggregated carrying amount of loan receivables due from the five largest Borrowers was RMB585 million, representing approximately 36.5% and 66.2% of the aggregated carrying amount of loan receivables of the Company as at 30 September 2024, respectively.

The amount of provision for impairment in respect of the loan receivables of the Group as at 30 September 2024 was approximately RMB153 million, as compared to approximately RMB138 million as at 31 March 2024. Provision for impairment increased by RMB15 million during the Reporting Period. Such increase was mainly due to the decrease in fair value of certain loan collaterals during the current period. As affected by the market and economic environment, the fair value of the collaterals of certain Borrowers have decreased. The Group has engaged an external valuer to assist in determining the expected credit loss ("ECL") of these receivables based on the three-stage impairment model set out in IFRS 9 "Financial Instruments". As appraised by an independent valuer, the fair value of the existing collaterals was insufficient to fully cover the total outstanding amount of relevant loans. Therefore, the impairment provision for the relevant loans as at 30 September 2024 was increased.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

In order to ensure the recoverability of the loans granted and the adequacy of collaterals under the Lending Arrangement, the Group has adopted and followed a series of strict credit assessment policies and procedures to regulate the operation of the Lending Arrangement. Internal manuals which set out, among others, (i) documents and information required for each loan application; (ii) the general framework of the Group’s credit assessment process including but not limited to the factors to be considered such as a potential borrower’s background, financial and repayment abilities, credit worthiness and intended use of the loan; and (iii) the approval process for each type of loan application, have been distributed to and reviewed by relevant personnel. On the basis that the operation of the Group’s principal business would not be affected and that sufficient idle cash has been set aside, loans applications would be reviewed and approved, on a case-by-case basis, by the majority of the investment committee of the Group (the “Committee”), the members of which comprise three Directors. The applicable percentage ratios in respect of each loan application would be computed to ensure compliance with

the Listing Rules. The Committee would conduct a thorough assessment of a potential borrower’s eligibility by conducting background searches to obtain information regarding a potential borrower’s background, financial and repayment abilities (including but not limited to reviewing financial statements of companies and income proof of individuals), credit worthiness, asset proof (if securities or collaterals are involved) and the intended use of the loan. Upon the entering into of a loan agreement under the Lending Arrangement, the Group would regularly collect and review information regarding the Borrowers’ financial positions through conducting background searches and engaging an independent valuer to review the value of any collateral to evaluate whether there are any risks of default. In the event that risks of default are identified, the Company would consider exercising its rights in accordance with the terms of the relevant loan agreements, including but not limited to demanding for the repayment of the principal amount and interest accrued, realising of security interests, and demanding for additional collaterals (where applicable).

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

Further details of the loan receivables are set out in Note 18 of the interim condensed consolidated financial information.

Pledge of assets

As at 30 September 2024, the Group had no pledged assets (as at 31 March 2024: nil).

Capital commitments

In September 2020, the Group entered into a limited partnership agreement with Xiamen Yuanfeng Investment LLP., with a total committed investment amount of RMB200 million. As at 30 September 2024, the Group had paid a capital contribution of RMB130 million with a remaining balance of RMB70 million as capital commitments.

In January 2021, the Group entered into a limited partnership agreement with CPE Global Opportunities Fund II, with a total committed investment amount of USD30 million. As at 30 September 2024, the Group had paid a capital contribution of USD15 million with a remaining balance of USD15 million (equivalent to approximately RMB109 million) as capital commitments.

In February 2021, the Group entered into a limited partnership agreement with Yunfeng Fund IV (雲鋒基金IV), with a total committed investment amount of USD20 million. As at 30 September 2024, the Group paid a capital contribution of USD9 million with a remaining balance of USD11 million (equivalent to approximately RMB74 million) as capital commitments.

In July 2023, the Group entered into a limited partnership agreement with EnvisionX Partners Fund, L.P., with a total committed investment amount of USD6 million. As at 30 September 2024, the Group had paid a capital contribution of USD4 million with a remaining balance of USD2 million (equivalent to approximately RMB14 million) as capital commitments.

In August 2023, the Group entered into a limited partnership agreement with TH Capital China Growth Fund I, L.P., with a total committed investment amount of USD10 million. As at 30 September 2024, the Group had paid a capital contribution of USD5 million with a remaining balance of USD5 million (equivalent to approximately RMB35 million) as capital commitments.

In November 2023, the Group entered into a limited partnership agreement with CPE Global Select Fund, L.P., with a total committed investment amount of USD10 million. As at 30 September 2024, the Group had paid a capital contribution of USD2 million with a remaining balance of USD8 million (equivalent to approximately RMB53 million) as capital commitments.

Foreign Exchange Risk

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

Significant Investments and Acquisitions

No significant investments were held by the Group as at 30 September 2024 and no material acquisitions or disposals of the Group’s subsidiaries, associates and joint ventures took place during the six months ended 30 September 2024.

OTHER INFORMATION

1 RESTRICTED SHARE AWARD SCHEME

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

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

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

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

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

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

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

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

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

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

For the six months ended 30 September 2024, none of the Restricted Shares were granted to any eligible participant pursuant to the Restricted Share Award Scheme. None of the Restricted Shares were vested, cancelled or lapsed during the period. As at 1 April 2024 and 30 September 2024, there was no unvested Restricted Shares. As at 30 September 2024, the number of Restricted Shares granted under the Scheme amounted to 7,081,000 Shares since the adoption of the Share Award Scheme, representing approximately 0.125% of the issued shares as at the Adoption Date. In 2016, 131,071 granted Restricted Shares was lapsed. As at 1 April 2024 and 30 September 2024, 23,050,071 Restricted Shares were available for grant under the Share Award Scheme. As at the date of this interim report, 23,050,071 Restricted Shares were available for grant under the Share Award Scheme, representing 0.39% of the issued shares of the Company as at the date of this interim report. The remaining life of the Share Award Scheme is approximately over six years.

OTHER INFORMATION

Further details of the Share Award Scheme are set out in Note 25 of the interim condensed consolidated financial information. Save as disclosed above, there is no any other information in relation to the Restricted Share Award Scheme required to be disclosed pursuant to Rule 17.07 of Listing Rules.

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.

2 SHARE OPTION SCHEME

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

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

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

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

- (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the offer date;
- (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date; and
- (iii) the nominal value of the shares.

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

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

During the six months ended 30 September 2024, no share options were granted and no share options were exercised or cancelled under the Share Option Scheme. As at 1 April 2024 and 30 September 2024 the share options available for grant under the scheme mandate is 387,172,102 and 507,172,102 respectively.

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

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

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

As at the date of this interim report, 507,172,102 share options are available for issue under the Share Option Scheme (in respect of share options which may be granted under the Share Option Scheme), which represents approximately 8.614% of the issued shares as at the date of the interim report. Further details of the share option scheme are set out in Note 25 of the interim condensed consolidated financial information.

OTHER INFORMATION

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 six months ended 30 September, 2024:

