



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

2025/2026

Environmental, Social and Governance Report



phenix

TABLE OF CONTENTS

ABOUT US	2
MESSAGE FROM THE CHAIRMAN	2
BOARD STATEMENT	3
ABOUT THIS REPORT	4
2025/2026 ESG HIGHLIGHTS	5

OPENING: DYNAMIC GREEN, TOWARDS A SHARED FUTURE

HOW WE DELIVER PRODUCTS THAT MEET FUTURE NEEDS	8
HOW WE UNDERTAKE OUR SUSTAINABILITY MISSION	9
OUR SUSTAINABILITY COMMITMENT	11
AWARDS AND RECOGNITIONS	12

APPENDIX:

INDEX TO THE HKEX ESG REPORTING CODE	81
KPI TABLE	93
READER FEEDBACK FORM	97



CHAPTER 1: GOVERNANCE INNOVATION WITH STEADY PROGRESS

EFFICIENT CORPORATE GOVERNANCE	14
ESG STRATEGIC MANAGEMENT	18
RESPONSIBLE INVESTMENT	23



CHAPTER 2: PRODUCT PIONEER, LEADING WITH RESPONSIBILITY

CHAPTER STORY — A BACK-TO-BACK GATHERING	
PRODUCT PIONEER	26
SAFEGUARDING QUALITY	31
RESPONSIBLE MARKETING	33



CHAPTER 3: ADVANCING IN UNITY, THRIVING WITH PARTNERS

CHAPTER STORY — LIGHTING UP A BETTER SELF THROUGH PERSEVERANCE	
OUR EMPLOYEES	44
RESPONSIBLE SUPPLY CHAIN	53
FOSTERING INDUSTRY DEVELOPMENT	56



CHAPTER 4: GUARDING THE EARTH, OUR GREEN COMMITMENT

CHAPTER STORY — GREEN + SMART, SAFEGUARDING AT FULL FORCE	
CLIMATE ACTION	59
CIRCULAR ECONOMY	71
CHEMICAL SAFETY	75



CHAPTER 5: PASSING ON WARMTH, WALKING TOGETHER WITH RESPONSIBILITY

CHAPTER STORY — WARMTH SPREAD THROUGH THE EVERYDAY	
PROMOTING SPORTS CULTURE	78
CHARITY AND PHILANTHROPY	79
COMMUNITY ENGAGEMENT	80

ABOUT US

MESSAGE FROM THE CHAIRMAN

Over the past year, global ESG governance has accelerated its shift from voluntary to mandatory, with policy focus centred on substantively advancing both the quality of information disclosure and the green and low-carbon transition. Facing the dual waves of industrial upgrading and consumption transformation, China Dongxiang remains steadfast in fulfilling its sustainable development mission of “Dynamic Green, Towards a Shared Future”. Centred on the five strategic dimensions of governance innovation, product pioneer, partner synergy, earth guardianship and social responsibility, we have systematically deepened our ESG governance framework. With technological innovation as the engine and by integrating sports culture with sustainable concepts, we are driving the sports fashion industry towards a new stage of high technology, high efficiency and high quality, committed to becoming a key force in leading the sustainable development of Chinese sports brands.

Governance innovation with steady progress — strengthening the foundations of modernised governance.

We regard governance as the cornerstone of sustainable development and continue to refine our three-tier governance structure, with the Board at the core, the ESG Committee providing overall coordination and the various business units responsible for execution. During the reporting period, the Board exercised full oversight of ESG strategy and target achievement, and reviewed and approved major matters including carbon footprint reduction and supply chain transparency. We strengthened risk and compliance management by establishing closed-loop mechanisms across key areas such as anti-corruption, information security and responsible investment. Through in-depth collaboration with our fund partners, we channel capital towards positive impact via responsible investment, helping investee companies create long-term value in the areas of environmental friendliness and social responsibility.

Product pioneer, leading with responsibility — reshaping the new paradigm of sustainable fashion.

Over the past year, we have continued to drive product innovation and green upgrades. KAPPA launched series such as “Light & Easy Everyday” (輕悅

日常), “Marshmallow Air” (棉花糖Air) and “Rice Cake Set” (年糕套裝), responding to the diverse needs of women and commuters with soft textures and inclusive fits; PHENIX, focusing on the skiing and outdoor segment, released its “Snow Realm Armour” (雪域戰甲) ski suit equipped with the BeiDou PARS active rescue system, deeply integrating advanced national-grade technology with eco-friendly fabrics. We adhere to full-process quality control, from fabric integration and trim and auxiliary materials management to multiple rounds of testing, ensuring that every product is safe and reliable. Through innovative initiatives such as the “Back-to-Back Club Together” pop-up store, Milan Fashion Week communications and AI-enabled customer service, we continue to deepen the emotional connection between the brand and its users, advancing sustainable consumption from concept to everyday practice.

Advancing in unity, thriving with partners — weaving a network of responsibility and value.

We are well aware that corporate growth is never a solitary journey. During the reporting period, we continued to strengthen employee care and talent development, launching the “Green Action for the Future (綠動未來)” employee green and healthy lifestyle check-in campaign, which covered many cities and engaged over a hundred employees, making health and green principles the foundation of our organisational culture. We advanced ESG compliance reviews and capability building across the supply chain, encouraging suppliers to obtain international certifications such as GRS and BSCL, and working alongside suppliers to promote employment for people with disabilities. Through quarterly training and on-site visits, we work with our partners to build a mutually trusting, transparent and sustainable ecosystem of responsibility.

Guarding the earth, our green commitment — fulfilling our climate action pledge.

China Dongxiang actively responds to the nation’s “dual carbon” strategy and has elevated climate governance to the strategic core of the Board. We work with third-party institutions to conduct climate scenario stress testing, identifying physical risks such as heatwaves, floods and typhoons, as well as policy risks such as carbon pricing and technological transition, and have formulated region-specific and type-specific response measures. We continue to

advance green production and low-carbon operations, with the application of eco-friendly materials such as the bio-based fibre SORONA®, PrimaLoft® eco-friendly insulation and RDS-certified down continuing to expand in scale, while the proportion of PU pour moulding in footwear has surpassed 90%, effectively reducing resource consumption and carbon emissions. Through measures such as water-saving retrofits, packaging optimisation, waste sorting and green canteens, we integrate the principles of the circular economy into every detail of our daily operations.

Passing on warmth, walking together with responsibility — building a brand with heart.

The value of an enterprise lies not only in its products, but also in giving back positively to society. During the reporting period, we launched the “Warm Clothing for Miyun” school uniform charity initiative, donating over 300 pieces of custom sportswear to students affected by disasters and those in mountainous areas; we organised a charity visit to Shanghai DeltaHealth Hospital to care for children with congenital heart disease, conveying the warmth of the brand. We continue to promote sports culture, with KAPPA sponsoring the Bincheng United team (濱城聯合球隊) and PHENIX holding freestyle skiing open classes, making sport a bridge that connects people. We firmly believe that only by taking root in the community and responding to social needs can a brand earn lasting respect and trust.

Looking ahead, China Dongxiang will continue to remain consumer-centric, upholding the values of integrity, openness and sharing, and steadily enhancing its sustainable development capabilities. We will join hands with all our employees, partners and stakeholders from across society to continuously explore and make breakthroughs in the ESG field, advancing together towards a greener, healthier and more prosperous tomorrow.

Chairman
Chen Yihong
24 June 2026



BOARD STATEMENT

China Dongxiang has consistently regarded ESG as an important component of its corporate development strategy, and continues to advance the deep integration of ESG principles into its daily operations. To carry out ESG work in a systematic and efficient manner, the Company has established a three-tier ESG governance structure, with the Board as the core decision-making level, the ESG Committee as the coordination level and the various business units as the execution and implementation level. As the highest decision-making body for ESG strategy, the Board is fully responsible for the formulation of the Group's ESG policies and the oversight of their implementation, and authorises the ESG Committee to systematically advance the management of various ESG issues. Under the guidance of the Board, the ESG Committee regularly reviews ESG management guidelines, annual targets and decisions on major matters, proposes management strategies on key issues such as supply chain labour standards, anti-corruption mechanisms and climate change response, and continuously oversees the implementation by the relevant departments. The Group headquarters, subsidiaries and relevant functional departments undertake specific execution responsibilities, covering key areas such as supplier ESG compliance reviews, green office process optimisation and employee sustainable development training, thereby driving the close integration of ESG strategy with daily operations.

In terms of target management and oversight, the Board reviews the Group's achievement of its environmental targets each year and, taking actual circumstances into account, sets quantitative indicators in areas such as carbon emissions, energy use, water efficiency and waste management. During the reporting period, the ESG Committee organised several thematic briefings, discussing ESG industry developments, the effectiveness of day-to-day management and follow-up work plans, and proposed improvement directions such as supply chain transparency and carbon footprint tracking, thereby driving ESG work and business development forward in tandem. The Group adopts a "materiality matrix" to dynamically assess the various ESG issues, with the current focus on issues such as reducing product carbon footprint, mitigating climate change, safeguarding employee rights and interests, sustainable supply chain management and providing environmentally friendly products. The relevant assessment process and results have been disclosed in the "Stakeholder Communication" section. This report was reviewed and approved by the Board on 24 June 2026.



ABOUT THIS REPORT



REPORTING SCOPE

This report aims to disclose to stakeholders the work undertaken and the results achieved by China Dongxiang (Group) Co., Ltd. and its subsidiaries (hereinafter referred to as “China Dongxiang”, the “Group” or “we”) in respect of environmental, social and governance (hereinafter referred to as “ESG”). Unless otherwise stated, this report covers the period from 1 April 2025 to 31 March 2026; to enhance the completeness of the report, certain information and data appropriately extend to periods before and after this range.

BASIS OF PREPARATION

This report has been prepared in accordance with the Environmental, Social and Governance Reporting Code set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as “the Stock Exchange”) (the “Main Board Listing Rules”), with reference to the United Nations Sustainable Development Goals (SDGs) and the Ten Principles of the United Nations Global Compact (UNGC). This report should be read together with the “Corporate Governance Report” in the annual report and the “Social Responsibility” section published on the Group’s official website.

REPORTING PRINCIPLES

In preparing this report, the principles of “materiality”, “quantitative”, “balance” and “consistency” have been applied to determine the content of the report and the manner in which information is presented.



Materiality: In the course of preparation, this report has identified the major stakeholders and the ESG issues of concern to them, and makes targeted disclosures according to the relative materiality of the issues of concern. Details of the materiality assessment are set out in the “Stakeholder Communication” and “Materiality Analysis” sections below.



Quantitative: This report presents the key performance indicators at the environmental and social areas in a quantitative manner. The measurement standards, methods, assumptions and/or calculation tools for the key performance indicators in this report, as well as the sources of the conversion factors used, have been explained in the relevant sections.



Balance: This report aims to provide a balanced account of the Group’s efforts across the various aspects of ESG, including the environment, employees, product responsibility, supply chain management and community investment, so as to avoid influencing readers of the report to make inappropriate decisions or judgements.



Consistency: The data disclosed in this report adopt statistical methods consistent with those of previous years, and individual changes have been explained to ensure consistency.

INFORMATION SOURCES OF THE REPORT

The information, data and case studies used in this report are all derived from the Group’s official documents, statistical reports, financial reports or publicly available documents, as well as ESG practice information compiled and consolidated by the Group’s functional departments. The Board is responsible for the truthfulness, accuracy and completeness of the contents of this report.

ACCESS TO AND FEEDBACK ON THIS REPORT

The electronic version of this report is available on the Group’s official website (www.dxsport.com) and the official website of the Stock Exchange (www.hkexnews.hk). Should you have any comments or suggestions regarding the contents of this report, you are welcome to submit your views in the Reader Feedback section of this report or by email to ir@dxsport.com.cn.

2025/2026 ESG HIGHLIGHTS

Drive long-term value through responsible investment and advance “capital for good”, helping investee companies

create long-term value

in the areas of environmental friendliness and social responsibility.

Conduct dedicated intellectual property training to strengthen IP protection and compliance capabilities.

Establish a comprehensive ESG governance structure comprising the Board — the ESG Committee — the ESG Working Group, to

ensure that our ESG work maintains progress and leadership.

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

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

Explore further circular business models. In FY25/26, the proportion of the Group's purchase of all shoe boxes and paper packaging materials with FSC certification reached

100%

Identify and assess **23** core ESG issues affecting the Group's operations and development, to strengthen ESG risk management and our response to opportunities.

With a focus on establishing a diverse workplace environment, in FY25/26, the proportion of our female staff reached

66.27%

Launched the “Green Action for the Future” employee green and healthy lifestyle check-in campaign, covering many cities and motivating over 100 employees to complete a cumulative exercise distance of approximately 10,000 km, making health and green principles the foundation of our organisational culture.

Deepened brand-user co-creation and emotional connections: KAPPA's “Back-to-Back Club Together” pop-up store events advanced sustainable consumption from concept to everyday practice, while the PHENIX Cup alpine skiing membership events lent momentum to the advocacy of sport for all.

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

enhancing brand recognition and customer satisfaction.

Vigorously promote green products and the circular economy.

The application of eco-friendly materials such as the bio-based fibre SORONA®, PrimaLoft® eco-friendly insulation and RDS-certified down continued to expand in scale, while PU pouring moulding accounted for over 90% of footwear, effectively reducing resource consumption and carbon emissions.

Continue to disclose greenhouse gas Scope 3 data. In FY25/26, the Group's greenhouse gas Scope 3 emissions, as compared with those of the previous financial year, decreased by

31%



OPENING: DYNAMIC GREEN, TOWARDS A SHARED FUTURE

China Dongxiang from a Renewed Perspective

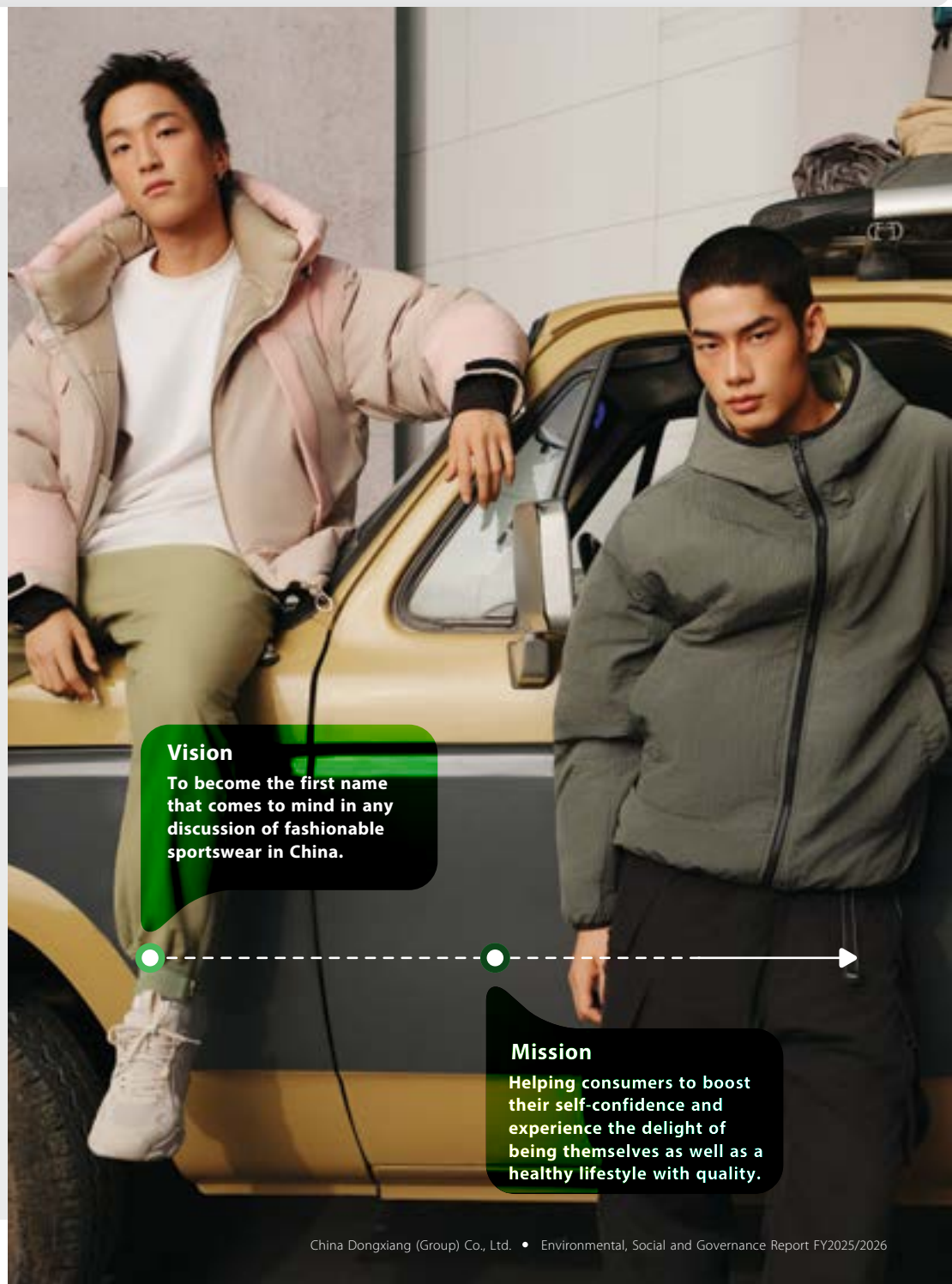
Sport and fashion have never been two parallel lines. In the world of China Dongxiang, they intertwine and collide, ultimately becoming a splash of colour in the everyday lives of countless people. From the KAPPA OMNI LOGO becoming a symbol of street culture, to PHENIX skiwear showcasing the aesthetics of technology in the world of ice and snow, the brand has always taken part in every evolution of China's sports fashion with an attitude that knows no limits. Since its listing in 2007, China Dongxiang has cumulatively launched over 10,000 types of sportswear products, accompanying millions of users through their own sporting journeys.

Today, China Dongxiang is redefining the connection between sport and life from a more creative and responsible perspective. We focus not only on the products themselves, but also on the emotional resonance and shared values behind every time its products are worn. In 2025, KAPPA, through its "Back-to-Back Club Together" pop-up store, turned the brand's symbol into a warm bond connecting people — art, craftsmanship and sustainability blended naturally within a single space, making sport a social language with warmth.

In terms of product and scenario innovation, China Dongxiang continues to respond to consumers' expectations in diverse ways. As a leading brand in skiing and outdoor sports, PHENIX has deepened its "high-performance fashion skiing" positioning, covering diverse needs from competitive ski slopes to everyday outdoor activities through its two product lines of professional skiing and lifestyle outdoor. The professional line is centred on the Swedish National Team series and competition products, complemented by youthful series such as "SP27" and "miss phenix", balancing functionality with style; the lifestyle line, through differentiated series such as "phenix outdoor", "+phenix" and "alk phenix", caters to the preferences of different groups across all scenarios, light outdoor and urban functional wear. On the technological innovation front, PHENIX has meticulously launched the "Snow Realm Armour" ski suit, which integrates an active ventilation system with composite technology fabrics and adopts green, eco-friendly materials, weaving its commitment to sustainable development into every product detail; in collaboration with NORINCO BeiDou Satcom, it has incorporated BeiDou precision positioning technology into the MTR series ski suits, equipped with the PARS BeiDou rescue chip, which withstands extreme cold and penetrates obstructions, enabling positioning and distress signals to be triggered at the touch of a button. The "PARS" active rescue system, co-created by the brand and BeiDou Satellite, has filed for a patent and is scheduled for a limited release in the 2025/26 ski season, continually reinforcing its technological moat.

At the scenario level, PHENIX has simultaneously expanded its offline touchpoints, establishing a comprehensive presence in the professional channels of large indoor ski resorts such as Taicang Snow World and Sunac, bringing high-performance equipment directly to skiing enthusiasts. The brand also continues to deepen its connection with the new generation of skiing communities; building on its skiwear sponsorship partnerships with Tsinghua University and Peking University, it has further established skiwear collaborations with the ski teams of over 20 renowned universities across China, embedding the brand's professional DNA into the ice-and-snow memories of the younger generation. During the Asian Winter Games, PHENIX provided professional apparel sponsorship to the Xinhua News Agency press team, safeguarding on-site reporting with high-performance equipment and proving its product strength in extreme environments. KAPPA, meanwhile, continues its sports sponsorship partnership with the Bincheng United team; building on two consecutive years of supplying professional match kits, it has once again upgraded the collaboration, specially customising dedicated warm-up and training kits made from high-performance fabrics that balance breathability and comfort, while incorporating the team's signature elements into the design — comprehensively helping the team enhance training efficiency and team cohesion as they meet every challenge on the pitch together.

China Dongxiang has always believed that sport knows no limits, and neither does life. We continuously explore the integrated application of intelligent technology and eco-friendly materials, driving our products to evolve steadily towards a green, healthy and sustainable direction. From the immersive experience of pop-up stores to the green operation of stores nationwide, from the creative design of eco-friendly merchandise to in-depth engagement within member communities, and from BeiDou chips embedded in skiwear to high-performance fabrics empowering the field, KAPPA and PHENIX are each interpreting, in their own way, the same belief: making sustainability no longer a distant promise, but a daily choice in which everyone can take part; making sport not merely competition, but an expression of a healthy, confident and joyful life.