Category	Date of grant	Number of share options					Outstanding as at 30 September 2024	Exercise period	Exercise price per share (HK\$)	Closing price immediately before the date of grant (HK\$)	Fair value of the options at the date of grant during the six months ended 30 September 2024 and the accounting policy adopted (HK\$) ⁽¹²⁾	Weighted average closing price of the options exercised immediately before the date of such options were exercised during the six months ended 30 September 2024 (HK\$) ⁽¹⁰⁾	Exercise price of the options cancelled during the six months ended 30 September 2024 (HK\$) ⁽¹⁰⁾	Vesting period
		Outstanding as at 1 April 2024	Granted during the six months ended 30 September 2024 ⁽¹²⁾	Exercised during the six months ended 30 September 2024 ⁽¹⁰⁾	Lapsed during the six months ended 30 September 2024 ⁽¹⁰⁾	Cancelled during the six months ended 30 September 2024 ⁽¹⁰⁾								
Directors														
Ms. Chen Chen	15/04/2021 ⁽⁹⁾	23,000,000	—	—	23,000,000	—	—	15/04/2021–14/04/2031	0.94	0.92	—	—	—	On or after 14/04/2024 ⁽⁹⁾
Mr. Lyu Guanghong	15/04/2021 ⁽⁹⁾	6,000,000	—	—	6,000,000	—	—	15/04/2021–14/04/2031	0.94	0.92	—	—	—	On or after 14/04/2024 ⁽⁹⁾
	18/04/2023 ⁽⁹⁾	3,900,000	—	—	—	—	3,900,000	18/04/2023–17/04/2033	0.33	0.33	—	—	—	18/04/2023–17/04/2026 ⁽⁹⁾
Associates of Directors														
Mr. Men Xiaochen (spouse of Ms. Chen Chen, and thus an associate of Ms. Chen Chen)	18/04/2023 ⁽⁹⁾	3,900,000	—	—	—	—	3,900,000	18/04/2023–17/04/2033	0.33	0.33	—	—	—	18/04/2023–17/04/2026 ⁽⁹⁾
	16/09/2019	320,000	—	—	—	—	320,000	16/09/2019–15/09/2029	0.854	0.82	—	—	—	16/09/2019–15/09/2022 ⁽⁹⁾
Employees														
—	16/09/2019 ⁽⁹⁾	5,080,000	—	—	—	—	5,080,000	16/09/2019–15/09/2029	0.854	0.82	—	—	—	16/09/2019–15/09/2022 ⁽⁹⁾
—	07/01/2020 ⁽⁹⁾	720,000	—	—	—	—	720,000	07/01/2020–06/01/2030	0.86	0.82	—	—	—	07/01/2020–06/01/2023 ⁽⁹⁾
—	01/04/2020 ⁽⁹⁾	—	—	—	—	—	—	01/04/2020–31/03/2030	0.67	0.64	—	—	—	01/04/2020–31/03/2023 ⁽⁹⁾
—	01/09/2020 ⁽⁹⁾	—	—	—	—	—	—	01/09/2020–31/08/2030	1.09	0.99	—	—	—	01/09/2020–31/08/2023 ⁽⁹⁾
—	15/04/2021 ⁽⁹⁾	90,000,000	—	—	90,000,000	—	—	15/04/2021–14/04/2031	0.94	0.92	—	—	—	On or after 14/04/2024 ⁽⁹⁾
—	02/07/2021 ⁽⁹⁾	—	—	—	—	—	—	02/07/2021–01/07/2031	1.36	1.34	—	—	—	On or after 01/07/2024 ⁽⁹⁾
—	28/01/2022 ⁽⁷⁾	—	—	—	—	—	—	28/01/2022–27/01/2032	0.676	0.67	—	—	—	On or after 27/01/2025 ⁽⁹⁾
—	17/03/2022 ⁽⁹⁾	600,000	—	—	—	—	600,000	17/03/2022–16/03/2032	0.459	0.435	—	—	—	On or after 16/03/2025 ⁽⁹⁾
—	18/04/2023 ⁽⁹⁾	66,480,000	—	—	1,000,000	—	65,480,000	18/04/2023–17/04/2033	0.33	0.33	—	—	—	18/04/2023–17/04/2026 ⁽⁹⁾
Total		200,000,000	0	0	120,000,000	0	80,000,000							

* Further details of the share options are set out in note 25 to the interim condensed consolidated financial information on pages 64 to 67 of this interim report.

⁽⁹⁾ All share options may be vested only on or after the third (3rd) anniversary of the grant date.

⁽¹⁰⁾ Vesting period of share options as below:

Vesting schedule

First (1st) anniversary of the grant date
Second (2nd) anniversary of the grant date
Third (3rd) anniversary of the grant date

Vesting portion

1/3 of the share options
an additional 1/3 of the share options (i.e. up to 2/3 of the share options in total)
an additional 1/3 of the share options (i.e. up to 100% of the share options in total)

Notes:

1. On 16 September 2019, the Company granted an aggregate of 18,300,000 options to certain management staff and employees of the Company to subscribe for a total of 18,300,000 ordinary shares of HK\$0.01 each in the share capital of the Company, representing approximately 0.31% of the issued share capital of the Company as at the date of grant, pursuant to the Share Option Scheme. Please refer to the announcement of the Company dated 16 September 2019 for details.
2. On 7 January 2020, the Company granted an aggregate of 1,560,000 options to certain management staff and employees of the Company to subscribe for a total of 1,560,000 ordinary shares of HK\$0.01 each in the share capital of the Company, representing approximately 0.03% of the issued share capital of the Company as at the date of grant, pursuant to the Share Option Scheme. Please refer to the announcement of the Company dated 7 January 2020 for details.
3. On 1 April 2020, the Company granted an aggregate of 2,400,000 options to certain management staff of the Company to subscribe for a total of 2,400,000 ordinary shares of HK\$0.01 each in the share capital of the Company, representing approximately 0.04% of the issued share capital of the Company as at the date of grant, pursuant to the Share Option Scheme. Please refer to the announcement of the Company dated 1 April 2020 for details.
4. On 1 September 2020, the Company granted an aggregate of 1,200,000 options to certain management staff of the Company to subscribe for a total of 1,200,000 ordinary shares of HK\$0.01 each in the share capital of the Company, representing approximately 0.02% of the issued share capital of the Company as at the date of grant, pursuant to the Share Option Scheme. Please refer to the announcement of the Company dated 1 September 2020 for details.
5. On 15 April 2021, the Company granted an aggregate of 189,400,000 options to certain management staff and employees of the Company, including three executive directors of the Company (namely Mr. Zhang Zhiyong, Ms. Chen Chen and Mr. Lyu Guanghong), to subscribe for a total of 189,400,000 ordinary shares of HK\$0.01 each in the share capital of the Company, representing approximately 3.22% of the issued share capital of the Company as at the date of grant, pursuant to the Share Option Scheme. Please refer to the announcement of the Company dated 15 April 2021 for details.
6. On 2 July 2021, the Company granted an aggregate of 3,500,000 options to certain management staff and employees of the Company to subscribe for a total of 3,500,000 ordinary shares of HK\$0.01 each in the share capital of the Company, representing approximately 0.06% of the issued share capital of the Company as at the date of grant, pursuant to the Share Option Scheme. Please refer to the announcement of the Company dated 2 July 2021 for details.
7. On 28 January 2022, the Company granted an aggregate of 1,500,000 options to certain management staff and employees of the Company to subscribe for a total of 1,500,000 ordinary shares of HK\$0.01 each in the share capital of the Company, representing approximately 0.025% of the issued share capital of the Company as at the date of grant, pursuant to the Share Option Scheme. Please refer to the announcement of the Company dated 28 January 2022 for details.
8. On 17 March 2022, the Company granted an aggregate of 600,000 options to certain management staff and employees of the Company to subscribe for a total of 600,000 ordinary shares of HK\$0.01 each in the share capital of the Company, representing approximately 0.01% of the issued share capital of the Company as at the date of grant, pursuant to the Share Option Scheme. Please refer to the announcement of the Company dated 17 March 2022 for details.
9. On 18 April 2023, the Company granted an aggregate of 76,860,000 share options to certain management staff and employees of the Company, including Mr. Lyu Guangdong, being an executive director of the Company (3,900,000 share options granted) and Mr. Men Xiaochen, being an associate (3,900,000 share options granted) of Ms. Chen Chen, an executive director of the Company, to subscribe for a total of 76,860,000 ordinary shares of HK\$0.01 each in the share capital of the Company, representing approximately 1.31% of the issued share capital of the Company as at the date of grant, pursuant to the Share Option Scheme. Please refer to the announcement of the Company dated 18 April 2023 for details.
10. For the six months ended 30 September 2024, no share options were exercised or cancelled. The weighted average closing price for exercised share options and the exercise price of the cancelled share options are not applicable. 120,000,000 share options have lapsed during the six months ended 30 September 2024.
11. There are no participants with options granted in excess of the individual limit and no grants to suppliers of goods and services. There were no share options granted to any related entity participants, service providers of the Company. Save as disclosed, there was no share options granted to any other Directors, chief executive, substantial shareholders of the Company or their respective associates.
12. For the six months ended 30 September 2024, no share option was granted under the Share Option Scheme. Therefore, the number of Shares which may be issued in respect of options and awards granted under all scheme of the Company during the Reporting Period divided by the weighted average number of shares of the relevant class in issue for the Reporting Period was nil.
13. Save as disclosed above, no other share options were granted, exercised, lapsed or canceled for the six months ended 30 September 2024.
14. Save as disclosed above, there is no any other information required to be disclosed pursuant to Rule 17.07 of the Listing Rules.

OTHER INFORMATION

3 DISCLOSURE OF INTEREST

(a) Directors' Interests in Securities

As at 30 September 2024, the interests and short positions of the directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), which have been notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 &

8 Part XV of the SFO, including interests and short positions which the directors and chief executive of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Model Code contained in the Listing Rules are as follows:

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

Name of Directors	Nature of interest	Number and class of securities		Approximate percentage of total issued Shares
		Long position	Short position	
Mr. Chen Yihong	Interest of a controlled corporation ⁽¹⁾	2,359,936,000 shares	—	40.08%
	Interest of a controlled corporation ⁽³⁾	312,090,025 shares	—	5.3%
Ms. Chen Chen	Interest of a controlled corporation ⁽²⁾	177,998,730 shares	—	3.02%
	Beneficial owner	21,500,000 shares ⁽⁴⁾	—	0.365%
Mr. Lyu Guanghong	Interest of spouse ⁽⁴⁾	4,220,000 shares	—	0.07%
	Beneficial owner ⁽³⁾	13,900,000 shares ⁽⁵⁾	—	0.236%

Notes:

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

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

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

- (4) It included Ms. Chen Chen's interests in 21,500,000 shares. It included Mr. Men Xiaochen's interest in share options to subscribe for 320,000 shares pursuant to the share options granted by the Company on 16 September 2019 under the share option scheme adopted by the Company on 8 August 2019 at an exercise price of HK\$0.854 each. It also included Mr. Men Xiaochen's interest in share options to subscribe for 3,900,000 shares pursuant to the share options granted by the Company on 18 April 2023 under the share option scheme adopted by the Company on 8 August 2019 at an exercise price of HK\$0.33 each. Mr. Men Xiaochen is the spouse of Ms. Chen Chen (an executive director of the Company), and thus an associate of Ms. Chen Chen. Ms. Chen Chen's interest in share options to subscribe for 23,000,000 shares granted by the Company on 15 April 2021 was lapsed on 12 April 2024.
- (5) It included Mr. Lyu Guanghong's interests in 10,000,000 shares. It also included Mr. Lyu Guanghong's interest in share options to subscribe for 3,900,000 shares pursuant to the share options granted by the Company on 18 April 2023 under the share option scheme adopted by the Company on 8 August 2019 at an exercise price of HK\$0.33 each. Mr. Lyu Guanghong's interest in share options to subscribe for 6,000,000 shares granted by the Company on 15 April 2021 was lapsed on 12 April 2024.
- (6) The calculations are based on the total number of Shares in issue as at 30 September 2024 of 5,887,561,025 Shares.

Save as disclosed above, as at 30 September 2024, none of the directors and chief executives of the Company had or was deemed to have any interests or short position in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

(b) Interests and Short Positions of Substantial Shareholders

As at 30 September 2024, other than the interests and short positions as disclosed above, the following persons have interests or short positions in the Shares, underlying Shares and debentures of the Company which fall to be disclosed to the Company under Divisions 2 & 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Part XV (s.336) of the SFO, or otherwise known to the directors:

Name of Shareholders	Nature of interest	Number of Shares		Approximate percentage of shareholding
		Long position	Short position	
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.

OTHER INFORMATION

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

Save as disclosed above, as at 30 September 2024, the Directors are not aware of any other person or corporation (who were not Directors or chief executive of the Company) having an interest or short position in Shares and underlying Shares of the Company representing 5% or more of the issued share capital of the Company.

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

The Company is committed to ensuring high standards of corporate governance in the interests of shareholders and devotes considerable effort to identifying and formalising best practices. The Company has complied with all the Code Provisions set out in the CG Code as contained in Appendix C1 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") for the six months ended 30 September 2024.

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

The Company has adopted the Model Code set out in Appendix C3 of the Listing Rules as the standard for securities transactions by directors. The Company has made specific enquiries of all the directors and all the directors confirmed that they have complied with the required standards set out in the Model Code for the six months ended 30 September 2024.

6 AUDIT COMMITTEE

The Audit Committee of the Company, comprising two independent non-executive directors, has reviewed the effectiveness of both the external and internal audit and of internal controls and risk evaluation, including the interim report for the six months ended 30 September 2024.

The interim condensed consolidated financial statements for the six months ended 30 September 2024 of the Group has also been reviewed by Deloitte Touche Tohmatsu, the auditor of the Company, in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", and Deloitte Touche Tohmatsu has expressed an unmodified review opinion on the interim condensed consolidated financial statements.

7 PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

8 CHANGES IN DIRECTORS' INFORMATION

Dr. Chen Guogang has resigned as an independent non-executive Director, the chairman of the audit committee of the Board, a member of the remuneration committee of the Board and a member of the environmental, social and governance committee of the Company with effect from 8 October 2024.

Mr. Gao Yu has resigned as 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 with effect from 28 June 2024.

9 CONSTITUTIONAL DOCUMENTS

The Company has adopted the Third Amended and Restated Memorandum and Articles of Association at the 2024 annual general meeting of the Company held on 21 August 2024. An up-to-date version of the Company's Third Amended and Restated Memorandum and Articles of Association has been posted on both the websites of the Company and the Stock Exchange.

10 CHANGE OF THE AUDITOR OF THE COMPANY

On 30 September 2024, PricewaterhouseCoopers ("PwC") tendered its resignation as the auditor of the Company, effective immediately. On the same day, Deloitte Touch Tohmatsu ("Deloitte") was appointed as the auditor of the Company, also effective immediately, to fill the causal vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting of the Company. For details, please refer to the announcements of the Company dated 30 September 2024.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

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TO THE BOARD OF DIRECTORS OF CHINA DONGXIANG (GROUP) CO., LTD.

(incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements of China Dongxiang (Group) Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 76, which comprise the interim condensed consolidated balance sheet as at 30 September 2024 and the related interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended, and notes to the interim condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE 2410") issued by the International Auditing and Assurance Standards Board. A review of these interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

OTHER MATTER

The comparative interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period ended 30 September 2023 and the relevant notes were extracted from the interim condensed consolidated financial information of the Group for the six-month period ended 30 September 2023 reviewed by another auditor who expressed an unmodified opinion on those statements on 22 November 2023.

The comparative condensed consolidated balance sheet as at 31 March 2024 and the relevant notes were extracted from the consolidated financial statements of the Group for the year ended 31 March 2024 audited by another auditor who expressed an unmodified opinion on those statements on 26 June 2024.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

27 November 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	Notes	Six months ended 30 September	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue	4	748,887	775,993
Cost of sales		(232,743)	(239,554)
Gross profit		516,144	536,439
Distribution expenses		(468,203)	(458,421)
Administrative expenses		(57,633)	(60,828)
Impairment losses under expected credit loss ("ECL") model, net of reversal	20	(20,162)	(27,174)
Other income and gains/(losses) — net	6	192,299	(461,497)
Operating profit/(loss)		162,445	(471,481)
Finance income	8	12,960	31,939
Finance expenses	8	(11,588)	(2,248)
Finance income — net		1,372	29,691
Share of post-tax (losses)/profits of joint ventures and associates accounted for using the equity method		(2,689)	350
Profit/(loss) before income tax		161,128	(441,440)
Income tax (expense)/credit	9	(24,163)	31,727
Profit/(loss) for the period		136,965	(409,713)
Profit/(loss) attributable to:			
— Owners of the Company		136,965	(409,713)
— Non-controlling interests		—	—
		136,965	(409,713)

	Note	Six months ended 30 September	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Other comprehensive (expense)/income:			
Items that may be reclassified to profit or loss			
— Currency translation differences on foreign operations		(47,143)	162,303
Items that will not be reclassified to profit or loss			
		—	—
Other comprehensive (expense)/income, net of tax		(47,143)	162,303
Total comprehensive income/(expense) for the period		89,822	(247,410)
Total comprehensive income/(expense) for the period attributable to:			
— Owners of the Company		89,822	(247,410)
— Non-controlling interests		—	—
		89,822	(247,410)
Earnings/(losses) per share for loss attributable to owners of the Company for the period (expressed in RMB cents per share)			
— Basic earnings/(losses) per share	10	2.34	(6.99)
— Diluted earnings/(losses) per share	10	2.34	(6.99)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2024

	Notes	As at 30 September 2024 RMB'000 (unaudited)	As at 31 March 2024 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	146,839	156,225
Intangible assets	13	155,955	159,849
Right-of-use assets	14	62,407	55,553
Investment properties	15	46,781	39,876
Investments accounted for using the equity method	16	5,461	7,692
Financial assets at fair value through profit or loss ("FVTPL")	19	3,731,949	3,955,540
Deferred income tax assets	9	147,837	154,537
Other financial assets at amortised cost	18	815,296	723,535
Total non-current assets		5,112,525	5,252,807
Current assets			
Inventories		390,922	286,490
Trade receivables	17	120,787	142,535
Other current assets		31,274	22,759
Financial assets at FVTPL	19	1,035,644	771,052
Other financial assets at amortised cost	18	115,094	229,989
Restricted cash		1,769	1,768
Term deposits with initial term over three months and within one year		1,731,492	1,268,507
Cash and cash equivalents		1,436,779	1,764,656
Total current assets		4,863,761	4,487,756
Total assets		9,976,286	9,740,563
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium		991,695	1,021,573
Shares held for employee share scheme	24	(196)	(196)
Reserves		8,143,817	8,053,381
Capital and reserves attributable to owners of the Company		9,135,316	9,074,758
Non-controlling interests		—	—
Total equity		9,135,316	9,074,758

	Notes	As at 30 September 2024 RMB'000 (unaudited)	As at 31 March 2024 RMB'000 (audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		18,458	14,754
Deferred income tax liabilities	9	144,362	153,042
Total non-current liabilities		162,820	167,796
Current liabilities			
Derivatives	28	115,098	1,456
Contract liabilities		18,005	18,835
Lease liabilities		28,640	24,148
Trade payables	21	228,838	125,043
Accruals and other payables	22	275,851	315,665
Current income tax liabilities		11,718	12,862
Total current liabilities		678,150	498,009
Total liabilities		840,970	665,805
Total equity and liabilities		9,976,286	9,740,563