Vision

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

Mission

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

Operating profit of the
China sportswear segment:

RMB

68

million,

up 33% year-on-year



Revenue:

RMB

1,715

million



Total number of
stores under the
KAPPA brand:

965



Rediscovering China Dongxiang is a process of witnessing a brand's continuous evolution and courage to explore. We invite every consumer to join us on this journey of discovery into sport, fashion and life.

During the reporting period, faced with a complex environment in which uncertainties such as the continued slowdown of the global economy, geopolitical conflicts and trade protectionism had yet to be resolved, the Group maintained its prudent and steady operational resolve throughout, achieving overall progress amid stability in its performance. We adapted to market changes, advanced the deep integration of online and offline channels in an orderly manner, strengthened internal business synergy, and promoted the dual enhancement of operational efficiency and business performance.

Offline, consumption scenarios recovered steadily and demand for experiential consumption grew, with improvements in store service and experience effectively driving up units per transaction (UPT) and average transaction value (ATV); online, consumers' search behaviour became increasingly refined, while the front-loaded presentation of content on social platforms laid the foundation for the efficient conversion of traffic. As at 31 March 2026, the total number of KAPPA brand stores was 965. The Group steadily advanced its digitalisation and omni-channel integrated marketing, forging closer connections with consumers and effectively conveying its brand value.

At the product level, the Group continued to deepen innovation, pursuing detail upgrades and value reshaping in parallel to bring new products with novel designs, advanced materials and superior functionality to its various brand series, further consolidating its market position. Guided by user needs, the KAPPA brand closely integrated product innovation with results-driven marketing, ensuring that resources were precisely focused on core products to maximise resource utilisation. The brand concentrated its efforts on targeted content promotion, building deep connections with consumers through omni-channel integrated marketing and driving real-time conversion, successfully delivering a number of conversion-oriented offline events; in terms of membership operations, it rolled out membership activities through large-scale cross-industry offline partnerships, and through lean management achieved year-on-year growth in new members and a year-on-year increase in member spending, effectively converting brand voice into sales assets and achieving a dual enhancement of brand image and commercial objectives.

In terms of its investment business and financial resilience, faced with a complex external macroeconomic environment, the Group has consistently targeted returns commensurate with reasonable risk and continued to adjust and optimise its investment categories and directions. During the reporting period, the Group actively advanced the exit of PE funds to accelerate the recovery of capital, while moderately increasing investment in fixed-income projects, ensuring stable returns while exercising strict risk control. During the reporting period, owing to the combined effects of periodic fluctuations in the fair value of financial assets, exchange gains and losses and one-off non-cash impairments, the Group's operating performance for the period came under pressure; however, the core sportswear business bucked the trend, with operating profit increasing by 33% year-on-year, becoming a notable highlight of the results.

HOW WE DELIVER PRODUCTS THAT MEET FUTURE NEEDS

At the forefront of the evolution of sports fashion, China Dongxiang takes its two core brands, KAPPA and PHENIX, as the principal vehicles for continuously seeking out and redefining the diverse needs of future lifestyles. We believe that truly future-oriented products must both maintain a keen responsiveness to trends and organically integrate technology, environmental protection and personalised expression, to stay ahead in a rapidly changing market. The following is an overview of each brand's positioning and core product strategy:



Brand history

The KAPPA brand, founded in 1916, began to distinguish itself in Europe as early as the 1960s and 1970s, gradually growing into the most prestigious sports and leisure apparel brand in Europe. From that time onwards, the lifestyle embodied by KAPPA's products has, together with the brand's highly recognisable logo, OMINI — a man and a woman seated back to back — taken the world by storm.



Brand positioning

Years of exploration and development has laid a solid foundation for the KAPPA brand to take a further step forward in the China market. Building on its inherited sporting DNA, today's KAPPA brand positions itself as a trend-oriented sports lifestyle brand, with "Extraordinary Passion, No to Mediocrity" as its core philosophy.



Core product strategy

We have always taken as our mission "to help users build confidence, to deliver a joyful sense of self, and to enable a high-quality, healthy lifestyle", and are committed to providing consumers with a diverse range of quality products. We exercise strict control over product quality, genuinely safeguard consumers' rights and interests, strengthen the regulation of product labelling information and advertising, and resolutely protect the Group's intellectual property. At the same time, we attach importance to green product innovation, actively adopting cutting-edge eco-friendly materials and conveying to consumers the vision of building a green planet, thereby demonstrating the enterprise's commitment to environmental responsibility.



Brand history

Founded in Japan in 1952, the PHENIX brand is a functional apparel brand with its origins in skiing. In the China market, it offers three product lines: the professional SKI series for skiing, the urban-functional ALK series and the globally curated GOLD series. Over the years, the PHENIX brand has accompanied numerous top skiers in their competitions, and with its premium brand image, it is sought after by skiing enthusiasts around the world.



Brand positioning

Through years of in-depth research into biomechanics, engineering and biology, the PHENIX brand has integrated the spirit of skiing into a philosophy of self-transcendence. Its relentless pursuit of quality and technology has driven the brand to refine itself continuously throughout its development, perfectly blending function with fashion to interpret new trends and the characteristics of the times.



Core product strategy

The PHENIX brand not only provides body protection during exercise, but also meets consumers' demands for human-centred design and health protection. Features such as UV resistance, anti-static properties, four-way stretch, and functional moisture permeability and permanent waterproof design all deliver outstanding technological performance for consumers.

HOW WE UNDERTAKE OUR SUSTAINABILITY MISSION

China Dongxiang continues to focus on the symbiotic relationship between corporate operations, society and the environment, regarding sustainability as the core engine driving industry innovation and long-term development. Under the coordination of the Board, the Company earnestly fulfils its responsibilities as a corporate citizen, integrates the concept of sustainable development throughout the entire operational process, and extends it to the upstream and downstream of the supply chain, working hand in hand with partners to jointly build sustainable competitiveness across the global value chain.

Over the past year, China's ESG governance has accelerated its shift from voluntary to mandatory and from preliminary to refined, with policy focus centred on enhancing the quality, depth and comparability of information disclosure, while strengthening financial support for the green and low-carbon transition. The Group has kept pace with these policy developments, actively responding to the era's defining themes of green industrial transformation and the development of new quality productive forces. At present, the Group has established a high-standard ESG management system and continues to optimise its strategy, advancing steadily towards building a high-technology, high-efficiency and high-quality green sports industry. Going forward, the Company will continue to deepen and expand its ESG practices, actively convey its green philosophy, and forge a resonance of values with a highly socially conscious consumer base, thereby promoting the harmonious coexistence of the economy and the environment.

In a globalised context, building a sustainable development system aligned with international standards has been the Company's consistent direction. China Dongxiang proactively benchmarks against the United Nations Sustainable Development Goals (SDGs), ensuring that its business strategy and operational practices stay in step with the world's leading social responsibility and environmental standards. Based on the characteristics of the Group's business, the Company has identified the priority areas among the SDGs and deeply integrated them into its ESG strategy as the core guide for carrying out its ESG work. Within these priority SDG areas, the Group has actively implemented China's National Plan on Implementation of the 2030 Agenda for Sustainable Development and carried out a series of specific measures.

SDGs	China's National SDG Plan ¹	Our Sustainability Actions
	To promote fair and accessible basic medical and health care.	- Caring for staff occupational health and safety by providing labour protection gear, medical insurance and other assurances for staff health and safety. - Arranging staff health checks on a regular basis and training and promoting literacy in occupational health and safety.
	To enhance awareness of gender equality across all sectors in the community and to eliminate all forms of discrimination and prejudices against women and girls.	Standing against any form of discrimination, endeavouring to foster diversity and resolutely opposing any acts of discrimination based on ethnicity, nationality, religion, gender, age, marital status or disability.
	- To ensure economic growth at medium- to high-speed and to procure medium- to high-end industrial development. - To curb illegal acts and crimes such as child labour and forced labour in accordance with the law and to afford special protection to minor workers aged between 16 and 18. - To safeguard the proper rights of workers, such as reward for labour, rest and leaves and social insurance. - To improve the employment and business venture service regime and implement the lifelong vocational skills training system.	- Conducting active business expansion and development and co-growth with partners to contribute to economic growth and provide more quality jobs for the community. - Improving the employee candidate information identification system and stringent vetting of the age of employee candidates to ensure candidates have reached the legal age for employment. - Formulating internal rules and regulations including the Recruitment Management System and Remuneration Management Regulation to facilitate regulated management of staff recruitment, remuneration and working hours. - Developing a staff training regime for the support of staff development and growth.
	To establish a fairer and more sustainable social protection system with ongoing improvements to strengthen protection of the rights of social groups such as women, minors and the disabled.	Organising community welfare activities as well as a diverse range of business promotion activities leveraging our brand advantage to inspire vigour and enthusiasm.

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



SDGs	China's National SDG Plan ¹	Our Sustainability Actions
	- To adjust the economic structure, transform the mode of development and vigorously promote sustainable production. - To control the total consumption of energy and resources, optimise the structure of energy and resource utilisation, and substantially increase the use of secondary energy resources.	- Making improvements to the supplier management regime to focus on the management of environmental and social risks associated with supply chains. - Increasing application of eco-friendly materials and formulation of management systems and procedures governing the use of chemicals and glue agents to reduce the consumption of harmful chemicals. - Forging a sustainable supply chain and encouraging suppliers to incorporate environmental concepts into their own management regimes.
	To ensure effective promotion and education relating to climate change and environmental protection, disseminate knowledge in climate change and the concept of low-carbon development, and guide active participation by the public in actions addressing climate change.	- Identifying the Group's principal risks and opportunities relating to climate change and conducting analysis on the impact of each risk or opportunity on the Group's future operation. - Promoting the green office and green production to reduce energy consumption and lower greenhouse gas (GHG) emission. - Enhancing management of environmental risks in the supply chain and empowering suppliers to adopt eco-friendly practices.
	To rectify and investigate in a resolute manner misconduct and corruption practices that infringe upon public interests, ensuring stringent execution at each level of management to enhance accountability.	- Formulating systems for the management of anti-corruption measures, such as the System for the Countering of Unfair Competition and Commercial Bribery, and fostering a corporate image characterised by integrity and probity to ensure systematic development of the Group's business. - Emphasising probity in procurement and further regulating open, fair and impartial procurement while improving standards and regulations for the admission of suppliers, as well as relevant assessment procedures and supervisory mechanism on an ongoing basis. - Conducting dedicated training on probity for all Directors and staff to enhance staff understanding of the risks associated with probity and pertinent laws and regulations, so as to prevent such illegal acts.
	To draw on experiences and financing strategies available from partnerships to encourage and promote effective partnerships with the public sector, public/private sector and civic society.	Participating in industry summits/forums to gain insights into the latest achievements of raw material suppliers in sustainability and join hands with other brands to explore further options in the promotion and use of low-carbon raw materials, as well as innovative means for solving bottlenecks in the application of technologies for the reduction of carbon emission.

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

OUR SUSTAINABILITY COMMITMENT

In China Dongxiang's vision for its development, sustainability is both a proposition handed down by the times and a principle the enterprise embraces from within. In the face of the intertwined challenges facing the global environment and society, we are keenly aware of the weight that we, as an industry leader, ought to bear. On this basis, we offer "Dynamic Green, Towards a Shared Future" as our considered response, committed to driving green transformation across the sports, outdoor and trend domains through innovation, industry synergy and a sense of responsibility, joining hands with all parties to set out on a shared journey towards a sustainable future.

On the road towards a sustainable future, China Dongxiang will continue to play a leading role — not only by providing consumers with high-quality, sustainable products on an ongoing basis, but also by striving to become a steadfast force driving industry progress and the sustainable development of society. We are well aware that this will not be a smooth path, nor the work of a single day, yet every step forward carries its own weight. We hope to stand side by side with all fellow travellers, honouring today's commitments through concrete action, jointly safeguarding this one and only blue planet, and joining hands to create a greener, fairer and more prosperous future.

China Dongxiang's "Dynamic Green, Towards a Shared Future" Commitment

Target classification	Target content	Progress in FY2025/2026
Advocating sustainable consumption and industry transformation 	- Promote the transformation of technology and green industries, continue to explore more 3D design and virtual display technologies, and increase the use of environmentally friendly materials and the research and development of low-carbon products. - Adhere to the attitude of openness and sharing and promote the green transformation of the industry. Join no fewer than 5 ecological and sustainable alliances by FY2030.	- In FY25/26, we developed a number of environmentally friendly and low-carbon products. For details, please refer to the section headed "GUARDING THE EARTH, OUR GREEN COMMITMENT". - In FY25/26, China Dongxiang (Group) Co., Ltd. was awarded the "Model Award for Sustainable Supply Chain Management" on the Yicai (China Business News) China Corporate Social Responsibility List.
Eco-friendly and climate responsive action 	- Optimise water resources management. By FY2026, the installation rate of water-saving faucets in Beijing and Shanghai offices will reach 100%, and the total water consumption of the Group will be reduced by 30%. - By FY2026, all shoe boxes and paper packaging purchased by the Group will be FSC-certified.	- In FY25/26, the Group's total greenhouse gas emissions decreased by 31% as compared with that of the previous financial year. - In FY25/26, the Group's total water consumption decreased by 3% as compared with that of the previous financial year. - In FY25/26, the proportion of the Group's purchase of all shoe boxes and paper packaging materials with FSC certification was 100%.
Partner empowerment and community engagement 	- By FY2030, the Group will assist its key suppliers in achieving 100% coverage of sustainable production and management training. - Growth empowerment: Support and help with the growth of at least 1,000 people from minority and disadvantaged groups by FY2030.	- In FY25/26, we encouraged more suppliers to pay attention to their own ESG practices and actively obtain third-party audit certifications. - In FY25/26, KAPPA donated over 300 items in total, including customised sportswear school uniforms and schoolbag accessories, to a disaster-affected school.

AWARDS AND RECOGNITIONS



ESG-related awards and honours



- ▶ 2024 Yicai — China Corporate Social Responsibility Ranking — "Environmental and Ecological Contribution Award"



- ▶ 2024 For Good Awards — "Top 15 in Annual ESG Sustainability"



- ▶ 2025 Yicai — China Corporate Social Responsibility Ranking — "Sustainable Supply Chain Management Excellence Award 2025"



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



Brand-related awards and honours



- ▶ The 31st China International Advertising Festival Great Wall Awards — Gold Award in Video Advertisement and Bronze Award in Content Marketing in 2024



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



- ▶ 2025 Qingming Awards — Industry Marketing Case of the Year (Clothing, Shoes, Hats and Accessories Category)

CHAPTER 1

GOVERNANCE INNOVATION WITH STEADY PROGRESS

- EFFICIENT CORPORATE GOVERNANCE
- ESG STRATEGIC MANAGEMENT
- RESPONSIBLE INVESTMENT

INTEGRITY • TRUST

Sound governance is the cornerstone of sustainable development. We continue to refine a transparent and efficient governance structure, adhere to high standards of business ethics, deeply integrate ESG into our strategic decision-making, and drive long-term value through responsible investment — calibrating our direction amid change and defining our sense of responsibility through action.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS RELEVANT TO THIS CHAPTER



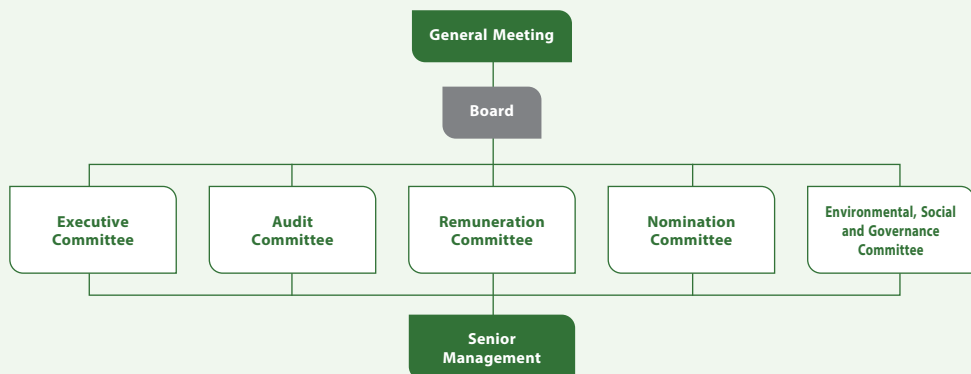
CHAPTER 1: GOVERNANCE INNOVATION WITH STEADY PROGRESS

EFFICIENT CORPORATE GOVERNANCE

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

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

Three-Tier Governance Structure of China Dongxiang Group



During the reporting period, we convened multiple general meetings and Board meetings to fully discuss and vote on various proposals, ensuring rigorous and efficient corporate decision-making.

General meetings during the financial year	
Number of meetings held:	1
Number of resolutions considered:	7
Board meetings during the financial year	
Number of meetings held:	12
Average attendance:	100%

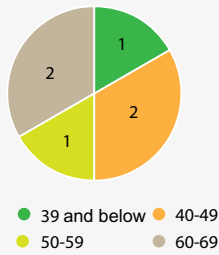
In the process of building an efficient corporate governance system, we consistently regard board diversity and refined management as core strategies. A diversified board composition significantly enhances a company's ability to navigate complex business environments. By attracting professionals from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

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

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

Board Diversity

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

Board members: 6 in total	Gender diversity of Board members	Male Directors: 4	Type diversity of Board members	Executive Directors: 3
		Female Directors: 2		Independent non-executive Directors: 3
	Background diversity of Board members	* The executive Directors are all seasoned managers in the sportswear industry, with extensive strategic management experience.	Age diversity of Board members	 ● 39 and below ● 40-49 ● 50-59 ● 60-69
		* The independent non-executive Directors possess rich professional experience and backgrounds in finance, economics, engineering and operations.		

Board Management

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

Compliance and Transparency

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

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

During the current financial year, to enhance the legal awareness and risk-prevention capabilities of its subsidiaries, China Dongxiang's Legal Department carried out offline special training and support for them. The training topics covered overdue accounts receivable early-warning schemes, debt early-warning schemes, and laws and regulations relating to labour and employment. Participants were drawn from the relevant positions at subsidiaries in Harbin, Dalian, Tianjin, Yunnan, Shenzhen and elsewhere, with a total of 5 special training sessions held. Through systematic explanation of the standardised email and letter templates and dispatch requirements corresponding to each warning level, colleagues at the subsidiaries have fully mastered the compliance operating procedures and are able to issue demand letters promptly and properly, effectively avoiding the risk of overdue accounts missing the limitation period for litigation. By deeply embedding compliance requirements into the subsidiaries' day-to-day operations, we have built a compliance management system covering the entire chain of recruitment, performance of duties and exit, providing institutional assurance and capability support for creating a legal and standardised Group ecosystem.

To strengthen intellectual property protection awareness in the design process, the Legal Department conducted dedicated training for the Shanghai PHENIX team during the current financial year. Delivered in the form of an on-site slide presentation, the training systematically briefed participants on the intellectual property risks — such as trademarks, patents and copyrights — that may arise during the design process, with a total of 8 designers participating. Through this training, the design team gained a clearer understanding of the compliance boundaries in product design and development, strengthened brand intellectual property protection awareness, and reduced infringement risks at source.

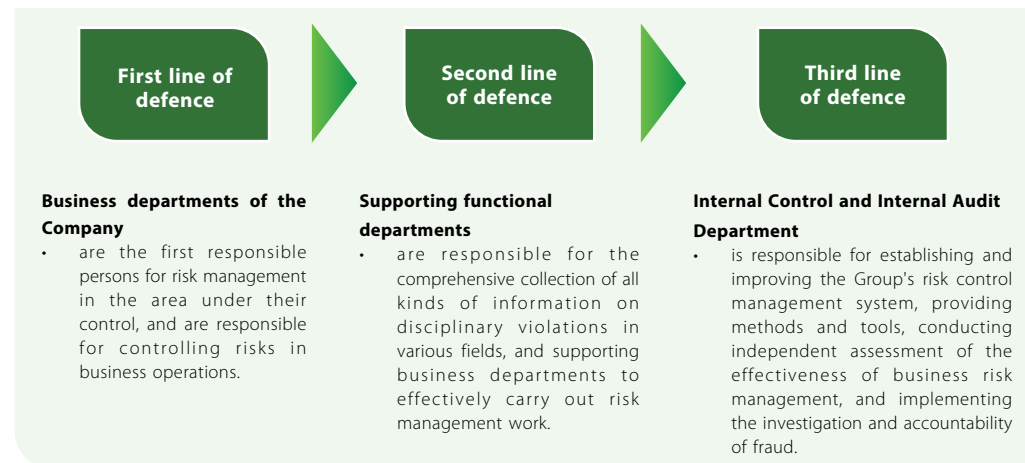


► Intellectual Property Compliance Training

Risk Management

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

China Dongxiang's "Three Lines of Defence" for Risk Management



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

During the current financial year, the Group’s legal team successfully resolved a brand-licensing dispute that had lasted three years. The case arose because the licensee had repeatedly breached the terms of the contract by manufacturing and selling substandard, unapproved and intellectual-property-infringing products, seriously damaging the value of the KAPPA brand. After complex litigation and mediation proceedings, the two parties eventually reached a settlement, and the court issued a mediation statement confirming the termination of the contract and requiring the defaulting party to pay licensing fees and to hand over all of its online and offline stores. This outcome effectively safeguarded the Group’s brand assets and legitimate rights and interests, and demonstrated the Group’s capabilities in risk management and resolution amid complex commercial disputes.