The interim condensed consolidated financial statements on pages 38 to 76 was approved and authorised for issue by the Board of Directors of the Company on 27 November 2024 and was signed on its behalf by:

CHEN YIHONG

Chairman and Executive Director

CHEN CHEN

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

	Attributable to owners of the Company							
	Shares capital RMB'000 (unaudited)	Share premium RMB'000 (unaudited)	Share held for employee scheme RMB'000 (unaudited)	Other reserves RMB'000 (unaudited)	Retained earnings RMB'000 (unaudited)	Total RMB'000 (unaudited)	Non-controlling interests RMB'000 (unaudited)	Total equity RMB'000 (unaudited)
Balance at 1 April 2024	56,478	965,095	(196)	806,781	7,246,600	9,074,758	—	9,074,758
Profit for the period	—	—	—	—	136,965	136,965	—	136,965
Other comprehensive expense								
— Currency translation differences	—	—	—	(47,143)	—	(47,143)	—	(47,143)
Total comprehensive (expenses)/income	—	—	—	(47,143)	136,965	89,822	—	89,822
Transactions with owners in their capacity as owners								
Dividends declared and paid	—	(29,878)	—	—	—	(29,878)	—	(29,878)
Share-based compensations (Note 25)	—	—	—	614	—	614	—	614
	—	(29,878)	—	614	—	(29,264)	—	(29,264)
Balance at 30 September 2024	56,478	935,217	(196)	760,252	7,383,565	9,135,316	—	9,135,316
Balance at 1 April 2023	56,478	1,034,866	(196)	687,785	7,886,516	9,665,449	—	9,665,449
Loss for the period	—	—	—	—	(409,713)	(409,713)	—	(409,713)
Other comprehensive income								
— Currency translation differences	—	—	—	162,303	—	162,303	—	162,303
Total comprehensive income/(expense)	—	—	—	162,303	(409,713)	(247,410)	—	(247,410)
Transactions with owners in their capacity as owners								
Dividends declared and paid	—	(28,858)	—	—	—	(28,858)	—	(28,858)
Share-based compensations (Note 25)	—	—	—	1,666	—	1,666	—	1,666
	—	(28,858)	—	1,666	—	(27,192)	—	(27,192)
Balance at 30 September 2023	56,478	1,006,008	(196)	851,754	7,476,803	9,390,847	—	9,390,847

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2024

	Note	Six months ended 30 September	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Net cash (used in)/generated from operating activities		(6,114)	151,974
Cash flows from investing activities			
Purchase of property, plant and equipment		(26,345)	(22,684)
Purchase of intangible assets		—	(186)
Investments in term deposits with initial term over three months		(943,539)	(797,570)
Withdraw in term deposits with initial term over three months		471,216	—
Interest received from term deposits with initial term over three months		29,640	—
Proceeds from disposal of property, plant and equipment		1,935	5,375
Investments in financial assets at FVTPL		(1,340,115)	(1,224,741)
Proceeds from disposal of financial assets at FVTPL (including investment income)		1,505,042	1,229,296
Increase in loan receivables		—	(73,910)
Repayment of loan receivables		27,383	93,751
Interest received from loan receivables		8,109	29,101
Interest received from corporate bonds and treasury notes		3,145	—
Proceeds from disposal of investments in a joint venture		2,000	—
Capital contribution to an associate		(1,900)	(1,000)
Net cash used in investing activities		(263,429)	(762,568)
Cash flows from financing activities			
Dividends paid	11	(29,878)	(28,858)
Payment for lease liabilities		(18,200)	(23,781)
Net cash used in financing activities		(48,078)	(52,639)
Net decrease in cash and cash equivalents		(317,621)	(663,233)
Cash and cash equivalents at beginning of the period		1,764,656	2,558,024
Effects of exchange rate changes on cash and cash equivalents		(10,256)	66,071
Cash and cash equivalents at end of the period		1,436,779	1,960,862

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

1. GENERAL INFORMATION

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

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

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) since 10 October 2007. The ultimate controlling party of the Group is Mr. Chen Yihong, the Chairman and Executive director of the Company (the “Chairman”).

This interim condensed consolidated financial statements is presented in Renminbi (“RMB”).

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

3. PRINCIPAL ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values at the end of the reporting period.

Other than additional/change in accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”), and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the interim condensed consolidated financial statements for the six months ended 30 September 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 March 2024.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2024 for the preparation of the Group’s interim condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial statements.

4. REVENUE

	Six months ended 30 September	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue from contracts with customers recognised at a point in time		
— Revenue from sales of sport apparel	748,887	775,993

5. SEGMENT INFORMATION

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the “CODM”), in order to allocate resources and to assess performance. The CODM considers and assesses the performance of the sportswear business (“China Sporting Goods”) and investment activities separately:

China Sporting Goods: distribution and retail of sport apparel under Kappa brand and Phenix brand.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

5. SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments:

For the six months ended 30 September 2024 (unaudited)

	China Sporting Goods RMB'000 (unaudited)	Investment RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue from external customers	748,887	—	748,887
Cost of sales	(232,743)	—	(232,743)
Segment gross profit	516,144	—	516,144
Other income and gains — net	21,492	170,807	192,299
Segment operating profit	20,147	142,298	162,445
Finance income — net	1,207	165	1,372
Share of post-tax losses of joint venturers and associates accounted for using the equity method	(2,689)	—	(2,689)
Profit before income tax	18,665	142,463	161,128
Income tax expense	(4,124)	(20,039)	(24,163)
Profit for the period	14,541	122,424	136,965
Material items of income/expenses and gains/losses			
Depreciation of property, plant and equipment	27,212	2,033	29,245
Depreciation of right-of-use assets	16,091	341	16,432
Amortisation of intangible assets	3,841	53	3,894
Depreciation of investment properties	—	1,217	1,217
Selling and advertising expenses	333,063	—	333,063
Fair value gains on financial assets at FVTPL — net	—	108,753	108,753
Impairment losses under ECL model, net of reversal	4,391	15,771	20,162

5. SEGMENT INFORMATION (CONTINUED)**For the six months ended 30 September 2023 (unaudited)**

	China Sporting Goods RMB'000 (unaudited)	Investment RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue from external customers	775,993	—	775,993
Cost of sales	(239,554)	—	(239,554)
Segment gross profit	536,439	—	536,439
Other income and gains/(losses) — net	35,808	(497,305)	(461,497)
Segment operating profit/(loss)	75,106	(546,587)	(471,481)
Finance income — net	4,475	25,216	29,691
Share of post-tax profits of joint venturers and associates accounted for using the equity method	350	—	350
Profit/(loss) before income tax	79,931	(521,371)	(441,440)
Income tax (expense)/credit	(17,621)	49,348	31,727
Profit/(loss) for the period	62,310	(472,023)	(409,713)
Material items of income/expenses and gains/losses			
Depreciation and amortisation	29,110	1,693	30,803
Depreciation of right-of-use assets	22,436	239	22,675
Depreciation of investment properties	—	328	328
Selling and advertising expenses	323,670	—	323,670
Fair value losses on financial assets at FVTPL — net	—	541,178	541,178
Impairment losses under ECL model, net of reversal	(8,109)	35,283	27,174

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

5. SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's assets and liabilities by reportable segments:

	China Sporting Goods RMB'000	Investment RMB'000	Total RMB'000
As at 30 September 2024 (Unaudited)			
Cash and cash equivalents	346,876	1,089,903	1,436,779
Restricted cash	—	1,769	1,769
Term deposits with initial term over three months and within one year	—	1,731,492	1,731,492
Investments accounted for using the equity method	561	4,900	5,461
Financial assets at FVTPL	—	4,767,593	4,767,593
Deferred income tax assets	98,186	49,651	147,837
Right-of-use assets	51,676	10,731	62,407
Other assets	838,543	984,405	1,822,948
Segment assets	1,335,842	8,640,444	9,976,286
Deferred income tax liabilities	2,908	141,454	144,362
Current income tax liabilities	9,345	2,373	11,718
Lease liabilities	46,742	356	47,098
Other liabilities	452,994	184,798	637,792
Segment liabilities	511,989	328,981	840,970
As at 31 March 2024 (Audited)			
Cash and cash equivalents	335,987	1,428,669	1,764,656
Restricted cash	—	1,768	1,768
Term deposits with initial term over three months and within one year	—	1,268,507	1,268,507
Investments accounted for using the equity method	2,792	4,900	7,692
Financial assets at FVTPL	—	4,726,592	4,726,592
Deferred income tax assets	104,339	50,198	154,537
Right-of-use assets	44,693	10,860	55,553
Other assets	746,720	1,014,538	1,761,258
Segment assets	1,234,531	8,506,032	9,740,563
Deferred income tax liabilities	4,773	148,269	153,042
Current income tax liabilities	2,153	10,709	12,862
Lease liabilities	38,558	344	38,902
Other liabilities	382,769	78,230	460,999
Segment liabilities	428,253	237,552	665,805

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

	Six months ended 30 September	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Fair value gains/(losses) of financial instruments at FVTPL	108,753	(541,178)
Interest income from term deposits with initial term over three months and within one year	34,267	—
Investment income from loan receivables	21,020	22,318
Investment income from investments measured at amortised costs	3,189	—
Franchise fee income	21,420	21,876
Net foreign exchange (losses)/gains	(9,255)	17,535
Government subsidy income	—	11,322
Dividend income from financial assets at FVTPL	14,317	4,351
Gain on disposal of the investment in a joint venture	558	—
Others	(1,970)	2,279
	192,299	(461,497)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

7. EXPENSES BY NATURE

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

	Six months ended 30 September	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Selling and advertising expenses	333,063	323,670
Cost of inventories included in cost of sales	224,607	261,211
Staff costs:		
Salaries, bonus and other welfares and benefits	54,494	55,795
Pension — defined contribution plans	5,080	4,924
Share-based compensation	614	1,666
Total staff costs	60,188	62,385
Depreciation of property, plant and equipment (Note 12)	29,245	26,829
Expenses relating to short-term and variable leases	18,881	14,021
Product design and development expenses	18,625	16,597
Depreciation of right-of-use assets (Note 14)	16,432	22,675
Less: capitalised in construction in process	(141)	—
Depreciation of right-of-use assets charge to profit or loss	16,291	22,675
Logistic and warehouse operation fees	15,349	15,861
Changes of provision/(reversal) for inventories	8,136	(21,657)
Travelling expenses	6,744	6,921
Legal and consulting expenses	6,021	4,199
Amortisation of intangible assets (Note 13)	3,894	3,974
Auditors' remuneration	1,080	1,200
Others	16,455	20,917
Total cost of sales, distribution expenses and administrative expenses	758,579	758,803

8. FINANCE INCOME NET

	Six months ended 30 September	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Finance income		
— Net foreign exchange gains	—	2,002
— Interest income	12,960	29,937
	12,960	31,939
Finance expenses		
— Net foreign exchange losses	(10,256)	—
— Interest of lease liabilities	(1,076)	(1,376)
— Others	(256)	(872)
	(11,588)	(2,248)
Finance income — net	1,372	29,691

9. INCOME TAX EXPENSE/(CREDIT) AND DEFERRED TAXATION**Income tax expense/(credit)**

	Six months ended 30 September	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Current income tax		
— PRC corporate income tax ("CIT")	8,561	6,087
— Withholding and remit tax recognised	17,582	3,195
Deferred income tax	(1,980)	(41,009)
	24,163	(31,727)

(a) Cayman Islands income tax

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.

(b) Hong Kong and Singapore income tax

Hong Kong 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 six months ended 30 September 2024 (six months ended 30 September 2023: Nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

9. INCOME TAX EXPENSE/(CREDIT) AND DEFERRED TAXATION (CONTINUED)

Income tax expense/(credit) (Continued)

(c) PRC CIT

Provision for the PRC CIT is calculated based on the statutory tax rate of 25% on the assessable profit of the remaining group companies for the six months ended 30 September 2024 (six months ended 30 September 2023: Except for the Group's subsidiaries incorporated in Tibet Autonomous Region which are entitled to the preferential tax rate of 15%, provision for the PRC CIT is calculated based on the statutory tax rate of 25% on the assessable profit).

(d) PRC withholding tax ("WHT")

According to the applicable PRC CIT Law, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% WHT. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong (the "Double Tax Treaty Arrangement"), the relevant WIT will be reduced from 10% to 5%. In December 2023, an indirect wholly-owned subsidiary of the Group incorporated in Hong Kong, Gaea Sports Limited, has fulfilled the conditions and requirements of the aforesaid Double Tax Treaty Arrangement and has been certified as an eligible resident to entitle the preferential WHT rate of 5%. Accordingly, the deferred income tax liabilities in relation to the retained earnings of the Group's PRC subsidiaries to be distributed have been remeasured at the reduced WHT rate of 5% since then.

9. INCOME TAX EXPENSE/(CREDIT) AND DEFERRED TAXATION (CONTINUED)

Deferred taxation

For the purpose of presentation in the consolidated balance sheet, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

The balance comprises temporary differences attributable to:

	As at 30 September 2024 RMB'000	As at 31 March 2024 RMB'000
Tax losses	83,379	92,520
Provision for impairment of inventories	19,388	17,352
Provision for ECL of trade receivables and other financial assets at amortised cost	38,755	36,835
Fair value changes of investments in financial assets	6,382	5,196
Lease liabilities	11,522	9,236
Other accrued expenses	2,799	2,375
Total deferred income tax assets	162,225	163,514
Offsetting with deferred income tax liabilities	(14,388)	(8,977)
Net deferred income tax assets	147,837	154,537

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

	Tax losses RMB'000	Provision for impairment of inventories RMB'000	Provision for ECL of trade receivables and other financial assets at amortised cost RMB'000	Fair value changes of investments in financial assets RMB'000	Lease liabilities RMB'000	Other accrued expenses RMB'000	Total RMB'000
At 1 April 2024	92,520	17,352	36,835	5,196	9,236	2,375	163,514
(Charged)/credited to profit or loss	(9,141)	2,036	1,920	1,186	2,286	424	(1,289)
At 30 September 2024	83,379	19,388	38,755	6,382	11,522	2,799	162,225

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

9. INCOME TAX EXPENSE/(CREDIT) AND DEFERRED TAXATION (CONTINUED)

Deferred taxation (Continued)

The balance comprises temporary differences attributable to:

	As at 30 September 2024 RMB'000	As at 31 March 2024 RMB'000
Withholding income tax on profit distribution of PRC subsidiaries	29,989	38,249
Fair value changes of investments in financial assets	111,380	109,734
Right-of-use assets	11,194	8,977
Others	6,187	5,059
Total deferred income tax liabilities	158,750	162,019
Offsetting with deferred income tax liabilities	(14,388)	(8,977)
Net deferred income tax liabilities	144,362	153,042

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

	Withholding income tax on profit distribution of PRC subsidiaries (Note d) 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 2024	38,249	109,734	8,977	5,059	162,019
(Credited)/charged to profit or loss	(8,260)	1,646	2,217	1,128	(3,269)
At 30 September 2024	29,989	111,380	11,194	6,187	158,750

10. EARNINGS/(LOSSES) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following data:

	Six months ended 30 September	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Profit/(loss)		
Profit/(loss) attributable to owners of the Company	136,965	(409,713)

	Six months ended 30 September	
	2024 '000 (unaudited)	2023 '000 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	5,864,511	5,864,511
Effect of dilutive potential ordinary shares:		
Share options under 2019 Share Option Scheme	30	—
	5,864,541	5,864,511

	Six months ended 30 September	
	2024 RMB cents (unaudited)	2023 RMB cents (unaudited)
Earnings/(losses) per share		
Basic earnings/(losses) per share	2.34	(6.99)
Diluted earnings/(losses) per share	2.34	(6.99)

The number of shares adopted in the calculation of the basic earnings/(loss) per share has been arrived at after adjusting the effect of shares held for the restricted share award scheme of the Company ("Restricted Share Award Scheme") during the period. The calculation of diluted loss per share for the six months ended 30 September 2023 has not taken into account the effect of the Company's share option schemes. As the Group incurred losses for the six months ended 30 September 2023, the inclusion of these potential ordinary shares would result in decrease in loss per share.

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11. DIVIDENDS

The total dividends paid during the six months ended 30 September 2024 amounted to approximately RMB29,996,000 (six months ended 30 September 2023: RMB28,971,000), of which approximately RMB118,000 (six months ended 30 September 2023: RMB113,000) was paid to the holders of the shares held for the Restricted Share Award Scheme.