Anti-Corruption and Anti-Unfair Competition

In the area of anti-corruption and anti-bribery, China Dongxiang has formulated the “Anti-Corruption and Anti-Bribery Reporting and Reward System”, requiring employees to strictly abide by regulations in business activities, and severely punishing violations such as corruption and bribery. The Internal Control and Internal Audit Department has established a Disciplinary Violation Reporting Centre to comprehensively collect information on disciplinary violations across all aspects of business operations. The Company has opened online and offline reporting channels, encouraging employees, suppliers and partners to report illegal and non-compliant acts, improving the whistleblower protection mechanism and severely punishing retaliators. During the reporting period, the Group did not have any illegal cases due to fraud or corruption.

China Dongxiang actively advocates a market environment with fair competition, and we strictly comply with the Anti-Unfair Competition Law of the People’s Republic of China and other relevant laws and regulations, and have specifically formulated the “Anti-Unfair Competition and Commercial Bribery System of China Dongxiang (Group) Co., Ltd.”. We firmly resist acts that confuse the market and mislead consumers, and eliminate the use of unfair competition methods such as bribery to obtain business opportunities. At the same time, great importance is attached to respecting and protecting trade secrets, eliminating false advertising, and ensuring fair and transparent transactions. During the reporting period, the Group carried out multiple anti-corruption awareness and training activities, and was not involved in any legal proceedings related to unfair competition or anti-monopoly practices.



Information Security

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

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



Information Security Training

ESG STRATEGIC MANAGEMENT

China Dongxiang has always placed ESG principles at the core of its corporate governance, establishing a full-cycle, closed-loop management system encompassing “strategic planning — implementation — performance tracking”. Drawing on the effective collaboration of the three-tier structure comprising the Board, the ESG Committee and the ESG Working Group, the Company continuously responds to the expectations of the capital market and stakeholders with a robust and forward-looking governance model.

As a driving force in the apparel industry, China Dongxiang not only focuses on the solid advancement of its own ESG practices but also actively plays an industry-leading role, promoting the transformation of the industry chain towards a green and sustainable direction and fulfilling its sense of responsibility. In the area of climate risk management, during the previous reporting period the Company worked with third-party expert institutions to comprehensively upgrade and refine its climate-change-related report, systematically organising information on the Company's climate governance, response strategy, risk management mechanisms, and targets and indicators, so as to face climate challenges with a more comprehensive and transparent stance and to consolidate the foundation of sustainable development.

We continue to strengthen the senior management team's awareness of and consensus on sustainable development. During the reporting period, China Dongxiang organised ESG-themed training for its senior management team, focusing on cutting-edge trends, policies and regulations, and industry case studies, with in-depth interpretation from invited external experts, with the aim of deeply integrating sustainability concepts into strategic decision-making and day-to-day management. This training further deepened senior management's understanding of and identification with ESG issues, injecting continuous momentum into the Company's green and long-term development.

ESG Governance

A systematic and complete ESG governance structure is the institutional cornerstone for ensuring the effective implementation of an enterprise's environmental, social and governance strategy and the steady achievement of its targets. China Dongxiang has established an ESG governance system covering three levels — decision-making, management and execution — and has continuously revised the “Terms of Reference of ESG Committee of China Dongxiang” (available at www.hkexnews.hk), providing clear institutional guidance for the steady advancement of its sustainable development work.

In this structure, the Board, as the highest body of responsibility for ESG governance, undertakes the core functions of approving the strategic direction and deliberating on the overall objectives, safeguarding the Company's long-term sustainable development from the top level. Under the guidance of the Board, the ESG Committee performs executive management duties, responsible for translating the ESG strategy into specific actions, coordinating the formulation and implementation of relevant policies and standards, and ensuring that ESG objectives are closely aligned with the Company's overall business strategy. As the ground-level execution force, the ESG Working Group integrates ESG concepts into the daily operations of each department item by item, advancing sustainable management from policy to practice.



ESG governance structure of China Dongxiang



Board

- Comprehensively overseeing and approving the Company's ESG strategy, ESG medium- and long-term plans, the ESG Committee's annual plan, and the formulation and implementation of ESG policies;
- Reviewing the Company's material ESG issues and the progress towards achieving ESG targets;
- Approving and determining matters relating to ESG risks and opportunities relevant to the Company's development.



ESG Committee

- Formulating the Group's short-, medium- and long-term ESG development vision, strategy and management guidelines;
- Overseeing the formulation and implementation of the Group's environmental, social and governance targets, and regularly reviewing the progress towards achieving those targets and the support for the actions required to achieve them;
- Approving and determining the Group's ESG-related risks and opportunities (including those relating to climate change), and assessing the adequacy and effectiveness of ESG-related risk controls;
- Continuously monitoring the diversified communication channels with various stakeholders, to ensure that opinions and suggestions on the Group's ESG are obtained for continuous improvement;
- Reviewing the Group's annual ESG-related outcomes, including ESG reports, ESG policies, ESG performance, actions and commitments, and honours and recognition.



ESG Working Group

- Driving ESG practices around the ESG targets and delivering the achievement of ESG performance;
- Establishing ESG risk management processes, and identifying and assessing ESG risks and opportunities on a day-to-day basis;
- Collecting stakeholders' ESG concerns, and accurately communicating the Group's ESG practices and outcomes;
- Being responsible, on a regular basis, for the practical work of compiling, collating, disclosing and reporting ESG information and promoting it through brand communications.

Engagement with Stakeholders

We always place great importance on communication with stakeholders, deeply understanding that their opinions and demands are not only indispensable key considerations in the Group's strategic planning process but also the core driving force for continuously elevating ESG management to new heights. To genuinely grasp the needs of stakeholders and respond actively, we draw on a rich variety of communication channels to proactively engage in in-depth exchanges with all parties. During the reporting period, we optimised and refined our review of stakeholder groups and precisely identified them, ultimately delineating the following nine representative stakeholder groups: government and regulatory authorities; investors/shareholders; customers and consumers; suppliers/distributors; industry associations/peers; employees; media; NGOs/communities; and the general public. By building diversified and all-round communication bridges, we strive to achieve transparent and efficient two-way interaction with all stakeholders, working together to create a positive state of win-win cooperation.

Major stakeholders	Government and Regulatory Authorities	Investors/ Shareholders	Customers and Consumers	Suppliers/ Distributors	Industry Associations/Peers	Employees	Media	NGOs/Communities	The General Public
Key Concerns and Expectations	- Responding to national development strategies - Risk and compliance management - Promoting industry development - Driving local economic and social development - Product quality and safety	- Corporate governance - Risk and compliance management - Stable investment returns - Disclosure of operating information - Technology R&D and innovation	- Product quality and safety - Technology R&D and innovation - Customer service enhancement - Shopping satisfaction - Information security and privacy protection	- Building a sustainable supply chain - Supplier empowerment and training - Win-win cooperation	- Product quality and safety - Technology R&D and innovation - Intellectual property management - Win-win cooperation	- Protection of employees' rights and interests - Occupational health and safety - Career development pathways - Work-life balance	- Information disclosure and dissemination - Interaction with the media	- Environmental protection - Poverty alleviation and relief - Education support - Transparent, open and timely communication from the Company	- Charitable donations - Driving local economic and social development - Reducing negative environmental impacts
Communication and Engagement Methods	- Formulating a carbon neutrality strategy - Supporting rural revitalisation - Responding to regulatory requirements - Strengthening government — enterprise communication - Providing employment opportunities - Increasing R&D investment	- Improving governance mechanisms - Disclosing operating information in a timely manner - Enriching investor communication channels - Increasing R&D investment	- Increasing R&D investment - Conducting customer satisfaction surveys - Handling customer feedback and complaints - Holding online and offline activities - Member salon events - Operating social media - Improving data security management	- Conducting supplier audits and assessments - Carrying out on-site surveys and inspections - Advancing responsible procurement - Optimising the distributor network - Improving the supplier management system	- Participating in the formulation of industry standards - Increasing R&D investment - Strengthening industry — academia — research collaboration - Promoting industry information exchange and sharing	- Organising employee symposiums - Implementing commercial insurance schemes - Performance appraisal interview mechanism "Green Action for the Future" project - Community-building mechanism - Implementation of the health check-up upgrade plan	- Holding press conferences - Holding product launch events - Holding media day events	- ESG report sharing - Community engagement and cooperation projects - Open days and symposiums	- Supporting rural revitalisation - Carrying out public-welfare volunteer activities - Providing employment opportunities - Promoting green production and operations

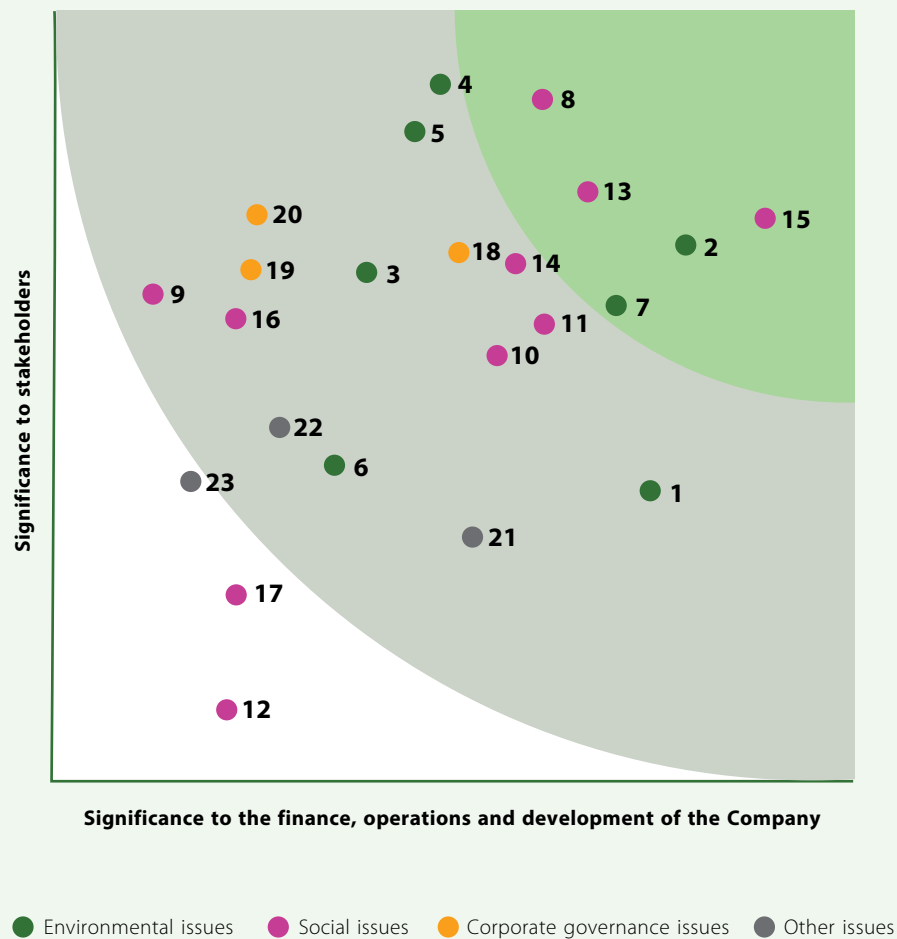
Materiality Assessment

To better identify and assess the priority of ESG issues relevant to this financial year and the next two years, we conducted a materiality assessment of ESG issues through four major work steps.



1. Identification of ESG Issues	By building an extensive evaluation system and set of dimensions, we screened and determined ESG issues, ultimately identifying 23 ESG issues with a relatively high degree of relevance to the Group's business. The reference dimensions included: - National policies and regulatory requirements, such as China's "30 • 60 Dual Carbon" strategy; - The main standards for ESG reporting and the requirements of related initiatives, including but not limited to: the Stock Exchange of Hong Kong's Environmental, Social and Governance Reporting Guide, the Recommendations on Climate-related Financial Disclosures (TCFD), the Sustainability Reporting Standards of the Global Reporting Initiative (GRI), the Sustainability Accounting Standards of the Sustainability Accounting Standards Board (SASB), and the United Nations Sustainable Development Goals (SDGs); - International mainstream ESG rating requirements, such as the MSCI ESG Index and CDP (Carbon Disclosure Project); - International and domestic ESG and sustainable development trends; and - Industry sustainable development trends.
2. Engagement with Stakeholders	Through professional survey tools, we collected different stakeholders' materiality assessments of, and suggestions for the future improvement of, our ESG issues. We collected a total of more than 200 questionnaires.
3. Materiality Assessment of ESG Issues	On the basis of the stakeholder survey results, we determined highly material issues, moderately material issues and generally material issues by combining the Company's current and future development strategy, industry trends, and communication with senior management, and drew up a materiality matrix.
4. Approval and Confirmation of the Materiality of ESG Issues	The resulting priority ranking of material issues and the materiality matrix were submitted to the ESG Committee for approval.

China Dongxiang ESG Issue Matrix



Category	No.	Issue Name
Environmental Issues	1	Greenhouse gas emissions
	2	Reducing product carbon footprint
	3	Reducing waste and pollution
	4	Chemicals management
	5	Raw material procurement
	6	Promoting circular packaging
	7	Mitigating climate change
Social Issues	8	Protection of employees' rights and interests
	9	Employee development
	10	Diversity, equity and inclusion
	11	Health and safety
	12	Information security and privacy protection
	13	Sustainable supply chain management
	14	Providing trustworthy products
	15	Providing environmentally friendly products
	16	Responsible marketing
	17	Community engagement and contribution
Corporate Governance Issues	18	Sound operations
	19	Business ethics management
	20	Anti-corruption and anti-unfair competition
Other Issues	21	ESG risk management
	22	Sustainable investment
	23	Promoting the development of the sustainable fashion industry

RESPONSIBLE INVESTMENT

Responsible investment is China Dongxiang's firm commitment to cultivating long-term value and practising sustainable development. During the reporting period, uncertainty and high volatility in the global macro-environment continued to intensify; in its investment decisions, the Group took a coordinated approach to balancing the safety, liquidity and profitability of its assets, continued to improve the efficiency of its capital operations, and actively pursued a stable and sustainable dividend policy, putting the concept of responsible investment fully into practice through pragmatic measures.

Prudent and Robust Investment Strategy

In the face of external uncertainties such as the slowing recovery of the global economy, intensifying geopolitical rivalry, volatility in cross-border capital flows and turbulence in asset prices, China Dongxiang has consistently held firm to its risk bottom line. Across its capital operations and investment management, it has continued to apply a philosophy of prudence, robustness and dynamic optimisation, with the core objectives of stabilising asset returns and fortifying its risk defences. It dynamically adjusts the structure of its asset allocation in response to changing market conditions, continuously improves the quality of its overall asset portfolio, and comprehensively strengthens the resilience of the Group's assets in withstanding macro-level volatility and resisting systemic risk.

We firmly believe that short-term market noise will ultimately give way to long-term fundamentals. Looking ahead, the Group will continue to apply a prudent and rigorous perspective, deep professional insight and decisive execution to identify and capture value targets with genuine long-term vitality.

Diversified and Flexible Asset Allocation and Cash Management

During the reporting period, the Group continued to improve the flexibility and robustness of its investment portfolio. Through a two-way dynamic adjustment strategy of "clearing existing positions and steadily allocating incremental capital", it effectively smoothed the return volatility caused by market fluctuations, safeguarding the overall safety of the Group's assets and the stability of its returns.

In constructing its portfolio, the Group has, on the one hand, steadily advanced exits from its existing PE funds, seizing market windows to recoup liquidity, revitalising existing assets and reducing the proportion of long-term non-standard assets, so as to lower the risk of asset impairment that market volatility may bring. On the other hand, it has strategically increased its allocation to low-to-medium-risk assets that are fixed-income, of short-to-medium duration and low-volatility, building an asset allocation system that offers higher safety and more robust returns. The investment team maintains a keen sense of the direction of macro policy and the global situation, and continuously and dynamically optimises its asset allocation structure.

In terms of cash management, the Group capitalised on market windows to steadily recover liquid funds, significantly strengthening its reserves of cash and cash equivalents so as to hedge against the uncertainties of the external environment with ample liquidity. By strengthening its cash-flow reserves and improving the liquidity of its assets, the Group further strengthened its ability to withstand macro-level volatility and systemic risk. As at 31 March 2026, the net asset value of the Group's investment segment reached RMB7.9 billion, a year-on-year decrease of 6%. Cash and cash equivalents stood at RMB1.7 billion, accounting for 17% of the Group's total asset value.

A Stable and Transparent Shareholder Return Mechanism

The Board revised the dividend policy on 24 June 2026. The Company has adopted a target dividend payout ratio equal to 30% of the net profit for the year attributable to the equity holders of the Group, subject however to the following factors, including but not limited to: financial performance; cash flow position; the balance of reserves available for distribution; business conditions and strategy; statutory reserve requirements; capital needs and expenditure plans; future operations and profitability; the interests of shareholders; any restrictions on the payment of dividends; and any other factors that the Board may consider relevant to the Group. The form and frequency of the declaration and payment of dividends shall be determined at the sole and absolute discretion of the Board, and the aforesaid target dividend payout ratio shall not constitute a binding commitment. Where the Board considers that a departure from the target is in the overall best interests of the Company and its shareholders, the Board may resolve to depart from the target in any particular year.

The dividend policy, together with any future declaration and/or payment of dividends made thereunder, shall be subject to the determination of the Board and to compliance with all applicable laws and regulations and the Company's memorandum and articles of association.

The Board will review the dividend policy as and when necessary in order to assess its effectiveness, and shall be entitled to update, amend and modify the dividend policy at any time.

CHAPTER 2

PRODUCT PIONEER, LEADING WITH RESPONSIBILITY

- CHAPTER STORY — A BACK-TO-BACK GATHERING
- PRODUCT PIONEER
- SAFEGUARDING QUALITY
- RESPONSIBLE MARKETING

QUALITY • SUCCESS

Products are our most direct dialogue with users. Driving the evolution of quality through innovation and answering individual needs through diversity, we ensure that every product carries a lifestyle of confidence, joy and health. In the leap from “Made in China” to “Chinese Brands”, we win trust through our strength and connect the world through our quality.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS RELEVANT TO THIS CHAPTER



CHAPTER 2: PRODUCT PIONEER, LEADING WITH RESPONSIBILITY

CHAPTER STORY — A BACK-TO-BACK GATHERING

Back-to-Back, Connecting You and Me

In May 2025, KAPPA launched its “Back-to-Back Club Together” themed pop-up store at Dalian Parkland. With the brand symbol “Back-to-Back” serving as the emotional bond, the pop-up was positioned not merely as a pop-up store but as a social space integrating artistic experience, cultural interaction and sustainability concepts. The event partnered with the artist “John Johnny” to create custom eco-friendly shopping bags, letting the idea of sustainability flow naturally through a blend of creativity and warmth amid the festive atmosphere of the Dragon Boat Festival and Children’s Day. Through a “1+N” model, the event reached a hundred stores across Northeast China, generating over 10 million online impressions and offline footfall of over 1 million, and driving sales growth of nearly 120% at the Dalian pop-up store. With a “Back-to-Back” gathering, KAPPA turned sport into a warm bridge connecting people.



The Warmth of Sustainability: From Pop-Up to Everyday

The pop-up store was not only an innovation in brand experience but also a hands-on realisation of the idea of sustainability. The eco-friendly shopping bags were made from reusable materials, guiding consumers to develop green consumption habits; surplus production materials were transformed into five-colour cords at members’ handicraft salons, giving offcuts a new lease of life. These initiatives have extended from the pop-up store to stores nationwide: eco-friendly shopping bags are gradually replacing traditional plastic bags, display fixtures are reused across stores, and surplus factory fabrics are regularly put to use in DIY activities. KAPPA has made sustainability more than a slogan, but an everyday choice that everyone can be part of.



Products and Scenarios: Building a Sustainable Lifestyle Together

China Dongxiang has always believed that sport and life can be seamlessly integrated, and that products are not only carriers of functionality but also bridges of emotion and culture. From the immersive experience of the pop-up store to the green operations of stores nationwide, and from the creative design of eco-friendly merchandise to the in-depth interaction of member communities, KAPPA demonstrates its brand promise of “Live through Sports” through concrete actions, making a sustainable, healthy and vibrant lifestyle an everyday choice for everyone. China Dongxiang is bringing renewed vitality to everyday life, inspiring community vitality and lighting up wonderful moments for everyone through its diverse products and rich scenarios. In China Dongxiang’s strategic blueprint, products have always been the core driving force behind the brand’s continuous growth. We remain market-oriented, continuously building a diversified product matrix, advancing innovation-driven development, deeply developing our school uniform business, and actively exploring personalisation and segmented market development. Through the ongoing optimisation of our product structure and R&D capabilities, we meet consumers’ diverse, personalised and high-quality needs, and continuously lead product upgrades and value creation in the sports fashion industry.