Subsequent to the end of the current interim period, pursuant to a resolution passed on 27 November 2024, the Board of Directors of the Company (the "Board") proposed a total interim dividend of RMB1.40 cents (equivalent to HK1.52 cents) per share, in an aggregate amount of RMB82,426,000, for the six months ended 30 September 2024 from the Company's share premium, which is expected to be paid on or around 24 December 2024. This interim dividend is not reflected as a dividend payable in this interim condensed consolidated financial statements, but will be reflected as an appropriation from the Company's share premium for the year ending 31 March 2025.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000 (unaudited)	Buildings RMB'000 (unaudited)	Office furniture and equipment RMB'000 (unaudited)	Vehicles RMB'000 (unaudited)	Leasehold improvements RMB'000 (unaudited)	Construction in progress RMB'000 (unaudited)	Total RMB'000 (unaudited)
COST							
As at 1 April 2024	21,649	144,431	57,384	1,846	127,848	2,363	355,521
Additions	—	—	1,095	—	26,059	648	27,802
Disposals	—	—	(10,164)	(245)	(30,933)	—	(41,342)
Transfers to investment properties (Note)	—	(25,543)	—	—	—	(357)	(25,900)
Transfers	—	150	—	—	—	(150)	—
Currency translation differences	(172)	(271)	—	—	—	—	(443)
As at 30 September 2024	21,477	118,767	48,315	1,601	122,974	2,504	315,638
ACCUMULATED DEPRECIATION							
As at 1 April 2024	—	(64,730)	(50,794)	(1,525)	(82,247)	—	(199,296)
Charge for the period	—	(3,409)	(1,018)	(41)	(24,777)	—	(29,245)
Disposals	—	—	8,814	182	30,933	—	39,929
Transfers to investment properties (Note)	—	19,812	—	—	—	—	19,812
Currency translation differences	—	1	—	—	—	—	1
As at 30 September 2024	—	(48,326)	(42,998)	(1,384)	(76,091)	—	(168,799)
Net CARRYING VALUES							
As at 30 September 2024	21,477	70,441	5,317	217	46,883	2,504	146,839

Note: In July 2024, the Group agreed to lease certain land use rights and buildings to a third party for a lease term of 12 years. Accordingly, the related land use rights and buildings with carrying amount of approximately RMB2,034,000 and RMB5,731,000 were reclassified as the Group's investment properties (Note 15).

13. INTANGIBLE ASSETS

	Kappa trademarks RMB'000 (unaudited)	Phenix trademarks and other brands RMB'000 (unaudited)	Computer software RMB'000 (unaudited)	Total RMB'000 (unaudited)
COST				
As at 1 April 2024 and 30 September 2024	280,994	8,605	32,968	322,567
AMORTISATION				
As at 1 April 2024	(128,204)	(2,993)	(31,521)	(162,718)
Charge for the period	(3,511)	(108)	(275)	(3,894)
As at 30 September 2024	(131,715)	(3,101)	(31,796)	(166,612)
CARRYING VALUES				
As at 30 September 2024	149,279	5,504	1,172	155,955

14. RIGHT-OF-USE ASSETS

	Land use rights RMB'000	Leased properties and warehouses RMB'000	Total RMB'000
COST			
As at 1 April 2024	25,259	80,548	105,807
Addition	—	15,344	15,344
Modification	—	10,667	10,667
Early termination of a lease	—	(2,608)	(2,608)
Elimination at end of leases	—	(15,000)	(15,000)
Transfers to investment properties upon change of use (Note 12)	(3,137)	—	(3,137)
As at 30 September 2024	22,122	88,951	111,073
ACCUMULATED DEPRECIATION			
As at 1 April 2024	(5,645)	(44,609)	(50,254)
Charge for the period	(278)	(16,154)	(16,432)
Early termination of a lease	—	1,917	1,917
Elimination at end of leases	—	15,000	15,000
Transfers to investment properties upon change of use (Note 12)	1,103	—	1,103
As at 30 September 2024	(4,820)	(43,846)	(48,666)
CARRYING VALUES			
As at 30 September 2024	17,302	45,105	62,407

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For the six months ended 30 September 2024

15. INVESTMENT PROPERTIES

	Investment property RMB'000
COST	
As at 1 April 2024	41,460
Transfer from property, plant and equipment	6,088
Transfer from right of use	2,034
As at 30 September 2024	49,582
DEPRECIATION	
As at 1 April 2024	(1,584)
Provided for the period	(1,217)
As at 30 September 2024	(2,801)
CARRYING VALUES	
As at 30 September 2024	46,781

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As at 30 September 2024 RMB'000 (unaudited)	As at 31 March 2024 RMB'000 (audited)
Cost of investments in associates	9,150	7,250
Cost of investment in a joint venture (Note)	—	6,908
Share of post-acquisition loss and other comprehensive expense in associates	(3,689)	(1,000)
Share of post-acquisition loss and other comprehensive expense in a joint venture	—	(5,466)
	5,461	7,692

Note: During the reporting period, the Group entered into an agreement with a third party in respect of the disposal of its 30% equity interests in Shen Yang Mai Sheng Yue He Sporting Goods Co., Ltd. The disposal was completed and the total consideration for the disposal of RMB2,000,000 was settled by 30 September 2024. The Group recognised a disposal gain of RMB558,000 in profit or loss for the six months ended 30 September 2024.

17. TRADE RECEIVABLES

	As at 30 September 2024 RMB'000 (unaudited)	As at 31 March 2024 RMB'000 (audited)
Trade receivables		
— Third parties	131,035	142,473
— Related parties (Note 27(b))	7,921	13,367
	138,956	155,840
Less: allowance for credit losses	(18,169)	(13,305)
Trade receivables, net	120,787	142,535

Customers are normally granted credit terms within 30–90 days. The aging analysis of trade receivables based on recognition date as at 30 September 2024 and 31 March 2024 were as follows:

	As at 30 September 2024 RMB'000 (unaudited)	As at 31 March 2024 RMB'000 (audited)
Within 30 days	74,472	66,087
31 to 180 days	51,574	84,673
Over 180 days	12,910	5,080
	138,956	155,840

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For the six months ended 30 September 2024

18. OTHER FINANCIAL ASSETS AT AMORTISED COST

	As at 30 September 2024 RMB'000 (unaudited)	As at 31 March 2024 RMB'000 (audited)
Current portion:		
Loan receivables (Note a)	117,097	262,444
Loans to related parties (Note 27(b))	12,084	11,837
Receivable from disposal of a joint venture	3,750	3,750
Others	29,591	20,922
Less: allowance for credit losses	(47,428)	(68,964)
Total	115,094	229,989
Non-current portion:		
Loan receivables (Note a)	442,941	312,987
Loans to management personnel (Notes b and 27(b))	173,873	174,790
Loans to ex-management personnel (Note b)	137,753	138,480
Investments in corporate bonds and treasury notes (Note c)	134,969	136,632
Receivable from disposal of a joint venture	3,750	3,750
Others	28,164	26,216
Less: allowance for credit losses	(106,154)	(69,320)
Total	815,296	723,535

Notes:

- (a) As at 30 September 2024, the gross amount of loan receivables due from third parties amounted to approximately RMB560,038,000 (as at 31 March 2024: RMB575,431,000) which bear interest at rates in the range of 8% to 12% (as at 31 March 2024: 8% to 12%) per annum. The amount of each loan receivables varies from RMB3,756,000 to RMB226,305,000 (as at 31 March 2024: RMB3,756,000 to RMB220,517,000). The maturity period of each loan receivables varies with the range from 10 to 36 months.

As at 30 September 2024 and 31 March 2024, the Group's loan receivables were secured by various collaterals such as equity interests in certain companies, investment return under private equity funds as well as certain properties in the PRC.

- (b) The balances represented the loans as advanced to certain management personnel for their subscription of the Company's shares during the years ended 31 December 2017 and 2018. The outstanding balances due to those personnel who are no longer having any employment relationship with the Group are classified as "loans to ex-management personnel". All these loans bear interest at a fixed rate of 1% per annum and have an extended terms of repayment of 5 years (repayable on or before April 2028). All the shares of the Company as subscribed by the borrowers were pledged as collaterals for these loans (Note 27(b)).

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

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

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**(a) Financial assets measured at FVTPL include the following:**

	As at 30 September 2024 RMB'000	As at 31 March 2024 RMB'000
Non-current portion		
— Private equity fund investments and others	3,561,482	3,687,020
— Other unlisted equity investments	168,432	262,194
— Listed REITs investment	2,035	6,326
	3,731,949	3,955,540
Current portion		
— Listed equity securities	671,782	669,777
— Private equity fund investments and others	284,801	101,275
— Other unlisted equity investments	50,527	—
— Knock out notes	28,534	—
	1,035,644	771,052

Further details of financial assets at FVTPL are given in Note 28.

(b) Amounts recognised in profit or loss

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

	Six months ended 30 September	
	2024 RMB'000	2023 RMB'000
Fair value gains/(losses) on listed equity securities	203,929	(234,140)
Fair value gains/(losses) on private equity fund investments and others	33,179	(330,413)
Fair value losses on other unlisted equity investments	(21,435)	(20,671)
Fair value losses on listed REITs investment	(4,291)	—
Fair value gains on wealth management products	2,081	3,689
Fair value gains/(losses) on knock out notes	824	(72)
	214,287	(581,607)

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20. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Six months ended 30 September	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Impairment loss (recognised)/reversed in respect of:		
— trade receivables	(4,864)	3,703
— other financial assets at amortised cost	(15,298)	(30,877)
	(20,162)	(27,174)

The basis of determining the inputs and assumptions and the estimation techniques used in the interim condensed consolidated financial statements for the six months ended 30 September 2024 are the same as those presented in the Group's annual financial statements for the year ended 31 March 2024.