Driven by Innovation, Energising Product Vitality

Innovation is at the core of China Dongxiang’s product strategy. In FY25/26, we continued to achieve breakthroughs in the application of eco-friendly materials and in functional technologies, driving a comprehensive upgrade of our products towards greater green and high-performance offerings. The Group’s two major brands, KAPPA and PHENIX, each focus on their core segments, meeting diverse consumer demands through differentiated product strategies.

PRODUCT PIONEER

KAPPA: Born for the Everyday, Built for Passion



“Light & Easy Everyday” Series: A Layer of Skin-Friendly Coolness, Ready for Summer Skin

“Light & Easy Everyday (輕悦日常)” is a gentle recalibration of one’s personal state. The KAPPA T-shirt combines cotton-blend fabric with eco-friendly SORONA fibre to ready a layer of skin-friendly coolness for the skin on hot summer days. Contrast-colour ribbed trims and a lettering logo trace a retro silhouette with an effortlessly relaxed style. Completing an easy, laid-back look calls for a forgiving pair of bottoms. The KAPPA high-waisted joggers, with their slightly relaxed cut, naturally elongate the proportions, while their gently crinkled textured fabric brings a sense of breathability with every step; the KAPPA casual trousers, with a drawstring at the ankle, switch freely between the ease of a wide leg and the neatness of a cuffed ankle, effortlessly suiting the everyday across every mood.



“KAPPA Ski Series”: Performance Armour, from the Competitive Arena to the City

As the official sponsor of the USA Ski Team, KAPPA has launched a brand-new ski series. The products use a four-way stretch composite fabric with a waterproof and breathability ratings of 20,000/20,000 (Japanese standard), paired with a 3D AIR CUTTING comfort-lining structure to ensure lightness and a close fit during movement; detail features such as underarm vents, a detachable hood, a built-in goggle pocket and a lens cloth all draw on accumulated experience from the competitive arena, meeting skiers’ dual demands for performance and practicality.



“KAPPA Autumn — Winter Down Series”: One Garment, Three Ways — Lightweight Warmth for Changeable Weather

KAPPA has launched an autumn down jacket and a 3-in-1 windproof down jacket, using a one-garment-three-ways design to flexibly handle the shifting cold and warmth of autumn and winter. The TEFLON triple-protection woven shell is crisp, shape-holding and easy to care for, while the detachable down inner liner is lightweight and locks in warmth, combining windproof and rainproof protection with insulation to meet wearing needs across multiple settings such as commuting and the outdoors.

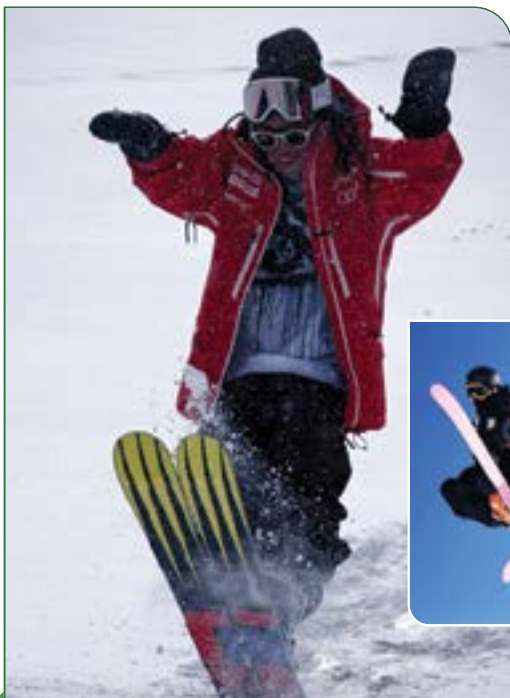
PHENIX: Born for the Professional, Bound for Nature

PHENIX focuses on the skiing-and-outdoor segment, building three product lines — professional skiing, all-terrain outdoor, and urban light-outdoor — supported by an “eight-character” technology system of lightweight, packable, warm, fast, rainproof, windproof, balanced and durable functions (輕、收、暖、快、雨、風、衡、耐), to meet multi-tiered needs from the professional arena to daily commuting.



Professional Skiing: Guarded by Technology, Fearless at the Limits

In collaboration with NORINCO BeiDou Satcom, PHENIX has jointly developed the PARS BeiDou Active Rescue System, now built into its new generation of ski suits: one-touch SOS, precise positioning, and unflinching performance in extreme environments of minus 40°C. Combined with an 850–950-nanometre high-penetration colourway, identification speed in snow and fog is increased by 3.2 times — giving technology a human warmth and bringing an added measure of reassurance to the outdoors.



All-Terrain Outdoor: Revel in the Snow Realm, Master It with Ease

The PHENIX SWE series is equipped with the DRY BARRIER high-performance waterproof and moisture-permeable membrane, combined with a fully seam-taped, laminated construction that keeps you dry and comfortable even in complex snow conditions — letting skiing enthusiasts revel in powder snow without fear of damp or cold, and continually push their own limits amid the surging waves of snow.



Urban Light-Outdoor: Functional Aesthetics, Light Everyday Protection

PHENIX integrates outdoor functionality into urban living, with pieces such as the CRANK woven jacket, woven trousers and a skirt giving everyday outfits both function and attitude. The products feature DRYSPHERE technology, delivering a comfortable experience that repels rain, breathes, and keeps you dry; they also offer robust sun protection, with a UV-blocking rate of over 90%, lightly protecting the skin's natural state — letting city dwellers walk bathed in light, moving freely between everyday life and the outdoors.

Personalised Development to Meet Diverse Needs

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

In the face of the awakening of women's consumer consciousness, the quickening pace of life, and consumers' higher expectations for "experience upgrading", the Group continues to deepen its user insights, injecting fresh vitality into brand innovation. Through product iteration and trend-led marketing, KAPPA continuously reinforces its deeply rooted sports-fashion DNA; while PHENIX, drawing on the heritage of sponsoring the national ski teams of countries such as Norway and Japan, together with its advanced technological breakthroughs in fields such as BeiDou rescue equipment, has built an exceptionally high reputation and recognition among professional skiing enthusiasts. In future, the Group will further enhance its brand influence through means such as strengthening its sports-brand positioning, iterating product design, and highlighting its brand identity. At the same time, by combining social topics, colour innovation, and technological applications, KAPPA will continue to meet consumers' higher demands for taste, detail, and functionality, while PHENIX, focusing on professional sports settings, provides high-performance, personalised equipment solutions for skiing enthusiasts and professional athletes.

Key Phrase One: A New Birth of Softness — Responding to Women's Physical and Mental Needs with the Ultimate Sensory Experience

Case: KAPPA "Marshmallow Air" and "Rice Cake Set" — Responding to Women's Needs with Softness

- In women's product design, we focus on women's core demand for a skin-friendly, soft tactile feel, and continue to deepen the research, development and application of high-comfort fabrics. Building on the fluffy, soft feel of the "Marshmallow" series, we have launched the iteratively upgraded "Marshmallow Air" series, while extending the softness narrative with the "Rice Cake Set" — redefining the boundaries of "comfort" through the dual innovation of soft fabrics and inclusive silhouettes.
- The all-new "Rice Cake Set" is crafted from soft, velvety fabric, enhancing the everyday wearing experience with a soft, springy and skin-friendly touch. The fabric's surface is fine and smoothly draping, while the interior uses a brushed finish — warm and substantial without being bulky — making it suited to multiple settings such as home, travel and relaxed holidays. In terms of silhouette design, by optimising the shoulder lines and refining the waist-and-abdomen lines, it achieves a slimming, figure-flattering effect and improves body proportions, freeing women from dressing anxiety and embodying an aesthetic of comfortable, easy dressing.



Key Phrase Two: Commuting with Poise — Creating an Efficient, Comfortable Everyday Choice for the Urban Middle Class

Case: KAPPA "Woven-Look Knit Cardigan Set" — The Efficient, Poised Choice for Commuting

- In commuting scenarios, the demand for "both poise and comfort" among the middle-class consumers is becoming increasingly prominent. Through in-depth insight into the target customer group, we found that crease-resistance, freedom of movement, and silhouette inclusivity are the core pain points of commuter dressing. Based on this, KAPPA launched the Woven-Look Knit Cardigan Set, centred on the core experience of "a ready-to-wear set that is efficient and poised".
- Fabric and silhouette achieve a dual breakthrough. Made from a high-resilience woven-look knit fabric, it combines a crisp texture with excellent crease-resistance — after prolonged sitting, a light pat restores it to smoothness; the two-way stretch fabric ensures freedom of movement, with no tight or restrictive feel. The inclusive silhouette precisely flatters the waist, abdomen and thigh lines, while the trousers leave ample room at the crotch and thighs, completely doing away with sitting marks — delivering all-day comfort and meeting the need for seamless switching between work and everyday settings.



To align with the trend toward long-termism in consumption, we are concentrating our efforts on building products with high quality, durability and multi-scenario adaptability, exploring diverse ways to wear and style them across our range. Take the KAPPA spring/summer windbreaker as an example: it features both UV protection (UPF 40) and water-repellent properties, while its short cut creates a more compact visual focus, staying light and agile even when layered, and handling transitions between multiple settings — commuting, the outdoors and business travel — with ease. The four-way stretch jacket features a lapel design, with an adjustable hem that refines the waistline proportion; paired with matching-texture straight-leg trousers, it neatly flatters the leg line, and even after long commutes or prolonged sitting it stays comfortable and crisp. This fully meets contemporary consumers' core demands for durability, functionality and emotional durability, driving apparel consumption to shift from a short-term, disposable model towards a quality-oriented one.



Deepening Our Presence in the Campus Setting, Supporting Growth through Premium Service

In our school uniform business, in the face of increasingly diverse campus-life scenarios, we continuously adjust the R&D direction of our school uniform products, with a focus on premiumisation and sustainable sales. Through methods such as in-depth research, student co-creation and sample fittings, we accurately grasp genuine needs. In FY25/26, we innovatively launched new products adapted to different seasons and settings — including sun-protective jackets, quick-dry garments and shell jackets — among which the sun-protective jacket has already gone on sale in a number of schools, winning widespread acclaim. We remain student-centred, encouraging students to take part in design and feedback, and driving the continuous optimisation and upgrading of our school uniform products. The school uniform business has deepened its presence in benchmark public schools such as Beijing No. 11 School and Beijing Hepingjie No. 1 Middle School, providing a cumulative various customised styles — so that the school uniform is no longer a one-size-fits-all dress code, but a warm companion that accompanies students through the four seasons and bears witness to their growth. China Dongxiang responds to every real moment of growth with premium products, weaving its attentive care for students into fabric and tailoring, making quality perceptible and care tangible. This is the Company's original aspiration in deepening its presence in the campus setting, and a warm embodiment of the ESG philosophy in the growth of the next generation.



E-Commerce Channel Innovation and User Reach

In terms of e-commerce channel layout, the Group has built an omni-channel product matrix of “full-domain online presence + cross-sector scenario expansion”, covering mainstream e-commerce and content platforms, while actively expanding diversified channels such as overseas fashion scenes, celebrity-IP collaborations and community marketing, so as to build diverse touchpoints between the brand and its users. This financial year, the e-commerce business unit focused on channel expansion and upgrading user reach, adopting a core strategy of “multi-dimensional communication + scenario-based product seeding + IP-driven collaboration”, and expanding the boundaries of its channels through the benchmark projects below.

Looking ahead, China Dongxiang will continue to uphold innovation and quality, steadily expanding its diversified and personalised product layout, actively meeting the diverse needs of special and targeted groups, helping the brand advance steadily amid fierce market competition and creating greater value for consumers.

Case: KAPPA at Milan Fashion Week — Expanding Brand Visibility across Overseas Fashion Channels

- In September 2025, during Milan Fashion Week, the brand expanded its overseas fashion channels and reinforced its international fashion identity, achieving a breakout in brand buzz through artist co-creation, overseas-media collaboration and all-platform communication. The campaign invited two artists, Xuan Lu and He Hongshan, to co-create styling content on the Milan runway and in the streets, producing high-quality content such as runway features, street-style footage and vlogs. It also partnered with overseas resources such as leading YouTube fashion channels to disseminate the brand's Fashion Week content in parallel, reaching overseas fashion circles. Across all platforms, the campaign published over 700 posts and surpassed 10 million total impressions, effectively raising KAPPA's brand awareness within fashion circles at home and abroad.



Case: KAPPA × Xia Zhiguang Birthday Event IP Collaboration — Building Deeper Emotional Connections with Gen Z Fans

- In December 2025, the brand launched the KAPPA × Xia Zhiguang co-branded birthday gift box, reaching young users and driving conversion through celebrity-IP channel collaboration and fan-community operations. During the campaign, the co-branded gift box was offered in a limited run of 1,000 sets, total impressions across all platforms surpassed 100 million, and a cumulative total of over 10,000 pieces of UGC content were produced — effectively driving a lift in the brand's buzz and product conversion among young consumers, while building up operational experience in celebrity-IP collaboration and fan-community channels.
- In addition, the brand is actively developing co-branded partnerships on trend-focused e-commerce platforms such as Dewu, using differentiated merchandise and youth-oriented content operations to continuously expand its Gen Z consumer base and strengthen the brand's competitiveness in the trend segment.



SAFEGUARDING QUALITY

Guided by its mission “to help users build confidence, to deliver a joyful sense of self, and to enable a high-quality, healthy lifestyle”, China Dongxiang has always regarded product quality as the cornerstone of the brand’s sustainable development. We firmly believe that quality lies not merely in compliance, but in a relentless dedication to every last detail. Through rigorous quality control across the entire process and every stage, and by continuously optimising our management system and empowering our partners, we are committed to delivering reliable, high-quality products to our consumers.

Standards as the Measure, Safeguarding Quality Control

We firmly believe that good product quality is the key to a brand’s success. At every stage of product development, sample selection, production and sales, the Group strictly complies with the Product Quality Law of the People’s Republic of China and, in accordance with the relevant national and industry standards, ensures that its products meet requirements including GB 30585–2014 Children’s Footwear Safety Technical Specification, GB/T 15107–2013 Athletic Shoes Standard, GB 20400–2006 Limits of Harmful Substances in Leather and Fur, GB 31701–2015 Safety Technical Specifications for Infant and Children Textile Products, and QB/T 2673–2023 Footwear Product Labelling.

To ensure that every stage, from product design and development through to final production, meets standards of excellence, the Group has carefully formulated a comprehensive quality control and technical specification system. This includes, but is not limited to, a series of product quality standard manuals such as the KAPPA Materials Internal Control Standards, KAPPA Apparel Product Quality Standards, Apparel Pattern and Sewing Process Manual, Dongxiang Group Operational Manual for (Footwear) Sample Development, Dongxiang Group Operational Manual for (Footwear) Technology and Production, Standards for Physical Properties of Raw Materials for Footwear, and Footwear Product Physical Property Testing Methods, so as to standardise the process standards at every stage from development to mass production. During the reporting period, we further streamlined our various internal standards and implementation procedures for safeguarding product quality, ensuring that quality is strictly controlled at every stage of the product lifecycle. To better supervise footwear production, the Group has established a dedicated Production Manager position, whose sole responsibility is to oversee footwear production across all factories, ensuring that the quality and delivery requirements for footwear products are fully implemented and met.



Optimising Processes and Enhancing Operational Efficiency

To improve product development and production efficiency, the Group continues to advance the integrated management of fabrics and auxiliary materials. In terms of fabric integration, sample selection and trial production are conducted on the basis of the fabric recommendation meeting, and the use of newly added fabrics is determined according to the sample results. Across different series, the carry-over and consolidation of fabrics is pursued as far as possible, which maximises the accuracy of fabric development and reduces the risk of later use. Once fabrics are confirmed from the initial fabric pool, the colour pool is locked in at the same time; based on fabric usage, a fabric-to-colour list is compiled, and fabric greige stock is arranged in parallel for colour sampling, so as to ensure the accuracy and arrival rate of fabric and colour for the first round of garment sample selection.

In terms of auxiliary material integration, the Group has updated the entire process for auxiliary material development and use, exercising strict control over newly developed auxiliary materials so as to ensure the accuracy of their development and to increase the use, consolidation and shared use of carry-over auxiliary materials. The auxiliary material pool serves as the usage specification for each season’s development, and swatch books and electronic files of the auxiliary materials are produced and retained, ensuring information consistency while also guaranteeing the accuracy of garment sample selection.



Multiple Tests, Ensuring Uniform Standards

Meticulous control of the production process is likewise an important part of safeguarding quality. In terms of the qualification and certification management of our accessory factories, the equipment cap factory holds BSCI Certification, the equipment bag factory holds BSCI Certification/ISO9001 Quality Management System Certification, and the sock factory holds ISO 9001 certification, and the paper packaging materials are FSC-certified. The Group also continuously optimises its product spot-check mechanism, which confirms quality across three stages, namely the pre-production sample, the first-piece sample and the sealed sample. After factory production is completed, products are sent to a third-party inspection factory for 100% inspection, and dynamic sampling inspections are conducted after warehousing based on sales feedback. Through blockchain technology, the Group records data on fabric source, processing and quality inspection, enabling efficient traceability of quality issues.

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

During Product Development

- **Before materials enter the factory:** We strictly control the very front end of the supply chain, implementing comprehensive screening and pre-approval processes for raw materials about to enter the production line;
- **After materials enter the factory:** Physical-property tests are conducted on the materials used and the safety performance of the products under development is evaluated, so as to prevent safety problems from arising during product use. The factory then carries out further sampling inspections based on the testing reports for the incoming materials, and any sub-standard materials are returned directly, controlling product quality at source;
- **Formal development stage:** Special materials undergo special treatment. For example, where thermal yarn is used in sock development, suppliers are required to provide the relevant authoritative testing reports and numerical data for development evaluation.

During Product Sampling

- **Cross-departmental safety review:** The development department, production department and sales department jointly conduct safety evaluations on the potential risks of products during use;
- **Internal experience feedback loop:** Internal staff trial the product samples, and feedback on the relevant wear-trial issues is collected after 3 days, 7 days and 30 days of trial wear, so as to identify and resolve problems as early as possible and prevent defective products from entering the market.

During Product Production

- **During sample review:** The samples produced by the factory are confirmed, and once the samples have passed the product performance test, the factory may arrange production;
- **During the production process:** Quality inspection staff strictly supervise the production process and strictly comply with production safety standards;
- **Before finished products leave the factory:** Upon completion of production, the Group's development and production officer goes to the factory to inspect product quality;
- **Before products are sent to the warehouse:** The testing agency carries out inspections in accordance with standard testing requirements, and finished fabric products may only be sent to the warehouse once confirmed qualified;
- **After warehousing:** Once products arrive at the logistics department, the Group's warehouse quality inspection staff conduct sampling inspections in accordance with the standards, ensuring that product quality meets the stipulated requirements.

During Product Sales

- **Third-party re-inspection before launch:** Third-party quality inspections are carried out on ordered products, so as to prevent any products with quality issues from being launched into the market;
- **Consumer voice-driven improvement:** We value and continuously monitor consumers' opinions and suggestions, conduct store inspections from time to time to collect consumer feedback, make adjustments in response to the product issues raised, and, based on consumers' usage experience and needs, provide targeted services such as repair, return and exchange;
- **Comprehensive service system and continuous optimisation:** We have formulated the standardised Product Quality Three Guarantees Service Commitment and Standards for Return of Defective Products, as well as a process for recycling and handling defective products, and we regularly provide feedback on quality issues to suppliers so as to continuously improve product quality.

Through the above whole-chain, all-stage quality-safeguarding system, the Group has not only achieved strict control over product quality but has also delivered higher-quality, safer and more trustworthy product experiences to consumers. We will continue, with high standards and strict requirements, to drive the ongoing optimisation and upgrading of our product quality management system, helping the Company achieve high-quality, sustainable development and continuously winning the trust of the market and consumers.

RESPONSIBLE MARKETING

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

Compliance-based, Responsibility First

To ensure the legality and responsibility of our advertising and promotional work, the Group fully complies with the framework of national laws and regulations, including the Advertising Law of the People's Republic of China, the Guideline for Enforcement relating to Absolute Terms in Advertising and the Administrative Measures Governing Internet Advertising, strictly managing its advertising and promotional work and striving to practise responsible marketing. The Group has established a comprehensive advertising review mechanism and strictly implements a three-tier review process comprising self-review by the business unit, departmental preliminary review, and legal/compliance final review. All external communication content must undergo multiple rounds of review, eliminating false advertising, exaggeration and other undesirable practices, so as to effectively protect consumer rights. At the same time, the Group has established a real-time, dynamic public-opinion monitoring mechanism and formulated rapid-response plans for potential compliance risks, so as to maintain a stable brand reputation.



Placement of advertisements

We appoint clearly designated persons in charge to manage advertising placement and **implement a project accountability system**, so as to ensure that **advertising placement is lawful and compliant** and to prevent advertising infringement incidents of all kinds. At the same time, for any individual or enterprise that publishes advertisements or other promotional materials in the name of the Group without consent or authorisation, we will pursue their legal liability without delay.



Product labelling

We attach great importance to the **transparency and standardisation of product label information**. In strict compliance with national and industry standards, we require that product information be conveyed truthfully on product labels and eliminate any untruthful information, helping consumers to clearly identify and access product information, so as to enhance consumers' trust in our brand and shape a responsible corporate image.

In terms of public-opinion management, the Group has established a daily real-time, dynamic public-opinion monitoring mechanism, using big-data web crawlers to identify potential risk points in a timely manner. Before and after major brand events, a dedicated public-opinion management team is set up to provide targeted contingency plans and on-duty monitoring. For example, during the period of turbulence in China-US trade relations, before and after KAPPA's collaboration with the USA Ski Team, we prepared in advance risk scans, scenario drills and system-coordination training. Once any content requiring attention is identified, a handling process is initiated: tracing the content back to its original source, assessing the nature of the media outlet, and, depending on the dissemination influence and the truthfulness of the report, adopting either direct handling (issuing a cease-and-desist letter requesting retraction and liaising with the media) or indirect handling (publishing fair and objective coverage through other media). During the financial year, no major negative brand public-opinion incidents occurred.



Contents of advertisements

Always upholding the **principles of truthfulness and compliance**, we operate under a model of unified leadership and graded management, respect the intellectual property rights of others, and prohibit the editing, tampering with or dissemination of any unauthorised images, typefaces, texts, software, musical works and the like, so as to ensure the truthfulness of promotional content and avoid misleading consumers.

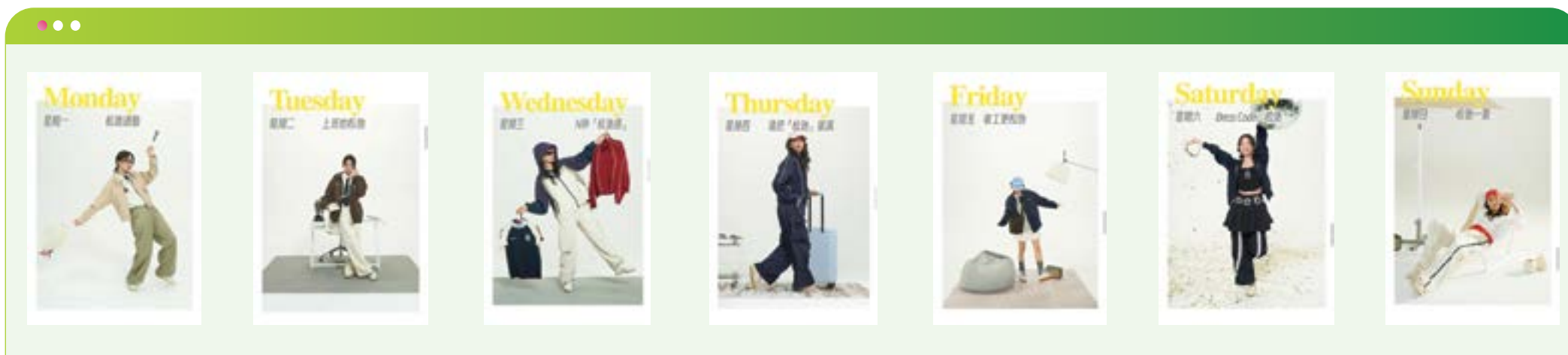


Vetting of advertisements

We continue to **improve the review system and procedures** for product publicity and promotional content, requiring all information and content to strictly complete the Group's review procedures before release, and strictly prohibiting any untruthful statements or exaggerated advertising. During the financial year, we continued the review process for customer-service communication scripts and externally released materials, so as to eliminate, in customer communications, any terms prohibited under the Guideline for Enforcement relating to Absolute Terms in Advertising issued by the State Administration for Market Regulation.

Brand Marketing, Experience Innovation

In China Dongxiang's understanding, true sustainability is not being green for green's sake, but rather about "extending the product life cycle and reducing users' decision-making costs". During the financial year, KAPPA produced the "Multi-Scenario Styling Guide", reducing users' "dressing anxiety" and "ineffective purchases" through quality content. The content showcases coordination across different scenarios such as sport, commuting and socialising, and promotes "one garment, multiple looks" in its communications, offering a variety of cross-scenario styling solutions so that consumers experience the practical value of "one piece does the job of three".



From product philosophy to brand expression, KAPPA extends the same thinking to broader social issues and consumption scenarios, building deep emotional connections with consumers through creative marketing.

Marketing Case One: KAPPA “Women’s Day” Feature — Conveying Women’s Strength through Heart-warming Storytelling

On International Women’s Day, 8 March 2025, KAPPA turned its lens to a mother and daughter who love “beauty”, launching a festive feature. Dressed in the KAPPA 1916 collection, the two showcased an intergenerational dialogue on beauty and fashion, expressing the love and vitality of two generations of women. The feature was rolled out across the brand’s social-media matrix, conveying women’s strength through warm, authentic storytelling while avoiding any preachy tone, thereby striking a broad emotional chord.



Marketing Case Two: KAPPA “One-Day Store Manager” Campaign — Energising Stores through Multiple Roles

Celebrity One-Day Store Manager: Leveraging Fandom Appeal to Drive Regional Business Growth

On 30 August 2025, KAPPA held a “One-Day Store Manager” themed event at the Shanshan Outlets in Jinzhong, Shanxi, inviting young actor Xiao Tianren to serve as One-Day Store Manager, energising regional commercial vitality and social value through celebrity co-creation. On the day of the event, large numbers of fans came to the store to check in, share and interact, driving organic foot traffic into the store and forming a strong crowd-gathering effect.

At the social level, the event used celebrity interaction as its entry point to create a social setting for up-close dialogue between fans and the brand, strengthening young consumers’ emotional identification with the brand and their sense of community belonging. On the day of the event, store sales rose by 200% year-on-year, effectively boosting foot traffic and consumption vitality across the outlet’s commercial district and injecting positive growth momentum into the local commercial ecosystem. At the operational level, event preparation strictly implemented safety standards and crowd-flow management plans to ensure the offline interaction proceeded in an orderly manner, and worked in close coordination with the mall to optimise resources in materials usage, staffing and event pacing, reducing temporary setups and manpower waste and improving the efficiency of event organisation.



University Student KOS as One-Day Store Manager: Empowering Store Operations and the Talent Pipeline with Youthful Energy

During the financial year, inspired by the in-store activation run by the Group’s Marketing Department at Pavilion Dalian, the Dalian subsidiary innovatively introduced “University Student KOS” (Key Opinion Students) to serve as One-Day Store Managers during subsequent major holidays at high-traffic stores such as Dalian Roosevelt Plaza, Pavilion Dalian, Dalian Hi-Tech Wanda Plaza and Changchun Hongqi Street Wanda Plaza, empowering store operations and brand rejuvenation with youthful energy. On the day of the event, the university students took turns presenting product styling displays in accordance with the stores’ requirements and assisted with front-of-store greeting duties, attracting a large number of young customers to visit and experience the stores and creating a positive, interactive atmosphere.

At the social level, taking university students’ part-time roles as One-Day Store Managers as its entry point, the event created social settings for close-up dialogue between the brand and the Generation Z community, strengthening young consumers’ sense of identification with, and favourable impression of, the brand; by providing university students with part-time internship opportunities, the brand not only expanded its influence among the youth community but also laid a sound foundation for future talent reserves and customer-base development. At the operational level, the event effectively drew on the youthful image and interpersonal communication of the university students to drive an increase in store footfall at low cost, achieving a win-win outcome in brand promotion and sales conversion.



At the brand-operations level, KAPPA systematically optimised its social-media matrix around the goal of “the synergistic enhancement of content expression and sales conversion”. During the reporting period, KAPPA operated three major platforms, namely its WeChat Official Account, Weibo and WeChat Channels, publishing a cumulative total of 217 pieces of content over the year and achieving cumulative reads and views of approximately 14.85 million and cumulative interactions of approximately 2.11 million. As at the end of the reporting period, the number of Weibo followers reached 1.08 million and the number of WeChat Official Account followers reached 800,000. The Women’s Day feature content was included in a relevant report by a third-party institution, demonstrating the brand’s influence in the field of digital marketing.



In terms of industry recognition, by virtue of its high-quality creative content and integrated-marketing practices, KAPPA’s brand short film “Sanfen’s Settlement Statement” won a number of industry honours, including the Gold Award in the Commercial Short Film category at the 11th Jinwu Award and the Bronze Award in the Opinion Leader category at the Shanghai International Advertising Awards.

Experience Activities, User Co-creation

China Dongxiang always adheres to a consumer-centric approach, actively exploring diversified interactive modes to promote deep co-creation between the brand and users. During the financial year, the Group continued to innovate experiential marketing, creating diversified offline interactive platforms to enhance user stickiness and brand recognition.

KAPPA × Meituan “Autumn Milk Tea” Membership Campaign



Project Overview

- On 7 August 2025, the Start of Autumn, KAPPA cleverly tapped into the “first cup of milk tea in autumn” social trend, joining hands with Meituan to launch a members-exclusive milk-tea voucher campaign. The campaign covered more than 700 stores nationwide, using a cross-industry partnership model to deliver perks to customers. Through a “store + trending event” linkage, consumers gained a sense of participation in social conversations on top of their shopping, enhancing the overall consumption experience.



Project Results

- During the campaign, more than 7,000 new members were added, with the redemption rate exceeded 70%, demonstrating the high level of engagement of this customer group. Built on the lean-management philosophy of “using small costs to leverage big business”, the campaign created a replicable, low-cost innovative operating model that can be rolled out as a standardised strategy for future gift-with-purchase campaigns at key store calendar moments.



PHENIX Cup Alpine Skiing Membership Campaign



Project Overview

- During the 2025/26 ski season, PHENIX continued to build its own proprietary event IP, holding the "PHENIX Cup" series of alpine skiing membership activities, including the Ski Brothers Alpine Skiing Parallel Team Championship, the Snowboard Parallel Giant Slalom Championship and the University Alliance Invitational. The events were aimed at professional skiing enthusiasts and university ski clubs, with multiple competition categories set up to provide a professional competitive stage for athletes of different levels. The events were publicised simultaneously across platforms such as Rednote and WeChat livestreaming, and were staged at top-tier ski resorts such as Chongli Wanlong Ski Resort through partnership.



Project Results

- The events reached more than 600 people offline and generated more than 200,000 online impressions. Through the ongoing operation of the event series, PHENIX further consolidated its professional brand standing in the field of competitive skiing, achieved a breakout effect in niche disciplines such as snowboard giant slalom, and continued to drive the wide dissemination of ski culture among young people.



KAPPA "Diamond Member" Salon Events



Project Overview

- During the financial year, the retail store team of the Dalian subsidiary focused on nurturing member relationships, organising more than ten member salons over the year covering creative cultural gifts, DIY handicrafts and the like. Among these, the Jilin Fortune Plaza store held a "chenille-stem DIY" themed member salon on 6 September 2025, extending targeted invitations to "Diamond-tier" members, strengthening the emotional connection between the brand and high-value members through hands-on interaction.



Project Results

- The event generated a lively on-site interactive atmosphere, with a favourable performance in conversion to actual sales. Through the sustained rollout of the member-salon series, the Dalian subsidiary supported the "member prepaid top-up" programme in achieving full-year results exceeding RMB10 million, effectively enhancing the loyalty and repurchase intention of high-value members.



IP Co-branding and Brand Innovation

In terms of IP co-branding and brand innovation, the Group continues to promote co-branding partnerships with top international sports teams, universities and trend brands to expand brand influence and enrich product substance. In FY25/26, the two brands KAPPA and PHENIX continued to deepen co-branding and cooperation in their respective core market segments, enhancing brand momentum through differentiated strategies.

1. Partnering with the USA Ski Team, Forging Trust through Professionalism

By virtue of its product competitiveness, KAPPA became the official sponsor of the USA Ski Team. The brand established a comprehensive public-opinion response mechanism, including upfront risk scanning, press-release review and training on handling consumer enquiries, and emphasised the concept of "sport without borders" in its communication strategy, conveying its support for every athlete's fighting spirit and adding positive value to its brand reputation.



2. Crossing Over with Authoritative Media, Engaging the City through Fashion

In winter 2025, at the promotional moment for its ski mini-collection, KAPPA joined hands with the top fashion magazine Marie Claire and the "outdoor bible" GO OUT, taking "ski-season styling aesthetics" and the "dual-faceted ski season" lifestyle as its entry points to shape the ski collection into a fashion symbol connecting the city and the slopes.



3. Partnering with Chi CAMP, Reviving the Freestyle Community through Open Classes

In the early-2025 ski season, PHENIX teamed up with Chi CAMP to hold a freestyle skiing open class at Chongli Wanlong Ski Resort. Centred on the brand's legacy event IP "Give It a Go, That's Freestyle", the activity adopted a dual format of "Wanlong offline indoor open classes + on-slope practical course training", balancing theory and knowledge popularisation with hands-on practical experience. Offline, it reached 20 skiing enthusiasts, while online impressions surpassed 50,000, successfully reviving the brand's community activities and signature marketing events.



4. Co-branding with Domestic Ski-Gear Brand REV, Enriching Offline Channels through Category Complementarity

During the financial year, PHENIX entered into a co-branding partnership with REV, a domestic ski-gear brand. The two parties' co-branded products have officially gone on sale at PHENIX's offline directly-operated stores, effectively enriching the stores' product matrix and offering consumers a one-stop selection of professional equipment from skiwear to skis and snowboards, thereby further reinforcing PHENIX's professional brand image in the skiing domain.





Customer Service System Development

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

I. Customer Complaint Handling System

The Group has established a standardised complaint-handling system built on the core principles of "customer first, compliant handling, closed-loop management and continuous improvement". All complaints and feedback raised by customers through channels such as platform customer service, order after-sales, product reviews and store communities are accepted at a rate of 100%, with a tiered response implemented according to the severity of the issue: general issues receive a response within 3 minutes, complex issues are handled by a dedicated staff member within 4 hours, and major complaints trigger an emergency response within 2 hours. The Group has put in place an accountability mechanism of "whoever accepts a complaint follows it up and closes the loop", ensuring a 100% closed-loop handling rate, and produces a monthly Customer Complaint Review Report, working in coordination with the product, operations and supply-chain departments to drive a shift from "passive handling" to "proactive prevention".

II. AI Technology Empowering Customer Service

During the financial year, the E-Commerce Division actively deployed AI technologies to enhance customer-service efficiency and user experience. In terms of intelligent interaction, it rolled out a unified multi-platform intelligent customer-service system and built a brand-exclusive knowledge base and dialogue model, covering high-frequency scenarios such as pre-sales consultation, after-sales enquiries and order processing. At present, customer-service automation coverage has reached 85%, the automatic resolution rate for difficult issues has risen to 70%, human customer-service response time has been shortened by 40%, and customer-enquiry satisfaction has risen to 97%.

In terms of content production, the Group actively explored applications of AIGC visual technology: training a brand-exclusive AI virtual-model system to support virtual try-on displays of apparel products, replacing 50% of traditional on-location photoshoots; and, based on product parameters and selling points, using AIGC to batch-generate detail-page copy and scene images, achieving the rapid generation of detail pages for individual items, effectively lowering content-production costs and improving new-arrival rollout efficiency.

III. Membership System Operations and Enhancing User Stickiness

To further enhance customer loyalty and brand interaction, the Group has continuously optimised its membership system, in particular comprehensively upgrading the privileges of Platinum members, the points accumulation mechanism and the interactive experience. Members can join the KAPPA membership system through two channels: recruitment at stores and self-registration via the member mini-program. As at the end of the reporting period, the Group had a total of nearly 3.45 million members, with nearly 0.37 million new members joining during the financial year. Platinum members enjoy a range of privileges such as exclusive discounts, birthday perks and priority access to new products, while membership points can be used to redeem products or take part in exclusive events, enhancing members' activity level and brand loyalty.

IV. After-Sales Support and Service Upgrades

On the journey of continuously optimising the customer experience, the Group is keenly aware that after-sales service is the "last mile" of brand trust; especially in the management of defective products and in product repair and maintenance, we always honour every trust placed in us with meticulous operations. In accordance with relevant laws and regulations, the Group has formulated the Product Quality Three Guarantees Service Commitment and built a whole-chain management system spanning recovery, professional assessment and return-and-exchange, ensuring that every step is efficient and transparent. Through systematic analysis of defective products, we feed insights back into front-end production and design, driving continuous improvement in the ex-factory quality of our products.

In terms of repair and maintenance services, the Group continuously simplifies its return-and-exchange procedures, striving to create a convenient and smooth after-sales experience for customers. Whether for online orders or in-store purchases, we pledge to provide seamlessly connected, worry-free return-and-exchange services, combined with a rapid return-processing mechanism to minimise customer waiting time and strengthen shopping confidence. We provide precise support tailored to different situations: for quality issues inherent to the product itself, free repairs are provided; for wear and tear arising during use, professional analysis and paid repair services are offered, doing our utmost to meet customer needs. At the same time, the Group continues to refine its after-sales service rules, clearly specifying the categories of products eligible for repair, the service items and the fee standards, thereby safeguarding the transparency and fairness of the service process.



Retail Experience and Store Upgrades

Retail points-of-sale are an important venue for direct interaction between brands and consumers. The Group continues to advance the upgrade of its store image and the optimisation of the retail experience, enhancing brand recognition and customer satisfaction. In FY25/26, the total number of stores nationwide reached 965.

1. Sixth-generation+ Stores

Sixth-generation+ stores are positioned as high-yield, full-price stores in premium business districts of high-tier markets. The store design emphasises orderly and open spatial layouts, combining linear and island displays to keep circulation through the functional areas smooth. The renovation uses wear-resistant ceramic tiles, textured paint, metal display racks and the brand's blue colour elements, while the lighting is divided into basic, accent and decorative lighting to create a bright and atmospheric shopping environment. In terms of style, the Sixth-generation+ stores blend the brand's long history and athletic DNA with fashion-trend culture and playful details to appeal to consumer. As a mid-to-high-end sports fashion brand, the Sixth-generation+ stores target young consumers who love sports and pursue fashion, and through cutting-edge product displays, trendy decoration styles and dynamic presentation methods, their pursuit of individuality and fashion is catered for. The unique store design reinforces the recognisability of the KAPPA brand image, enhancing brand loyalty and reputation, attracting more consumers, and increasing market share and influence.



2. Outlet 2.0 Stores

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



3. Smart Stores

During the financial year, the Dalian subsidiary focused on high-performing stores, selecting key stores to deploy the "Aidian (爱店)" system and complete the rollout of a smart-store customer-flow system. Through this system, the retail management team can obtain store foot-traffic data in real time on both desktop and mobile, and has built a customer-flow conversion-path management model spanning "passing by the store → entering the store → extensive browsing → transaction". It further breaks the user conversion path down into "entering the store → reception → trying on → purchase after trying on", enabling the precise identification of the points at which customers are lost and making management actions more targeted. At the same time, in accordance with Group requirements, customer-flow indicators have been incorporated into the store assessment system, genuinely using digital management tools to drive improvements in store operations.

China Dongxiang's service and support system does not stop at solving problems but is further dedicated to creating added value that exceeds expectations. We hope that every consumer, while enjoying high-quality products, can also feel the warmth of a service that is considerate, convenient and respectful. Whether it is the fashionable sports trends conveyed by KAPPA or the professional skiing field in which PHENIX has built deep expertise, we accompany consumers towards a more wonderful life journey with the finest service. Looking ahead, the Group will continue to be customer-centric, continuously refining its service system, raising service standards, deepening user insights and promoting service innovation, thereby helping the enterprise achieve high-quality and sustainable development.

CHAPTER 3

ADVANCING IN UNITY, THRIVING WITH PARTNERS

- CHAPTER STORY — LIGHTING UP A BETTER SELF THROUGH PERSEVERANCE
- OUR EMPLOYEES
- RESPONSIBLE SUPPLY CHAIN
- FOSTERING INDUSTRY DEVELOPMENT

PEOPLE • HARMONY

China Dongxiang has always believed that a company's growth is never a solitary journey. Taking collaboration as our method and symbiosis as our direction, we walk shoulder to shoulder with every employee, every supplier and every industry partner — letting value be amplified as it is passed on, letting sustainability take root through connection, and together building competitiveness for the future.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS RELEVANT TO THIS CHAPTER



CHAPTER 3: ADVANCING IN UNITY, THRIVING WITH PARTNERS

CHAPTER STORY — LIGHTING UP A BETTER SELF THROUGH PERSEVERANCE

From April 2025 to March 2026, China Dongxiang rolled out, in stages, four phases of the “Green Action for the Future” employee green and healthy lifestyle check-in campaign, each lasting 12 weeks and aimed at encouraging employees to integrate exercise into their daily lives and develop a healthy daily rhythm and green-travel habits. The campaign set a target of three check-ins per week, with employees free to choose their own activities, and accumulated points could be redeemed for prizes of their choice at the end of each cycle. Each session of the event drew the participation of over 100 employees, recording a cumulative total of over 1,000 check-ins and a combined exercise distance of approximately 10,000 km, and giving rise to over 1,000 exercise records and shares. The event covered 64 business divisions and business units across the Group’s various systems, extending across offices and logistics parks in multiple cities nationwide.