21. TRADE PAYABLES

The credit period granted by suppliers for trade purchases is generally within 60 days (31 March 2024: 60 days). The aging analysis of the trade payables based on recognition date were as follows:

	As at 30 September 2024 RMB'000 (unaudited)	As at 31 March 2024 RMB'000 (audited)
Within 30 days	152,278	66,265
31 to 180 days	68,556	56,949
Over 180 days	8,004	1,829
	228,838	125,043

22. ACCRUALS AND OTHER PAYABLES

	As at 30 September 2024 RMB'000 (unaudited)	As at 31 March 2024 RMB'000 (audited)
Suppliers' and customers' deposits	72,869	67,332
Deposits of investment in FVTPL	63,189	72,000
Deposits payable to related parties (Note 27(b))	20,700	24,750
Payables for marketing expenses	35,504	37,937
Salary and welfare payable	13,915	32,281
Other taxes and levies payable	12,574	16,906
Payables for logistic fees	6,997	6,492
Payables for professional and legal fees	5,865	13,445
Others	44,238	44,522
	275,851	315,665

23. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of Hong Kong dollars ("HK\$") 0.01 each Authorised		
At 1 April 2023, 30 September 2023, 1 April 2024 and 30 September 2024	10,000,000,000	100,000,000
Issued and fully paid		
At 1 April 2023, 30 September 2023, 1 April 2024 and 30 September 2024	5,887,561,025	58,876
	30 September 2024 RMB'000 (unaudited)	1 April 2024 RMB'000 (audited)
Equivalent nominal value of ordinary shares presented as	56,478	56,478

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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24. SHARES HELD FOR EMPLOYEE SHARE SCHEME

	As at 30 September 2024 Number of shares (unaudited)	As at 31 March 2024 Number of shares (audited)	As at 30 September 2024 RMB'000 (unaudited)	As at 31 March 2024 RMB'000 (audited)
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 25 for further information).

25. SHARE BASED COMPENSATION SCHEMES

(a) Restricted Share Award Scheme

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

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 six months ended 30 September 2024 and 2023, no shares were granted under the Restricted Share Award Scheme and hence no amount was charged as an expense in profit or loss.

25. SHARE BASED COMPENSATION SCHEMES (CONTINUED)

(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 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.

Participants of the Share Option Scheme are required to pay HK\$1.00 for each option granted upon acceptance of the grant. The exercise price of the options is determined by the Board in its sole and absolute discretion and being at least the highest of

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

On 18 April 2023, 76,860,000 new share options were granted under the 2019 Share Option Scheme. The Group has used binomial model to determine the fair value of the share options granted. Key assumptions are set as below:

Spot price at the grant date	HKD0.33
Exercise price	HKD0.33
Expected volatility	38.8%
Expected dividend yield	6.0%
Contractual option life	10 years
Annual risk-free interest rate	3.2%

For the six months ended 30 September 2024, the Group recognised share option expenses of RMB614,000 (six months ended 30 September 2023: RMB1,666,000) in profit or loss.

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25. SHARE BASED COMPENSATION SCHEMES (CONTINUED)

(b) The 2019 Share Option Scheme (Continued)

Movements in the number of share options outstanding during the six months ended 30 September 2024 and 2023 under this scheme and their weighted average exercise prices are as follows:

	Six months ended 30 September			
	2024		2023	
	Weighted average exercise price (per share) HK\$ (unaudited)	Outstanding options (thousands) (unaudited)	Weighted average exercise price (per share) HK\$ (unaudited)	Outstanding options (thousands) (unaudited)
As at 1 April	0.709	200,000	0.931	140,560
Granted	—	—	0.330	76,860
Lapsed/forfeited	0.935	(120,000)	0.859	(13,400)
As at 30 September	0.371	80,000	0.709	204,020
Exercisable as at 30 September	0.434	30,880	0.855	6,840

25. SHARE BASED COMPENSATION SCHEMES (CONTINUED)**(b) The 2019 Share Option Scheme (Continued)**

Share options outstanding at 30 September 2024 and 31 March 2024 have the following expiry date and exercise prices:

Expiry date	As at 30 September 2024		As at 31 March 2024	
	Exercise price (per share) HK\$ (unaudited)	Share options (thousands) (unaudited)	Exercise price (per share) HK\$ (audited)	Share options (thousands) (audited)
15 September 2029	0.854	5,400	0.854	5,400
6 January 2030	0.860	720	0.860	720
31 March 2030	0.670	—	0.670	—
31 August 2030	1.090	—	1.090	—
14 April 2031	0.940	—	0.940	119,000
1 July 2031	1.360	—	1.360	—
27 January 2032	0.676	—	0.676	—
16 March 2032	0.459	600	0.459	600
17 April 2033	0.330	73,280	0.330	74,280
		80,000		200,000
Weighted average remaining contractual life of options outstanding at end of period/year		8.27 years		7.74 years

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For the six months ended 30 September 2024

26. COMMITMENTS

The Group had the following commitments as at 30 September 2024:

Capital commitments

In September 2020, the Group entered into a limited partnership agreement with Xiamen Yuanfeng Investment LLP. (廈門源峰股權投資基金合夥企業(有限合夥)), with a total committed investment amount of RMB200 million. As at 30 September 2024, the remaining balance of the investment commitment amounted to RMB70 million (as at 31 March 2024: RMB70 million).

In January 2021, the Group entered into a limited partnership agreement with CPE Global Opportunities Fund II, with a total committed investment amount of United States Dollars ("USD") 30 million. As at 30 September 2024, the remaining balance of the investment commitment amounted to USD15 million (equivalent to approximately RMB109 million) (as at 31 March 2024: USD15 million (equivalent to approximately RMB110 million)).

In February 2021, the Group entered into a limited partnership agreement with Yunfeng Fund IV (雲鋒基金IV), with a total committed investment amount of USD20 million. As at 30 September 2024, the remaining balance of the investment commitment amounted to USD11 million (equivalent to approximately RMB74 million) (as at 31 March 2024: USD11 million (equivalent to approximately RMB78.4 million)).

In July 2023, the Group entered into a limited partnership agreement with EnvisionX Partners Fund, L.P., with a total committed investment amount of USD6 million. As at 30 September 2024, the remaining balance of the investment commitment amounted to USD2 million (equivalent to approximately RMB14 million) (as at 31 March 2024: USD4 million (equivalent to approximately RMB28.4 million)).

In August 2023, the Group entered into a limited partnership agreement with TH Capital China Growth Fund I, L.P., with a total committed investment amount of USD10 million. As at 30 September 2024, the remaining balance of the investment commitment amounted to USD5 million (equivalent to approximately RMB35 million) (as at 31 March 2024: USD5 million (equivalent to approximately RMB35.5 million)).

In November 2023, the Group entered into a limited partnership agreement with CPE Global Select Fund, L.P., with a total committed investment amount of USD10 million. As at 30 September 2024, the remaining balance of the investment commitment amounted to USD7.5 million (equivalent to approximately RMB52.6 million) (as at 31 March 2024: USD7.5 million (equivalent to approximately RMB53.2 million)).

27. RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in this interim condensed consolidated financial statements, the Group had the following transactions and balances with related parties:

(a) Transactions with related parties

	Six months ended 30 September	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Sales of goods to		
— A close family member of the Chairman	608	1,271
	608	1,271
Interest income from loans to		
— Management personnel	881	1,252
Commissions expenses		
— Joint ventures of the Group	—	16,495
— A close family member of the Chairman	22,229	26,051
	22,229	42,546
Loans granted to		
— An associate of the Group	—	500

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27. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances with related parties

Trade receivables (Note 17)

	As at 30 September 2024 RMB'000 (unaudited)	As at 31 March 2024 RMB'000 (audited)
Joint ventures of the Group	—	1,042
A close family member of the Chairman	7,921	12,325
	7,921	13,367

Other financial assets at amortised cost (Note 18)

	As at 30 September 2024 RMB'000 (unaudited)	As at 31 March 2024 RMB'000 (audited)
Current portion		
— Associates of the Group (Note)	12,084	11,837
— Less: allowance for credit losses	(1,960)	(1,960)
	10,124	9,877

Note: The loans bear interest rates in the range of nil to 5% per annum. The maturity period of each loan receivables varies with the range from 17 to 34 months. One of the loans were secured by the inventories of the associate.

	As at 30 September 2024 RMB'000 (unaudited)	As at 31 March 2024 RMB'000 (audited)
Non-current portion		
— Management personnel	173,873	174,790

27. RELATED PARTY TRANSACTIONS (CONTINUED)**(b) Balances with related parties (Continued)*****Accruals and other payables (Note 22)***

	As at 30 September 2024 RMB'000 (unaudited)	As at 31 March 2024 RMB'000 (audited)
Joint ventures of the Group	—	4,000
A close family member of the Chairman	20,700	20,750
	20,700	24,750

Notes:

- (i) The transactions with related companies are conducted based on terms as mutually agreed among the parties concerned.
- (ii) Except for the loans to management personnel as mentioned in Note 18(b) and loans to associates, the balances with the other related parties are unsecured, non-interest bearing and receivable/payable on demand.

(c) Key management compensation

	Six months ended 30 September	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Salaries, bonus and other welfares and benefits	3,054	3,310
Pension — defined contribution plans	66	95
Share-based compensation	36	52
	3,156	3,457

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28. FAIR VALUE MEASUREMENTS

The Group's Financial assets at FVTPL and derivative financial instruments are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these assets and liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Fair value hierarchy

At 30 September 2024 (Unaudited)	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at FVTPL				
— Private equity fund investments and others	—	58,146	3,788,137	3,846,283
— Listed equity securities	671,782	—	—	671,782
— Other unlisted equity investments	—	—	218,959	218,959
— Knock out notes	—	—	28,534	28,534
— Listed Real Estate Investment Trust (“REITs”) investment	—	—	2,035	2,035
Total financial assets	671,782	58,146	4,037,665	4,767,593
Financial liabilities				
Derivatives	—	—	(115,098)	(115,098)
	Level 1	Level 2	Level 3	Total
At 31 March 2024 (Audited)	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at FVTPL				
— Private equity fund investments and others	—	69,070	3,719,225	3,788,295
— Listed equity securities	669,777	—	—	669,777
— Other unlisted equity investments	—	—	262,194	262,194
— Listed REITs investment	—	—	6,326	6,326
Total financial assets	669,777	69,070	3,987,745	4,726,592
Financial liabilities				
Derivatives	—	—	(1,456)	(1,456)

28. FAIR VALUE MEASUREMENTS (CONTINUED)**Reconciliation of Level 3 instruments**

	Private equity fund investments and others RMB'000 (unaudited)	Other unlisted equity investments RMB'000 (unaudited)	Knock out notes RMB'000 (unaudited)	Listed REITs investment RMB'000 (unaudited)	Derivatives RMB'000 (unaudited)	Total RMB'000 (unaudited)
Opening balance at 1 April 2024	3,719,225	262,194	—	6,326	(1,456)	3,986,289
Additions	242,159	—	28,030	—	—	270,189
Disposals	(189,376)	(5,335)	(317)	—	—	(195,028)
Transfer from Level 3 to Level 1 (Note a)	—	(14,190)	—	—	—	(14,190)
Fair value changes*	28,284	(21,435)	824	(4,291)	(114,345)	(110,963)
Currency translation difference	(12,155)	(2,275)	(3)	—	703	(13,730)
Closing balance at 30 September 2024	3,788,137	218,959	28,534	2,035	(115,098)	3,922,567
* includes unrealised gains/(losses) recognized in profit or loss attributable to balances held at the end of the reporting period	26,393	(21,435)	824	(4,291)	(114,345)	(112,854)

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For the six months ended 30 September 2024

28. FAIR VALUE MEASUREMENTS (CONTINUED)

Reconciliation of Level 3 instruments (Continued)

	Private equity fund investments and others RMB'000 (unaudited)	Other unlisted equity investments RMB'000 (unaudited)	Knock out notes RMB'000 (unaudited)	Listed REITs investment RMB'000 (unaudited)	Derivatives RMB'000 (unaudited)	Total RMB'000 (unaudited)
Opening balance at 1 April 2023	4,440,099	333,609	25,946	—	(64,664)	4,734,990
Additions	127,797	—	—	—	—	127,797
Disposals	(118,640)	(5,242)	—	—	—	(123,882)
Transfer from Level 1 to Level 3 (Note b)	—	—	—	36,850	—	36,850
Fair value changes*	(335,262)	(20,671)	(72)	—	40,429	(315,576)
Currency translation difference	46,359	12,220	1,258	—	(2,014)	57,823
Closing balance at 30 September 2023	4,160,353	319,916	27,132	36,850	(26,249)	4,518,002
* includes unrealised (losses)/gains recognized in profit or loss attributable to balances held at the end of the reporting period	(339,517)	(20,671)	(72)	—	40,429	(319,831)

Notes:

- (a) Since 5 April 2024, one of the Group's other unlisted equity investments has been listed on the New York Stock Exchange ("NYSE") and the fair value of that investment as at 30 September 2024 is determined based on quoted market price (instead of recent transaction approach). Accordingly, that investment with carrying amount of RMB14,190,000 has been transferred from Level 3 to the Level 1 fair value category.
- (b) Since 30 August 2023, one of the Group's REITs investments has been temporary suspended from trading in the Singapore Exchange Limited ("SGX") and the fair value of that REITs investment as at 30 September 2023 is determined based on valuation technique (instead of quoted market price). Accordingly, that investment with carrying amount of RMB36,850,000 has been transferred from Level 1 to the Level 3 fair value category.

28. FAIR VALUE MEASUREMENTS (CONTINUED)

Valuation techniques used in fair value measurements

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

Description	Fair value at		Valuation technique	Significant unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
	30 September 2024 RMB'000	31 March 2024 RMB'000			As at 30 September 2024	As at 31 March 2024	
Financial assets							
Private equity fund investments and others (Note c)	3,788,137	3,719,225	Net asset value	N/A	N/A	N/A	N/A
Other unlisted equity investments (Note d)	218,959	248,004	Market comparable companies	Price to sales multiples ("PS"), earnings before interest and tax multiples ("EV/EBIT"), Discount for lack of marketability ("DLOM")	PS: 4.63 EV/EBIT: 14.39 DLOM: 10%/20%	PS: 3.5 EV/EBIT: 16.44 DLOM: 12%/20%	Increased or decreased PS or EV/EBIT by 1 would increase or decrease fair value by approximately RMB20,532,000 (31 March 2024: RMB26,384,000). Increased or decreased DLOM by 5% would decrease or increase fair value by approximately RMB22,852,000 (31 March 2024: RMB15,215,000).
	—	14,190	Recent transaction approach	N/A	N/A	N/A	N/A
Knock out notes (Note e)	28,534	—	Option pricing model	Expected volatility	N/A	N/A	The higher the expected volatility, the higher the fair value.
Listed REITs investment (Note f)	2,035	6,326	Market comparable companies	Price to book value multiples ("PB"), DLOM	PB: 0.54 DLOM: 20.5%	PB: 0.59 DLOM: 20.5%	Increased or decreased PB by 0.1 would increase or decrease fair value by approximately RMB333,000 (31 March 2024: RMB1,072,000). Increased or decreased DLOM by 5% would decrease or increase fair value by approximately RMB113,000 (31 March 2024: RMB398,000).
Total financial assets	4,037,665	3,987,745					
Financial liabilities							
Derivatives (Note g)	(115,098)	(1,456)	Option pricing model	Expected volatility	N/A	N/A	The higher the expected volatility, the higher the fair value.

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For the six months ended 30 September 2024

28. FAIR VALUE MEASUREMENTS (CONTINUED)

Valuation techniques used in fair value measurements (Continued)

Notes:

- (c) The Group determines the fair value of its private equity fund investments as at the reporting date based on the net asset values of the private equity funds (with underlying assets and liabilities measured at fair value) as reported by the general partners of the funds and adjusted by other relevant factors as considered by management.
- (d) For other unlisted equity investments, the fair values are determined by using the market comparable companies approach and the significant unobservable inputs include the valuation multiples (such as PS or EV/EBIT ratio), DLOM and the related repurchase terms (if any). Management determines the valuation multiples with reference to the multiples of respective comparable companies, as adjusted by the lack of marketability that market participants would consider when estimating the fair value of these investments.
- (e) The amount represents the Group's short-term investments in knock out notes which in substance are equity-index notes with the maturity less than 12 months, which are issued by reputable multinational financial institutions (such as Citigroup Global Markets Funding). Management determined the fair value of these notes based on the statements provided by the issuing financial institutions. The related valuation technique is option pricing model and valuation inputs were developed by the issuing financial institutions which were not made available to the Group.
- (f) The amount represents the Group's listed REITs investment which has been temporary suspended from trading in the SGX since 30 August 2023. The fair values are determined by using the market comparable companies approach and the significant unobservable inputs include the valuation multiples (such as PB ratio) and DLOM. Management determines the valuation multiples with reference to the multiples of respective comparable companies, as adjusted by the lack of marketability that market participants would consider when estimating the fair value of these investments.
- (g) The amount recognised is to reflect the derivative agreements entered into between the Group and certain reputable multinational financial institutions (such as Morgan Stanley and Bank Julius Baer) with contract terms less than 12 months. According to the derivative agreements, certain quantities of the underlying securities listed on the NYSE and the Hong Kong Stock Exchange are agreed to be gross settled between the Group and the issuing financial institutions at an agreed price when certain agreed events occurred. Management determines the fair value of these derivatives based on the statements provided by the respective issuing financial institutions. The related valuation technique is option pricing model and valuation inputs were developed by the issuing financial institutions which were not disclosed to the Group.

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 financial institutions of the knock out notes and other derivative products as well as the financial institutions sponsoring and managing the wealth management products, 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.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The Directors consider that the carrying amounts of the other financial assets and financial liabilities measured at amortised cost in the interim condensed consolidated financial statements approximate their fair values.

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

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