This year-long green pledge amounted to far more than an accumulation of numbers. As the campaign progressed, a quiet shift took place in employees’ state of mind: from initially debating points strategies with enthusiasm and showing one another the prizes they had redeemed, to spontaneously forming teams and urging one another to check in, and then to colleagues who had not exercised in a long time beginning to entertain the idea of “giving it a try” and wanting to take the first step towards change. Some set themselves a small goal at the start of a cycle and used it to take up a new hobby, gradually coming to accept and rediscover a different version of themselves through steady, incremental progress. More and more people came to embrace this approach of “earning rewards through one’s own perseverance”, and without quite realising it developed the habits of exercising consistently, keeping continuous records and studying regularly.

For many, the effort bore visible fruit: one colleague ranked in the top 6% worldwide on the Duolingo English-learning platform in 2025; another successfully obtained an Intermediate Accountant qualification; one running enthusiast, once left gasping after barely 1 kilometre, gradually worked up to completing 5 kilometres with ease and is now pushing towards the 10-kilometre mark: “I’ve run through wind and through weariness, growing steadier all the time — challenging yourself is the coolest kind of growth there is.” Others, by sticking with their training, saw their weight drop noticeably and their fitness scores keep improving.

The “Green Action for the Future” employee green and healthy lifestyle check-in campaign drew to a successful close on the strength of employees’ dedication, yet the self-motivation and upward drive it ignited live on. We believe that every small act of perseverance will, in time, add up to a better self, and that the vitality of every employee is the most moving expression of the Company’s character.



OUR EMPLOYEES

China Dongxiang has always regarded talent as the enterprise's most valuable strategic resource. We attach great importance to employees' rights and development, continuously refining the various systems surrounding employee employment and labour rights, and systematically investing resources and optimising mechanisms. We uphold equal employment and reject any form of discrimination; we have built clear promotion and performance systems to empower employees to accelerate their growth. At the same time, the Company strictly controls health and safety risks and safeguards the physical and mental well-being of every employee; advocates diversity and inclusion and enriches employees' cultural life; provides competitive benefits and protections; and forges team consensus through regular communication and activities. With employees as the foundation of the enterprise's development and the enterprise as the soil for employees' growth, only through mutual empowerment and shared progress can the glimmer of each individual be gathered into a force that propels society forward.

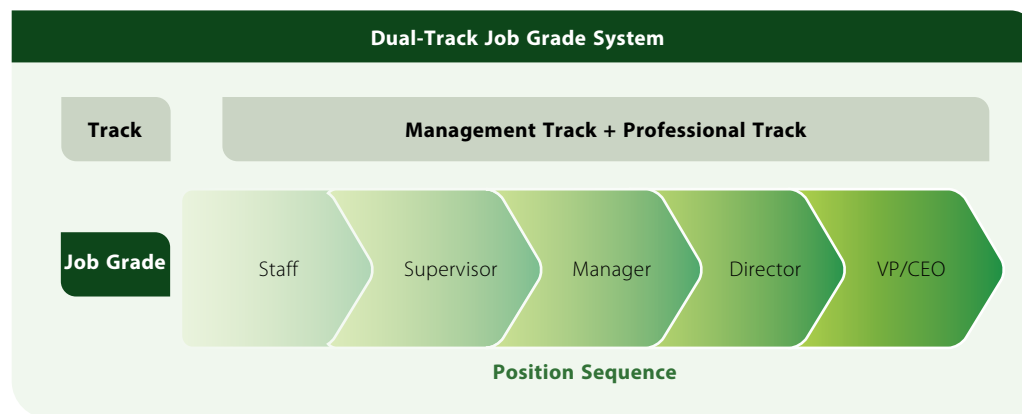
Equality in Employment

We strictly comply with relevant national and local laws and regulations, including the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Regulations on Labour Security Supervision, the Employment Promotion Law of the People's Republic of China, the Provisions on the Prohibition of the Use of Child Labour and the Law of the People's Republic of China on the Protection of Minors, and we continuously optimise and refine our Recruitment Management System, Remuneration Management System and Attendance Management System, systematically safeguarding employees' lawful rights and interests across employment and remuneration, performance and promotion, and working-hours management, thereby building harmonious and stable employment relationships. We have always resolutely prohibited child labour and forced labour in any form; through rigorous review of key information, we have established a sound onboarding-personnel information identification system to ensure that all employees meet statutory employment standards. At the same time, we firmly oppose any form of discrimination, ensuring that no employee is treated unfairly on the basis of ethnicity, nationality, religious belief, gender, age, marital status or physical condition. For any potential discrimination or ethical risks, we maintain a zero-tolerance stance, intervening and handling them promptly and appropriately to do our utmost to uphold a healthy, safe and mutually respectful working environment. China Dongxiang treasures the unique value of every employee and looks forward to growing together through mutual support and creating new possibilities hand in hand.

At the same time, we actively explore and establish diverse talent-recruitment channels, attracting outstanding talent through campus recruitment, open recruitment and internal employee referrals. As at the end of the reporting period, China Dongxiang had a total of 338 employees full of vitality and an innovative spirit. Looking ahead, China Dongxiang will continue to maintain an open and inclusive attitude, advancing shoulder to shoulder with every employee to jointly write a new chapter in the Company's growth story!

Accelerating Growth

We attach great importance to employees' diverse career development. Having formulated the Promotion Management System and the Group Staff Career Development System, we have built a standardised promotion mechanism that covers the entire process — from promotion application, qualification vetting and work reporting through to comprehensive evaluation — and we continuously optimise and refine our talent-promotion system. The Dual-Track Job Grade System we have established runs a professional track and a management track in parallel; by setting clear promotion paths for different development directions, it provides employees with diverse career-development options while broadening their space for career growth.



We adhere to the principles of scientific rigour and fairness, continuously refining our performance appraisal and management mechanisms and striving to create an objective and transparent evaluation environment for every employee. Around clear key performance indicators, all departments continuously track employee performance and provide targeted guidance and timely feedback, helping employees make steady progress under the direction of clear goals. During the reporting period, in order to further refine the performance-management process, foster in-depth communication between department managers and their employees, and align team goals, we launched a “Performance Appraisal Interview” programme, providing department managers with guidance on a performance-interview communication framework and communication techniques. This helps managers understand employees’ needs and pain points more effectively, so that employees, feeling that their concerns are heard, become more motivated at work — effectively enhancing the organisation’s performance-management outcomes.



Performance Appraisal Coefficient Table		
Performance Appraisal Coefficient	KPI Coefficient	Reference Standards
100 points (exclusive)-120 points (inclusive)	Corresponds to the performance appraisal score	- Exceeds the ability requirements of the position; - On the basis of ensuring the timely completion of work tasks, able to find and apply effective methods to improve efficiency; - Very positive, conscientious and responsible working attitude
90 points (exclusive)-100 points (inclusive)	100%	- Meets the working ability requirements of the position; - Able to complete work tasks on time and effectively; - Good working attitude
80 points (exclusive)-90 points (inclusive)	Corresponds to the performance appraisal score	- Basically meets the working ability requirements of the position; - Basically able to complete work tasks on time and effectively; - Average working attitude
Below 80 points	Corresponds to the performance appraisal score	- Is not competent for the position; - Unable to complete work tasks on time; - Negative working attitude

We have always held “staff first” as our core philosophy, firmly believing that high-quality development is rooted in the shared growth of every employee; we continuously invest resources in building our talent team and carry out activities centred on employee care. To this end, we have built a multi-tiered training system covering all levels and positions, and have successively formulated and continuously refined institutional documents such as the Training Management System, the System for the Management of Training of New Employees and the External Training Management System providing employees at different stages of development with clear and diverse growth support. During the financial year, we set up and brought into use an online training platform covering more than 80 courses, with cumulative study time exceeding 327 hours. At the same time, we continue to advance a rich variety of training programmes: new employees integrate smoothly into teams and grow competent in their roles through systematic development, while senior managers broaden their horizons and spark innovative thinking through in-depth discussions and cross-functional exchanges. Through a series of targeted courses, employees’ overall quality and professional capabilities are tangibly enhanced, and the process of learning and growing becomes one full of motivation and reward.

New Employee Training

From 18 to 20 September 2025, the Company held its FY2025 new-employee training. The Human Resources Department coordinates a two-and-a-half-day closed team-building programme each year for newly onboarded employees. Through systematic, mind-engaging and hands-on team-collaboration activities arranged separately indoors and outdoors, the training helps new employees quickly get a feel for the Company's corporate culture and brand culture; and, through briefings delivered by the managers of the various business departments, it also gives new employees a comprehensive understanding of the Company's operating methods and process models.



"Star Academy" Training Programme

China Dongxiang actively empowers the building of its retail frontline talent team and continues to run the "Star Academy" retail frontline talent-training programme. During the financial year, the Northeast China training team successfully organised the seventh session of the programme. Themed "Breaking the Mould • Growth", this round was aimed at retail-store staff and back-office retail-management teams of subsidiaries in Dalian and the Northeast China region, with a total of 76 trainees. The course content was structured around four major modules: brand positioning, new-season product knowledge, sales techniques and member retention. All participating trainees successfully passed the assessment and received certificates of completion — successfully meeting the training objective of fully empowering retail frontline talent, and effectively enhancing the professional competence and business capabilities of the retail frontline teams.



Health and Safety

China Dongxiang has always placed employees' physical and mental health high among the priorities of the Company's development, and is committed to building an all-round, multi-tiered health protection system. We provide all employees with supplementary medical insurance and personal insurance as standard, with coverage spanning diverse risks such as illness, accidents and maternity, holding up a solid and reliable "health protection umbrella" for everyone.

In terms of health management, we fully consider employees' differentiated needs and, taking factors such as gender and age into account, tailor personalised health check-up programmes to ensure that every employee receives health services suited to their individual circumstances. By continuously refining our health protection mechanisms, we strive to create a safe, warm and caring work atmosphere, enabling every employee to work with peace of mind and enjoy a healthy life, feeling genuine support and care within the Group's big family. For frontline employees at retail points of sale, we have additionally purchased employer's liability insurance, further strengthening their sense of security and belonging in their daily work.

In terms of occupational health and safety management, we strictly comply with laws and regulations such as the Labour Law of the People's Republic of China, the Law on the Prevention and Control of Occupational Diseases, the Regulations on Work-Related Injury Insurance and the Fire Protection Law, and, in accordance with internal rules such as the Welfare Management System, we safeguard employees' lawful rights and interests and build a standardised and reliable working environment. During the reporting period, the Group recorded no casualties resulting from work-related injuries, nor any material breaches of employee health and safety regulations. Upholding the principle that "life is priceless", we continuously refine a management system that covers all staff and runs through the entire process. For frontline production staff, we provide high-standard labour-protection equipment as standard, comprehensively safeguarding personal safety across all types of work scenarios. At the same time, the work-safety supervision team conducts regular safety inspections, overseeing the implementation of operating procedures and the proper wearing of labour-protection gear, ensuring that every safety rule is genuinely enforced and building a solid barrier of health and safety for employees.

The employee dining experience is likewise a key focus for us. Guided by employee feedback, we continuously improve canteen management: in response to issues identified through surveys, we have refined hygiene-management procedures, increased cleaning frequency, and stepped up cleaning of specific areas. As for the food, we have adjusted the menu structure by reducing greasy and overly salty dishes while adding healthy, light and varied options — regularly introduce new dishes, and have enriched the range of breakfast items. The canteen is disinfected on a regular weekly basis to ensure a safe and hygienic dining environment. We have also established a Catering Committee, which liaises daily with the canteen operator on rectification items, driving the timely implementation of employee suggestions and continuously improving dining satisfaction.

In addition, the Group steadily advances the building of a safety culture: it regularly organises professional first-aid training, plays themed videos on topics such as fire-safety knowledge and first-aid skills in public areas including the canteen, and organises fire-safety knowledge learning activities — effectively strengthening employees' self-protection awareness and emergency-response capabilities. This financial year, we also held a number of health talks: the online cardiovascular-health talk drew more than 60 participants in total, and the talk on combating inflammation drew more than 50 participants. Going forward, we will continue to act with a strong sense of responsibility to safeguard the safety and health of every employee and to jointly maintain a harmonious and stable working environment.

National Fire Safety Day Activity

During the financial year, in order to genuinely raise employees' fire-safety awareness and emergency-response capabilities, the Group ran an online fire-safety knowledge campaign for all current employees on National Fire Safety Day, themed "Unlock Fire-Safety Skills, Rack Up Safety Points(解锁消防技能·狂赚安全积分)". Through a fun quiz format, the campaign systematically spread fire-safety basics such as fire prevention, escape and self-rescue, and equipment use. With its innovative "points incentives + fun quiz" format, it moved away from the one-way, top-down delivery of traditional safety education, markedly boosting employees' willingness to take part and the effectiveness of their learning. It genuinely strengthened fire-safety literacy among all staff and their emergency-response capabilities in unexpected situations, reflecting the high importance the Group places on employees' life safety and occupational health.



Various health-knowledge talks we held during the financial year:



Diverse Employee Life

We have always placed employees at the core of our development, committed to providing all-round, multi-tiered employee benefits and continuously expanding the depth and breadth of employee benefits. Through diversified welfare measures, we precisely address employees' real needs, genuinely enhancing their satisfaction and sense of belonging. The employee benefits we provide not only includes basic provisions such as a comprehensive remuneration system, social insurance and commercial insurance, but also extends to broader areas such as health management, career development and family support, striving to create more comprehensive well-being for employees.

In terms of corporate culture building and employee care, we carefully plan a rich array of festive celebrations and employee activities each year, working to create a warm and positive working atmosphere. Through various team-building activities, employee birthday parties and festive celebrations, employees can not only unwind and enjoy themselves outside of work, but team cohesion and solidarity are also effectively strengthened, lifting overall work enthusiasm and sense of well-being.

Through a series of care initiatives and cultural immersion, we continuously enhance employee satisfaction and well-being, further stimulating team cohesion and creativity. Looking ahead, we will continue to refine our employee welfare system and corporate culture system, laying a solid foundation for employee growth and the Company's development, and jointly building a harmonious, positive and warm working environment.

Staff Benefits

We are always grateful for the hard work of every employee, and we devote real care to creating a diverse and personalised welfare system. While continuously optimising the remuneration structure, we also provide employees with a wide range of exclusive benefits, covering birthday new-product self-selection, brand apparel benefits, special sales events, meal allowances and workwear redemptions, among others, genuinely enhancing employees' sense of fulfilment and belonging. In terms of health care, we keep refining the details, upgrading everyday necessities such as hand sanitiser and hand cream in office areas, caring for the health and comfort of every employee right down to the smallest detail.

At the same time, during the financial year we carried out a dedicated upgrade of our employee catering services. In terms of food, we introduced a "Friday Innovation Dish" tasting scheme: every Friday we roll out new signature dishes and invite employees to sample them, then select the best-rated dishes based on their feedback for inclusion in the regular menu, effectively improving both the variety of dishes and satisfaction with them. In terms of the dining process, we redesigned the canteen's queuing flow and added an extra food-collection route to divert the flow of diners, substantially shortening queuing times and improving dining efficiency and the overall experience. Through these optimisations, employee satisfaction with canteen services has improved markedly, further reinforcing the safeguarding of employees' catering benefits.



Birthday Benefits

On their birthday, each employee may choose a seasonal new product (covering tops, bottoms, footwear or accessories), with delivery arranged to ensure that the gift reaches them on time (mailed in advance for employees in other regions), so that everyone can feel the Company's warm wishes and sense of belonging at such important moments;



Health Check-up Benefits

During the financial year, we further upgraded our employee health check-up services to make health protection more targeted, comprehensive and flexible. We designed differentiated check-up plans for employees in different age groups: for those aged over 40, we added specialised examinations such as carotid colour Doppler ultrasound to strengthen cardiovascular and cerebrovascular health screening. At the same time, we introduced a thyroid-function three-item test for all employees, widening the scope of early screening for common health issues. As for examination methods, employees may independently choose online, according to their own circumstances, whether their cervical-spine, spine and chest X-ray examinations are performed using DR or CT, thereby enhancing the flexibility of the check-up services;



Workwear Benefits

To enrich employees' everyday outfit choices, the Company issued "zero-yuan exchange coupons" for summer T-shirts, "discount-on-discount benefit coupons" for new products, and "zero-yuan purchase of New Year festive attire", while expanding the coverage of new KAPPA and PHENIX products through online channels to meet employees' personalised dressing needs;



Special Sale Benefits

To strengthen employees' sense of identification with and belonging to the Company's brands, the Company regularly holds exclusive special-sale events for the KAPPA and PHENIX brands, allowing employees to buy the products they want at more preferential prices. Through these exclusive welfare initiatives, employees' life experiences are further enriched, and brand belonging and team cohesion are enhanced.

Communication and Activities

We attach great importance to communication and interaction with our employees, actively listening to the difficulties and concerns they encounter at work and promptly providing them with support and assistance. Through ongoing employee satisfaction surveys, we consistently adhere to an employee-centric approach, striving to build an open, progressive and vibrant corporate culture atmosphere in which every employee can achieve growth and a sense of accomplishment. We have established convenient and efficient employee communication channels, setting up multiple service desks on the Feishu platform for finance, IT, human resources, administration and culture, to achieve efficient one-on-one engagement with employees. Through this channel, employees can consult or give feedback to the relevant departments at any time and receive timely responses and exclusive services.

During the financial year, we conducted a dedicated employee canteen satisfaction survey across multiple dimensions, including food quality, hygiene and safety, service efficiency, the queuing experience and dish variety. More than 70% of the Group's employees took part in the questionnaire survey, with valid samples covering employees from different departments and age groups, making the data highly representativeness. The survey results showed that overall canteen satisfaction reached above 90 points, with particularly high satisfaction in dimensions such as food hygiene and safety and basic service efficiency; at the same time, we also gathered suggestions from some employees on dish updates and queuing-flow optimisation, providing an important reference for subsequent upgrades to canteen management. Through this survey, we gained a deeper understanding of employees' dining needs, and we will continue to refine canteen services in light of the feedback to genuinely improve the employee dining experience.

We have always cared about employees' physical and mental well-being and sense of happiness, regularly planning and organising various employee care activities and creating a warm working environment through festive celebrations, team activities and the like, so as to strengthen employees' sense of belonging and team cohesion, foster emotional connection and interaction among them, and further lift overall morale. To spark team vitality and enrich employees' leisure time, during the reporting period we launched club activities such as a Fitness Club, a Frisbee and Tennis Club and a Badminton Club, building a platform that combines physical and mental well-being with social interaction. At the same time, we created communities such as a Reading House, a Gear Recommendation Club (工具安利局) and a Handmade Foodie Garden (手作食光花园), giving employees a platform for the all-round development of body and mind and for positive self-improvement, and promoting a healthy and enjoyable way of working.

Chinese New Year Annual Party — "Horse Galloping into Spring • Garden Stroll for Blessings" Event

On 12 February 2026, the Company held the Group's New Year annual party at the Grand Millennium Beijing. Themed "Chinese New Year", the event featured an optimised and upgraded annual-party format, with a brand-new garden-party session arranged in the afternoon, attended on site by more than 300 people. The garden party centred on a core game format of "rack up mileage to unlock blind boxes" and featured a variety of interactive games, including individual challenges, team collaboration and "big wins from small stakes", breaking away from the format of previous annual parties and substantially boosting the event's fun factor and employee engagement. The atmosphere on site was relaxed and lively, effectively conveying the Company's festive care for its employees.



Staff Sports Day

On 13 October 2025, the Company organised the Group's employee sports meet at Chongwenmen Stadium in Beijing, with more than 300 people taking part. This year's sports meet made an innovative change to the opening segment: departing from the traditional march-in procession, it switched to a collective drumming performance by all participants. On the day, all employees drummed together in time with the music and cheered to release their energy, opening the sports meet with a vibrant group performance. The new format not only created a lively atmosphere but also reinforced a sense of teamwork; employees reported markedly heightened sense of participation and occasion, effectively strengthening team cohesion and employees' sense of belonging.



Food Festival Activities

To enrich employees' dining and cultural life, during the financial year we held four themed food-festival events in succession. Through the design of different themes and dishes, these events drew enthusiastic employee participation and won widespread praise from staff, effectively enhancing employees' sense of belonging and happiness.

The first specialty food festival was themed on traditional local cuisine, offering signature staples such as the "Ba Da Wan (八大碗)", a halal series and stir-fried roasted naan (炒烤饅), catering to a range of dietary preferences. Participation on the day reached over 90%, with employees reporting that the dishes were varied and the flavours authentic.



The second festival, the "Street-Style Late-Night Snack Food Festival (江湖夜宵美食節)", was themed "Foodies on the Go (吃貨很忙)" to create a relaxed and lively dining setting. It offered late-night snack dishes such as málà crayfish (麻辣小龍蝦), grilled lamb skewers, braised duck and molten-centre grilled tofu (包漿豆腐), recreating the flavours of street food and proving a firm favourite among younger employees.



The third festival, the "Hey Friend, Fancy a Meal? (友·飯否?)" Home-Style Food Festival, centred on "the taste of home", serving a variety of dishes such as sizzling beef tenderloin, steamed sea bass, quick-fried scallops with okra and Xinjiang roast lamb chops, combining meat and vegetable dishes in a nutritionally balanced way so that employees could taste the flavour of home right in the canteen.



The fourth festival, the Christmas Heart-Warming Food Festival, tied in with the Christmas season and rolled out dishes on the theme of "Warm the Heart, Warm the Belly", including hot dishes such as oyster and chicken claypot (生蠔雞公煲), Kung Pao prawn balls (宮保蝦球) and beef chow fun (牛肉炒河粉), paired with party favours such as Zhanji táosū pastries (詹記桃酥) and Christmas apples, creating a warm festive atmosphere and conveying the Company's care for its employees.



RESPONSIBLE SUPPLY CHAIN



Building a responsible and sustainable supply chain is a business principle we have long upheld. In selecting and managing suppliers, we consistently maintain stringent standards, focusing not only on partners' product quality and management systems, but also placing equal importance on their environmental performance and fulfilment of social responsibility. Guided by this philosophy, we continuously strengthen our supplier admission and assessment mechanism, helping suppliers achieve all-round improvement across qualification such as quality control, management standards and green development through regular training, dedicated exchanges and information sharing. At the same time, we work hand in hand with suppliers to actively practise social care and humanistic support, making tangible progress in areas such as promoting employment for people with disabilities. We firmly believe that a robust and reliable supply chain stems from deep collaboration with high-standard, responsible partners. This not only helps to strengthen corporate competitiveness but also injects lasting impetus into the sustainable development of society and the environment.

Supplier and Quality Management

We carry out strict comprehensive assessment and tiered management of suppliers, upholding high-standard, all-round principles of qualification and classification. Starting from core dimensions such as product quality, delivery efficiency, cost control and willingness to cooperate, we conduct a comprehensive review of every potential partner and accordingly classify suppliers into three grades: A, B and C. For suppliers rated Grade C, we grant a six-month rectification period; those that still fail to meet the required standards after the period expires will no longer retain their qualification to cooperate with us. In terms of quality management, the Group promotes "zero defect" control across the entire chain



► Dedicated Fabric-Supply Channel Added by the Accessories Supply Chain

and has established three-tier inspection points covering raw materials, semi-finished products and finished products, embedding multiple quality-inspection procedures to ensure that products meet high standards at every stage. At the product-development stage, we carry out strict physical-property testing and safety-performance assessment on incoming materials. In particular, when the Company's sock-development projects use functional materials such as thermal yarn, suppliers are required to provide authoritative test reports and the corresponding figures as the basis for development assessment, ensuring that product functionality and safety are controlled at source. After materials arrive at the factory, the Group conducts physical-property testing on incoming materials and

assesses the safety performance of the products under development, preventing safety risks during use at source. Factories carry out spot checks based on incoming-material test reports, and non-conforming materials are returned directly, tightly controlling front-end quality. Drawing on a transparent traceability system, we use blockchain technology to record the source, processing and quality-inspection data of each batch of fabric, shortening the traceability time for quality issues to as little as eight hours.

During the financial year, we continued to deepen supply-chain management and product quality control. In particular, the Accessories Division has fully brought raw-material manufacturers into its management scope and newly created a fabric-and-trim specialist role responsible for the addition, regular assessment and elimination of suppliers, as well as exercising control over the selection of equipment vendors. More refined control measures are implemented in the production process: factories conduct spot checks during production, covering details such as appearance, stains and loose threads; a problem-feedback mechanism has been established, and "zero production accidents" has been set as a key assessment indicator. After production is completed, factories carry out full inspection, while repeat-order products are spot-checked at a rate of 10%; finished products are sent to third-party testing institutions for inspection, with dark-coloured products additionally tested for dry and wet rubbing colour fastness, and any non-conforming products are returned for handling without exception. In terms of fabric management, the accessories supply chain has set up a dedicated fabric-supply channel to achieve specialised control of fabric materials, unifying fabric quality, dye-lot variation and shade standards from the source, and effectively avoiding problems such as fabric colour difference, colour-matching deviation and batch-to-batch colour inconsistency. The fabric

supply chain is managed under a specialised, centralised system, improving the stability of incoming materials, reducing anomalies such as off-colour, fading and colour-matching failures, lowering quality defects and rework wastage, and safeguarding the consistency of finished products' appearance and colour, as well as shipment quality.

At the level of day-to-day supplier management, we continue to deepen our collaboration mechanisms with suppliers. Through on-site QC arrangements, the accessories supply chain communicates production progress with the production teams each week, and once any risk issues are identified, it can liaise with factories immediately and drive their resolution. The business team makes at least one on-site visit per quarter, conducting reviews focused on a range of issues such as whether delivery dates have slipped, the degree of cooperation from fabric manufacturers and fabric inventory levels, covering key materials such as zips and fabrics. For newly introduced factories, the team conducts an in-person visit before cooperation begins, holding in-depth discussions on brand standards and quality requirements to ensure that both sides are aligned in their understanding and that cooperation runs smoothly.

Appraisal of Suppliers

We take strict quality control as the core principle of our supplier appraisal. From raw-material procurement to product manufacturing, every stage is equipped with corresponding quality-inspection points to ensure that products consistently meet high standards. To achieve this objective, we continuously track and monitor product quality through a regular quality-assessment mechanism. Once a quality issue is identified, we immediately require the supplier to formulate and implement corrective measures, genuinely safeguarding the stability and reliability of products. Our strong emphasis on product quality is both a concrete expression of our responsibility to consumers and a crucial foundation for winning widespread recognition and trust in the market. On this basis, we not only strive to build long-term, stable partnerships with suppliers, but also actively promote the sustainable development of the supply chain, conducting in-depth assessment and control of the environmental and social risks that may exist at each stage, and fostering the coordinated progress of the Company and society. During the reporting period, some nylon-fabric suppliers obtained GRS (Global Recycled Standard) certification, further raising the sustainability level of the supply chain.

Environmental Risk Assessment

The Company ensures, through audits, that suppliers' materials comply with relevant environmental standards, and strictly requires suppliers to fully comply with environmental protection laws and regulations. Under equal conditions, the Company gives priority to partners that have obtained qualifications such as ISO 14001 Environmental Management System certification and ISO 50001 Energy Management System certification. For highly polluting processes such as printing, dyeing and spraying, the Company conducts meticulous reviews of suppliers' operating procedures to ensure compliance with national and local environmental requirements. If a supplier is found to have committed environmental violations, the Company will urge it to rectify immediately, and in serious cases cooperation will be terminated directly. In addition, the Company actively promotes the use of eco-friendly materials and has formulated management systems for chemicals, adhesives treatment agents, striving to minimise the use and emission of harmful chemicals. Each year, the Company also conducts random sampling tests on its products, with test indicators covering key safety items such as pH value, formaldehyde content, odour and decomposable carcinogenic aromatic amine dyes, ensuring that products consistently meet safety and environmental standards.

To encourage suppliers to embed environmental concepts deeply into their management systems, the Company requires suppliers to regularly submit certification and testing reports under systems or from bodies such as CTI (Centre Testing International), ITS (Intertek Testing Services), SGS (Société Générale de Surveillance S.A.), ZDHC (Zero Discharge of Hazardous Chemicals) testing or FSC certification. At the same time, the Company actively encourages suppliers to give priority to using sustainable raw materials, so as to effectively reduce the adverse environmental impact of production activities. This series of measures not only helps to safeguard the occupational health and safety of suppliers' employees, but also provides consumers with safer, more environmentally friendly and healthier products.

Social Risk Assessment

The Company follows rigorous and systematic management principles. Under equal conditions, it gives priority to suppliers certified under domestic and international industry standards, such as ISO 45001 Occupational Health and Safety Management System certification and the Business Social Compliance Initiative (BSCI), ensuring that labour compliance and occupational health and safety management are properly in place. During the assessment, the Company pays particular attention to the legality of suppliers' employment, as well as workers' skill levels and operational proficiency, and allocates orders scientifically and reasonably based on production-capacity stability and actual capacity estimates. At the same time, factors such as working-hour management, remuneration and benefits, and employee training are also incorporated into the comprehensive supplier evaluation system, genuinely safeguarding the legal rights and interests of workers. Through on-site inspections, the Company also assesses the safety of suppliers' raw-material selection and production processes, safeguarding the health and safety of both suppliers' employees and end consumers from the source.

Empowering Suppliers

We attach great importance to communication and collaboration with our suppliers, continuously driving the efficient operation of the supply chain and win-win cooperation. To enhance synergistic efficiency and help all parties accurately grasp the brand's market strategy, we have established a regular training mechanism for core suppliers. Each quarter, we organise an integrated training session, providing systematic sharing and interpretation on topics such as brand market trends, key product highlights, phased marketing strategies and core action plans to the brand's internal marketing team and various external implementation suppliers, effectively helping all parties align their understanding of information and improving the synergistic efficiency of subsequent communication and execution. In addition, for major milestone projects, we also hold ad-hoc special training sessions according to specific needs, ensuring that the relevant internal and external partners establish consensus in a timely manner and that projects advance efficiently.

Supply Chain Training Activities

During the reporting period, we launched an internal briefing-and-training mechanism on garment-production knowledge, centred on professional content in garment development and production such as colour confirmation, fabric-and-trim properties and production-process control, systematically strengthening the internal team's professional knowledge base and advancing the development and production control of garment products to a more rigorous and professional standard.

Through ongoing professional training and information sharing, we help suppliers fully understand the brand's development direction and market strategy, enabling them to give fuller play to their professional capabilities and achieve synergistic win-win outcomes under target-oriented collaboration. At the same time, we organise regular visits to core factories each quarter, carrying out quality inspections at the production line and holding face-to-face, in-depth discussions with factory teams, so as to promptly grasp the actual situation on the production front line and ensure that the Group's product standards are strictly implemented.

In promoting sustainable development and practising social care and humanistic support, we actively encourage suppliers to fulfil social responsibility together. Our principal cap supplier with which we currently cooperate has made tangible progress in promoting employment for people with disabilities. As at 31 March 2026, it had recruited a total of 128 people with disabilities, with 25 currently employed, of whom 11 are women. These employees range in age from 18 to 49, and the positions they hold are simple to perform, suitable for anyone with normal use of both hands and normal eyesight; their comprehensive monthly salary is over RMB4,000, paid on time on the 15th of each month. At present, the factory is continuing to expand its recruitment, in the

hope of helping more people with disabilities who are willing to work step out of their homes and integrate into society. At the same time, by addressing the employment of people with disabilities, it eases the pressure on their families and on the social security system, contributing to the development of society.



FOSTERING INDUSTRY DEVELOPMENT

We regard industry-chain partner collaboration and industry-academia-research collaborative innovation as important strategic pillars, and view technological innovation and resource integration as the core drivers of industry progress. Based on this understanding, we actively build an open and cooperative ecosystem platform, joining hands with upstream and downstream players in the supply chain to break through technological boundaries and continuously raise the overall level of the industry. At the same time, by continuously deepening cooperation with outstanding industry-chain partners, we jointly promote technological innovation and green transformation in the textile and apparel sector, continuously injecting new vitality into the high-quality and sustainable development of the industry.



► China Dongxiang participates in the 5th Asia-Pacific Footwear Development and Technology Innovation Seminar



► China Dongxiang participates in the China International Knitting (Autumn/Winter) Trade Fair

School-enterprise synergy has always been a key part of our talent strategy. We are committed to continuously expanding high-potential talent pipelines and strengthening the Company's employer brand influence through diversified university cooperation models. Young talent is the wellspring of the Company's innovation and development; we actively take part in campus recruitment activities and deepen all-round cooperation with educational institutions in areas such as employment, internships and job matching. Looking ahead, we will continue to expand the depth and breadth of our cooperation with key universities, building a more efficient talent acquisition mechanism to build up solid talent strength for the Company's sustainable development.



CHAPTER 4

GUARDING THE EARTH, OUR GREEN COMMITMENT

- CHAPTER STORY — GREEN + SMART, SAFEGUARDING AT FULL FORCE
- CLIMATE ACTION
- CIRCULAR ECONOMY
- CHEMICAL SAFETY

GREEN • ACTION

We are keenly aware that the boundaries of the Earth are the boundaries of development. With climate action as our immediate priority, the circular economy as our chosen path, and chemical safety as the bottom line we hold firm, we work in synergy with nature and advance hand in hand with our partners, so that at every step of the green transition, development and ecology move from contest to symbiosis.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS RELEVANT TO THIS CHAPTER



CHAPTER 4: GUARDING THE EARTH, OUR GREEN COMMITMENT

CHAPTER STORY — GREEN + SMART, SAFEGUARDING AT FULL FORCE

As a leading brand in skiing and outdoor sports, PHENIX has always stood at the forefront of industry development. With ingenious craftsmanship, it has launched the “Snow Realm Armour” ski suit, which integrates an active ventilation system and composite technological fabrics and further adopts green, eco-friendly materials, demonstrating the brand’s profound commitment to sustainable development.

In 2025, PHENIX joined hands with NORINCO BeiDou Satcom to incorporate BeiDou precision-positioning technology into its MTR-series ski suits. Equipped with the PARS BeiDou rescue chip, the series can withstand extreme cold and penetrate obstructions, enabling one-touch positioning and distress calls. The brand uses eco-friendly fabrics and low-carbon processes to reduce production energy consumption and resource loss, achieving a two-way symbiosis between technology safeguarding safety and green practices safeguarding ecology.

PHENIX is committed not only to developing high-performance ski equipment, but also to taking environmental responsibility as its own duty. By continuously launching innovative products, working closely with suppliers and actively promoting a green-fabric culture, it is making green technology the preferred choice for a growing number of people pursuing health and challenging themselves.

Empowering Outdoor Safety with National Advanced Technology; Leading the High-end Development of Domestic Brands with a Full-lifecycle Green Philosophy

High-wave Penetration Colourway

850–950 nm high-wave penetration
“Molten Orange”
(熔斷橘) and “Dark Erosion Black” (暗蝕黑)
3.2 × faster recognition in snow and fog

Waterproof and Moisture-permeable Technology

20,000/20,000mm
Waterproof,
moisture-permeable,
four-way stretch
composite fabric

Fully Taped-seam Construction

All seams fully taped
and bonded
Eliminates any water-
ingress points
Abrasion-resistance
index 25,000

Intelligent Temperature-control Structure

Underarm ventilation
structure
Rapidly vents heat from
core areas
Effectively regulates
perceived temperature



CLIMATE ACTION

Against the broader backdrop of the world actively tackling climate change and placing it on its key strategic agenda, the apparel industry is at a critical stage of low-carbon transformation, one that gives rise to both unprecedented development opportunities and numerous severe challenges. We have always upheld the concept of green development, responding proactively to the various impacts brought by climate change. Under the Board's strict supervision and careful guidance, we are fully advancing the management of climate-change risk identification and response to opportunities, striving to make this work rigorous, meticulous, comprehensive and in-depth. We continue to explore in depth, optimising our resource-utilisation models and fully tapping the potential value of resource utilisation; starting from every aspect of daily operation and management, we re-examine and adjust resource allocation to reduce unnecessary resource wastage. At the same time, we have increased our investment in technological research, development and innovation, actively introduced and promoted advanced management models, and committed ourselves to minimising waste generation and reducing adverse impacts on the environment. We are well aware that greenhouse gas emissions are one of the main causes of climate change; we therefore make every effort to strictly control greenhouse gas emissions and, through a series of effective measures, contribute our wisdom and strength to achieving the ambitious goal of carbon neutrality.

Tackling Climate Change

In the current era when global climate-governance rules are rapidly iterating and evolving, we have elevated the significant issue of tackling climate change to a core position at the Board's strategic level, meticulously building a climate governance system with clearly defined powers and responsibilities and closed-loop operation. As the "brain" of the Company's decision-making and its highest governing body, the Board plays an irreplaceable, overarching role in the climate-change management process, bearing the important responsibility of providing comprehensive guidance for the Group's formulation of ESG strategies (covering matters related to tackling climate change) and its development direction. For various material issues (which naturally include the key issues related to tackling climate change), the Board conducts in-depth assessments and analyses; at the same time, closely integrating the actual conditions of the Company's business operations, it revises climate-change-related environmental targets with a prudent and professional attitude and scientifically and reasonably sets targets for the next financial year, continuously driving a dual improvement in the quality and efficiency of climate-related management and disclosure work.

In addition, the Board, through its ESG Committee, regularly tracks the progress of emission-reduction targets, acting like a precise "navigator" to ensure that the relevant departments effectively implement ESG decisions (of which decisions related to tackling climate change form an important part) in every aspect of operation and management.

The Board is also responsible for organising knowledge-sharing activities on climate-related topics and building a professional think-tank platform, enabling Board members and each business department to stay abreast of the latest trends and developments in tackling climate change, thereby remaining well-informed and alert.

Recently, we joined hands with third-party professional consulting firms to actively carry out climate scenario stress testing. Through this test, we are able to quantitatively analyse physical risks (such as the impact of extreme weather events on the probability of supply chain disruption) and transition risks (such as the impact of replacing existing products and services with low-emission products and services), continuously seeking the point of balance between "climate governance" and "business for good", so as to achieve the organic unity of corporate development and social responsibility.

Scenario Analysis

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

Table: Risk levels of various physical risks under different scenarios



Type of transition risk	Specific risk items	Current scenario	RCP2.6 scenario	RCP8.0 scenario
Policy and legal risks	Increased carbon pricing	Medium	Medium-low	High
	Enhanced emissions reporting requirements	Medium	Medium-low	High
	Mandatory regulation of existing products and services	Medium	Medium-low	High
	Litigation risk	Medium	Medium-low	High
Market and technology risks	Substitution of existing products and services with lower-emission products and services	Medium	Medium-low	High
	Unsuccessful investment in new technologies	Medium	Medium-low	High
	Costs of transitioning to lower emissions technology	Medium	Medium-low	High
	Changing customer behaviour	Medium	Medium-low	High
	Uncertain market signals	Medium	Medium-low	High
	Increase in raw material prices	Medium	Medium-low	High
Reputation risks	Shifts in consumer preferences	Medium-low	Low	Medium-high
	Stigmatisation of the industry sector	Medium-low	Low	Medium-high
	Increased stakeholder concern or negative stakeholder feedback	Medium-low	Low	High

Table: Risk levels of various transition risks under different scenarios

Risk Management

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

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

Table: High-priority risks under different scenarios

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

Type of physical risks		Impact on strategy, business and finance position	Response measures
Acute risks	Heatwaves	Demand for heavy, warm sportswear may decline — for example, sales of winter-series products decline during heatwaves, affecting sales performance; high temperatures may reduce employee productivity, increasing the Company's operating costs; and during production, high temperatures may affect raw-material performance and the stability of production equipment, leading to product-quality issues and production interruptions.	Strengthen market research and plan ahead, launching lightweight, breathable sportswear series during the heatwave season; optimise temperature-control facilities in office and production environments to safeguard employee productivity and normal equipment operation; and establish a monitoring mechanism for raw-material and product quality, adjusting production processes in good time to address the impact of high temperatures.
	Flooding	Warehouses and stores located in low-lying or flood-prone areas may be inundated, damaging inventory, equipment and facilities and causing direct economic losses; flooding disrupts transport, affecting product logistics and distribution, delaying delivery schedules, reducing customer satisfaction and damaging brand reputation; and if production plants are affected by flooding, they may suspend operations and production, disrupting production plans and increasing production costs.	Formulate flood emergency response plans, prepare emergency supplies and organise drills regularly; conduct risk assessments of flood-prone warehouses, stores and factories and strengthen the construction of flood-prevention facilities; and establish an emergency coordination mechanism with logistics suppliers to ensure that delivery routes or methods can be adjusted during floods.
	Typhoon	Facilities such as stores and billboards in coastal areas are easily damaged by typhoons, causing property losses; typhoons may impede logistics and transport, affecting product supply and making it impossible to meet market demand in good time; and they affect employee attendance and work safety, reducing operating efficiency.	Before the typhoon season arrives, reinforce coastal stores and facilities and relocate vulnerable materials in advance; work with logistics suppliers to formulate transport response plans for typhoon periods, such as preparing backup transport vehicles and routes; and strengthen employee safety education, and formulate work arrangements and safety-assurance measures during typhoons.
	Extreme weather (other extreme weather not listed above, such as blizzards, hail, etc.)	Extreme snowfall may impede logistics and transport, affecting product distribution and increasing warehousing costs; blizzards, hail and the like may damage stores, warehouses and production facilities, affecting normal operations; and extreme weather alters consumer purchasing behaviour, making demand forecasting for some products more difficult and affecting inventory management and sales planning.	Establish an extreme-weather early-warning mechanism to obtain weather information in good time; adjust logistics, production and sales strategies according to the characteristics and impact of extreme weather; and strengthen facility maintenance and insurance coverage to reduce losses caused by extreme weather.
Chronic risks	Water resource pressure	Production processes (such as dyeing and washing) have high demand for water; water resource pressure may push up water costs, squeezing profit margins; water shortages may affect production progress and reduce production efficiency; and consumers are paying more attention to the Company's water resource management, so improper water use by the Company may give rise to reputational risk.	Optimise production processes to improve water-use efficiency, such as adopting water-saving dyeing and washing technologies; establish a water resource management system and strengthen the monitoring and control of water use; and strengthen cooperation with suppliers to promote sustainable water resource management across the entire supply chain, and ensure proper water-related information disclosure.
Chronic risks	Rise in sea levels	If China Dongxiang has important warehouses, stores or production bases in coastal areas, rising sea levels may cause these facilities to be submerged or eroded by seawater, requiring substantial capital investment in relocation or reinforcement; and may affect logistics and transport and the market layout in coastal areas, increasing operating costs and the difficulty of strategic adjustment.	Conduct a comprehensive assessment of assets in coastal areas and formulate long-term plans to address rising sea levels, such as planning relocation or reinforcement schemes in advance; and adjust the business layout in coastal areas to reduce reliance on regions significantly affected by rising sea levels.

Type of transition risk		Potential impact	Response measures
Policy and legal risks	Increased carbon pricing	The cost of procuring energy and related production materials increases, squeezing profit margins and affecting product pricing and market competitiveness.	Closely monitor carbon-market trends and policy directions, and plan energy procurement strategies in advance; optimise the energy-use mix, improve energy-use efficiency and reduce energy consumption; and explore establishing long-term cooperation agreements with suppliers to stabilise energy procurement prices.
	Enhanced emissions reporting requirements	More manpower and material resources must be invested in compiling and reporting carbon-emission data, increasing operating costs; and if reporting are inaccurate or untimely, regulatory penalties may be incurred.	Establish a professional carbon-emission data management team, strengthen staff training and improve the accuracy and efficiency of data compilation and reporting; introduce advanced data-compilation and management tools to optimise data collection and analysis processes; and conduct internal reviews and external audits regularly to ensure reports comply with regulatory requirements.
	Mandatory regulation of existing products and services	Existing products and services may be restricted from sale or recalled, or the Company may face fines for failing to meet new regulatory standards, damaging brand reputation and affecting market share.	Closely track changes in policies and regulations and establish a policy early-warning mechanism; strengthen compliance management in product R&D and production to ensure products and services continue to meet regulatory requirements; and carry out product upgrades and service optimisation in advance to proactively adapt to regulatory trends.
Market and technology risks	Substitution of existing products and services with lower-emission products and services	Market demand for existing products and services falls, leading to inventory backlogs, declining sales performance and loss of market share to competitors.	Increase R&D investment, accelerate product innovation and launch more low-emission products and services; strengthen market promotion to raise consumer awareness and acceptance of low-emission products and services; and optimise the product mix, gradually phasing out high-emission, low-competitiveness products and services.
	Unsuccessful investment in new technologies	Invested capital cannot be recovered, causing resource wastage and affecting the Company's profitability; and technology development opportunities may be missed, placing the Company at a disadvantage in market competition.	Before investing in new technologies, conduct thorough market research, technology assessment and feasibility analysis; reasonably control the scale of investment and diversify investment risks; and cooperate with research institutions, universities and the like to jointly develop new technologies and reduce R&D risks.
	Costs of transitioning to lower emissions technology	Technology procurement, equipment upgrades and staff training require substantial capital investment, increasing the Company's financial pressure and affecting liquidity; and in the short term product costs may rise, weakening price competitiveness.	Formulate a sound transition plan and advance the technological transition in phases and step by step, arranging funds appropriately; actively seek policy support such as government subsidies and tax incentives; and strengthen cost management and optimise production processes to reduce the cost increases brought by the transition.
	Changing customer behaviour	Products become slow-moving and inventory management becomes more difficult; marketing is less effective and marketing costs rise; and market share declines, constraining corporate development.	Strengthen market research and use means such as big-data analytics to gain an in-depth understanding of trends in changing customer needs; adjust product design, functions and marketing strategies in good time according to customer needs; and establish sound communication mechanisms with customers to improve customer satisfaction and loyalty.
	Increase in raw material prices	Product production costs rise, squeezing profit margins; product prices may rise, affecting product market competitiveness and reducing market share.	Optimise supplier management and establish long-term, stable cooperative relationships with suppliers to secure more favourable procurement prices and terms; expand raw-material procurement channels to reduce reliance on any single supplier; and strengthen cost control, improving raw-material utilisation efficiency and reducing raw-material consumption through means such as technological innovation and process improvement.

Type of opportunity	Impact
Energy and environmental protection	With climate change attracting global attention, energy conservation and emission reduction have become a major responsibility for enterprises. China Dongxiang can formulate value-chain emission-reduction measures, improve energy efficiency, reduce energy consumption and greenhouse gas emissions, and build an environmentally friendly image. At the same time, in line with the preference of enterprises and consumers for renewable energy, it can adopt clean energy such as photovoltaic power generation, solar power and wind power, reducing reliance on fossil fuels, supporting the achievement of carbon targets and lowering long-term energy costs.
Product and service innovation	Climate change alters market demand, and China Dongxiang can develop products adapted to different climatic conditions, such as more breathable summer clothing and lightweight jackets suited to a variety of climates, meeting consumer demand and opening up new markets. By incorporating sustainability and environmental concepts into product design and services, such as using recyclable materials and providing repair and reuse services, it can enhance consumers' brand loyalty and market competitiveness.
Market expansion and brand building	Global climate change is causing climate-zone shifts in some regions, and China Dongxiang can design and promote products suited to local climates for emerging markets, expanding its market presence. By proactively addressing climate-change challenges and adopting carbon-reduction measures, it can enhance the Company's brand image as a responsible actor, attracting more environmentally conscious consumers.
Supply chain and operations optimisation	To address the uncertainties brought by climate change, the Company can build a more flexible and resilient supply chain, safeguard the stability of production and supply, and raise the level of supply chain management. It can establish a sound emergency management system to respond swiftly to sudden climate events and reduce losses. By increasing investment in areas such as smart manufacturing, smart logistics and smart merchandise operations, it can leverage digitalisation and smart technologies to improve operating efficiency and promote green development.
Brand and product upgrading	As consumers' awareness of climate change deepens, they increasingly favour low-carbon products and environmentally friendly enterprises. By building an environmentally friendly brand image and launching low-carbon, eco-friendly products, China Dongxiang is well placed to attract more consumers and drive revenue growth. Specifically, it can strengthen the innovative application of low-carbon products, give priority to low-carbon, eco-friendly products and services, make greater use of environmentally friendly materials such as bio-based fibres and recycled polyester fibres in products such as footwear and T-shirts, step up the promotion of low-carbon products and concepts, monitor changes in consumer preferences, and invest in green product innovation and R&D.

In addition, based on the locations of our offline stores and with reference to the current scenario, the RCP2.6 scenario and the RCP8.0 scenario, we conducted a geographic assessment of physical risks.

Region/Number of stores	Type of climate risk	Risk description	Response measures
Guangdong, Fujian, Zhejiang, Hainan	Typhoon/flooding/rise in sea levels	The south-eastern coastal region is significantly affected by typhoons, with high flood risk in summer; the Pearl River Delta needs to monitor sea-level-rise trends.	1. Building reinforcement: waterproof and windproof reinforcement of coastal stores to ensure that building structures can withstand strong winds and flood impact; 2. Emergency inventory management: increase inventory before the typhoon season to ensure customer demand can still be met when the supply chain is disrupted; 3. Emergency response plan: formulate a detailed typhoon emergency response plan covering staff evacuation, store-closure procedures and post-disaster recovery plans; 4. Insurance coverage: purchase natural-disaster insurance for stores and warehouses to reduce economic losses.
Jiangsu, Shandong, Anhui	Extreme rainfall/flooding	Flood risk is prominent in the Yangtze River and Huai River basins, and the frequency of extreme rainfall is expected to increase between 2030 and 2050.	1. Drainage system upgrade: revamp the drainage systems of stores and warehouses to prevent waterlogging; 2. Logistics optimisation: adjust logistics routes in advance during the rainy season to avoid waterlogging-prone areas; 3. Staff training: conduct flood emergency drills to ensure that staff are familiar with emergency procedures; 4. Data monitoring: connect to local meteorological early-warning systems to monitor rainfall in real time.
Beijing, Hebei, Henan	Extreme high temperatures/heatwaves	Extreme high-temperature events occur frequently in summer on the North China Plain, and heatwaves significantly affect the operation of outdoor stores.	1. Store-cooling measures: install shading facilities, air-conditioning systems or fans to improve the in-store environment; 2. Business-hours adjustment: shorten outdoor activities or adjust business hours during high-temperature periods to reduce the risk of staff and customers being exposed to high temperatures; 3. Employee health protection: provide heat-prevention and cooling supplies (such as cooling oil and drinking water) and strengthen safety training for working in high temperatures; 4. Energy management: optimise air-conditioning use and adopt energy-saving equipment to reduce energy consumption.

Region/Number of stores	Type of climate risk	Risk description	Response measures
Heilongjiang, Jilin, Liaoning	Extreme low temperatures/ extreme snowfall	Extreme low temperatures and blizzards in winter may disrupt transport, affecting logistics and store footfall.	1. Heating assurance: ensure that store heating systems operate normally to provide a comfortable shopping environment; 2. Logistics anti-freezing: equip logistics vehicles with equipment and supplies such as snow chains and antifreeze to ensure safe transport in winter; 3. Employee protection: provide employees with cold-weather gear (such as warm clothing and gloves) and establish safety standards for working in low temperatures; 4. Emergency response plan: formulate store-closure and recovery plans for blizzard conditions.
Sichuan, Chongqing, Yunnan, Guizhou	Extreme rainfall/flash floods, drought, earthquakes	Mountainous terrain is prone to flash floods and debris flows; seasonal drought in some areas may affect water resource supply; Sichuan and Yunnan lie in a seismically active zone and require attention to secondary disasters (such as landslides).	1. Strengthen geological-hazard monitoring of stores and warehouses and install early-warning systems; 2. Inspect drainage systems before the rainy season to ensure they are unobstructed; 3. Stockpile emergency supplies (such as drinking water and food) to ensure staff safety.
Shaanxi, Shanxi, Gansu, Qinghai, Ningxia, Inner Mongolia Autonomous Region	Extreme high temperatures/ drought/spring sandstorms/ flooding	Summer high temperatures pose a threat to outdoor activities and employee health; water shortages may affect supply chain stability; spring sandstorms may affect store operations and logistics and transport.	1. Adjust business hours during the high-temperature season and provide heat-prevention and cooling supplies; 2. Optimise water-use management and adopt water-saving equipment; 3. Install dust-proofing facilities and regularly clean the inside and outside of stores.
Hunan, Hubei, Jiangxi	Extreme rainfall/flooding/ extreme high temperatures	Flood risk is relatively high in the Yangtze River basin in summer; summer heatwaves may affect the health of staff and customers.	1. Upgrade store drainage systems to prevent waterlogging; 2. Provide shading facilities and cooling equipment during the high-temperature season; 3. Formulate flood emergency response plans to ensure rapid resumption of operations.

Region/Number of stores	Type of climate risk	Risk description	Response measures
Shanghai, Tianjin	Rise in sea levels/rainstorm waterlogging	Low-lying coastal cities face the threat of rising sea levels, which, compounded by rainstorms, can readily trigger urban waterlogging.	1. Building modification: raise the foundations of stores in low-lying areas or carry out waterproofing works to prevent seawater intrusion; 2. Smart monitoring: install water-level monitoring equipment to provide real-time early warning of waterlogging risk; 3. Emergency response plan: formulate emergency evacuation and store-closure plans for rainstorm periods; 4. Green infrastructure: add green belts or rain gardens around stores to relieve the pressure of urban waterlogging.
Guangxi	Typhoon/flooding/extreme high temperatures	Coastal areas are affected by typhoons, and inland areas may face flood risk; summer high temperatures may affect outdoor activities.	1. Reinforce store buildings to withstand typhoon strikes; 2. Formulate flood emergency response plans to ensure rapid resumption of operations; 3. Provide shading facilities and cooling equipment during the high-temperature season.
Xinjiang	Extreme high temperatures/drought	Extreme high-temperature trends are rising in plateau areas, and drought may affect supply chain stability (such as raw-material transport).	1. Water resource management: optimise store water-use systems and adopt water-saving equipment to ensure stable water use during droughts; 2. Supply chain adjustment: stockpile raw materials in advance to avoid supply chain disruption caused by drought; 3. Employee health protection: provide sun-protection supplies and sufficient drinking water to prevent heatstroke when working in high temperatures.

Metrics and Goals

Since FY20/21, China Dongxiang has, within the stipulated timeframe each year, conducted a comprehensive inventory of the Group's greenhouse gas emissions, truthfully disclosing its climate-related performance and achievements. Given its operational characteristics, the Group's main emissions are greenhouse gas emissions, which arises from the use of electricity and fuels converted from fossil fuels. The Group's greenhouse gas inventory comprises carbon dioxide, methane and nitrous oxide. Greenhouse gas accounting is presented in carbon dioxide equivalent and is calculated in accordance with the 2019 Baseline Emission Factors for Regional Power Grids in China for Emission Reduction Projects, issued by the Ministry of Ecology and Environment of the People's Republic of China, and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, issued by the Intergovernmental Panel on Climate Change (IPCC).

Indicator	Unit	FY23/24	FY24/25	FY25/26
Direct greenhouse gas emissions (Scope 1)	tonnes CO ₂ e	14.84	0.00	165.94
Indirect greenhouse gas emissions (Scope 2)	tonnes CO ₂ e	1,057.95	521.37	426.09
Indirect greenhouse gas emissions (Scope 3)	tonnes CO ₂ e	/	1,168,455.71	805,542.20
Total greenhouse gas emissions (Scope 1 and Scope 2)	tonnes CO ₂ e	1,072.79	521.37	592.03
Total greenhouse gas emissions (Scope 1, Scope 2 and Scope 3)	tonnes CO ₂ e	1,072.79	1,168,977.08	806,134.23

Table: China Dongxiang's greenhouse gas emissions over the past three years

Energy Transition

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

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

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

Optimisation of Resource Utilisation

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

Water Resource Management — Continuously Pursuing Efficient Utilisation	Fabric and Auxiliary Material Management — Integration to Empower Quality and Efficiency	Packaging Material Management — Optimisation of Packaging Design
In the Company's offices, water conservation is becoming a prevailing trend. We carefully arrange the washbasin areas, putting up brightly coloured and highly creative water-saving promotional posters, and regularly update and loop short water-saving themed videos to create a strong water-saving atmosphere. All taps have been replaced with sensor-controlled models to precisely control water flow, avoid water wastage, and allow water conservation efforts to flow naturally into daily office operations.	Fabric integration: new fabrics are determined through sample selection and evaluation, with a 3:7 ratio of new to old set to balance innovation and tradition. Fabrics are combined for use across series, the fabric and colour pools are locked in, and the results are consolidated into a colour list. Greige fabric inventory and colour proofing are managed appropriately to ensure that sample fabrics and colours are accurate and delivered on time. Auxiliary material integration: the development process is optimised, new auxiliary materials are strictly controlled, and every link is meticulously managed. The use of carry-over auxiliary materials is increased, their combined and shared use is promoted, and the use of the auxiliary material pool is standardised. Physical swatch books and electronic files of auxiliary materials are created and updated to ensure accurate and consistent information.	We have done away with traditional packaging forms that are complex and redundant, carrying out in-depth analysis of product characteristics and transport requirements to redesign the packaging structure. On the premise of ensuring the safe transport of products, we optimise packaging dimensions so that they fit products more closely, improving the utilisation of warehousing and transport space. Through this series of packaging-design optimisation measures, we have not only effectively conserved packaging resources but also reduced transport costs and carbon emissions, achieving a win-win for both economic and environmental benefits.

Innovative Practice in Packaging Optimisation

Background to the Problem

In e-commerce sales scenarios, orders frequently involve the purchase of 3 pairs of shoes at once, yet the existing carton specifications had no packaging material suited to 3 pairs of shoes, affecting dispatch efficiency and costs.

Solution

Warehouse staff responded proactively, precisely measuring the relevant shoe dimensions on site and, drawing on their professional capability and rigorous attitude, developing a packing solution custom-made specifically for 3 pairs of shoes based on the measurement results, so as to fit actual business and sales needs.

Remarkable Results

Packing efficiency improved significantly, with orders packed more quickly and accurately and the dispatch process accelerated. Cost control delivered notable results: precisely matched packaging reduced both the procurement quantity of cartons and transport costs.



Waste Management

Recycling and Circulation System	Green Store Operations	Catering Conservation Management
The Company sets up different categories of recycling containers internally for the meticulous sorting and collection of common recyclables such as paper, plastics and metals. It has established long-term cooperation with professional recycling organisations to ensure the timely and standardised treatment of waste. For electronic waste, a strict recycling process is formulated, with dedicated personnel assigned to collect and register it before handing it over to qualified enterprises for dismantling and resource utilisation, thereby avoiding pollution. These measures have increased the rate of resource reuse, reduced reliance on natural resources, eased the environmental pressure from waste landfilling and incineration, and turned waste into valuable resources.	As a window of direct contact with consumers, stores are an important front for waste reduction. We promote the concept of green operation, phase out over-packaged products, adopt eco-friendly and minimalist materials, and reduce packaging waste. We encourage consumers to bring their own reusable bags when shopping, offering discounts or rewards. In daily operations, we strengthen energy and water resource management and install energy-saving lighting and water-saving equipment. Waste sorting and recycling areas are set up to guide employees and consumers to dispose of waste correctly, thereby improving the recycling rate. These measures create eco-friendly consumption scenarios for consumers and raise the social image and brand value of the stores.	We make every effort to advance the standardisation of catering management, exercising strict control over the menu review process to ensure that dishes are reasonably paired, nutritionally balanced, with no hidden risk of waste. We vigorously promote the Clean Plate Campaign, set strict standards, and advocate that customers order as needed to reduce food waste, creating a green and resource-saving dining environment.

Joint Action to Build a Green Canteen

Conservation Philosophy

K Kitchen (K小廚) has always upheld the philosophy of saving food and reducing waste, providing employees with free self-service breakfast and lunch. In the dining areas, eye-catching slogans such as “Take only what you need; clear your plate” are everywhere, constantly reminding everyone to cherish every grain of food.

Putting It into Action

The Company actively advocates this initiative, and employees have responded enthusiastically, integrating conservation awareness into their daily dining. Everyone takes food according to their own appetite, neither taking too much nor wasting any.

Data Highlights

Although more than 300 people dine at breakfast and lunch each day, the daily volume of food waste has consistently stayed below 0.4 cubic metres. Behind this figure lies employees’ strong commitment to, and personal practice of, the Clean Plate Campaign — making the “clean plate” a habit and jointly contributing to a green and resource-saving dining environment.



CIRCULAR ECONOMY

China Dongxiang follows the “14th Five-Year Plan” for Circular Economy Development in China, the Circular Economy Action Plan of the European Union, and other relevant domestic and international policies and initiatives. We adhere to the product design concept of minimising environmental impact and place emphasis on the innovation, R&D and production of low-carbon products. By increasing the use of eco-friendly materials and reducing the use of hazardous chemicals, we continuously reduce the negative impact of our products on the environment and natural resources, convey the concept of green consumption to consumers, and build a responsible corporate image.

Application of Eco-friendly Materials in KAPPA Brand Products

Product category	Fabric type	Fabric characteristics or principles	Application	Illustration
Apparel	Bio-based fibre — SORONA® (1977)	This fabric contains 37% plant-based renewable raw materials (plant starch). Compared with traditional nylon fabric, the product manufacturing process of SORONA® can reduce petroleum-resource consumption by approximately 37%, save 30% of energy use, and cut greenhouse gas emissions by 63%. 	In FY25/26, orders for 383,756 apparel products used SORONA® fabric.	
	PrimaLoft® eco-friendly insulation	This heat-insulating fabric is made from recycled plastics, can be reused and recycled, and promotes resource conservation and efficient utilisation.	In FY25/26, 5,296 apparel products used PrimaLoft® eco-friendly insulation.	
	Bio-based fibre — EcoCosy®	This fabric uses EcoCosy® wood-based fibre, sourced from responsibly managed plantation forests with internationally authoritative certification. As the plantation forests grow, they are nourished by sunlight and water, absorb carbon dioxide, lower greenhouse gas emissions, and reduce the carbon footprint. It is 100% bio-based certified, can naturally biodegrade within 28 days, and is recyclable and renewable — from nature, back to nature.	In FY25/26, orders for 914 apparel products used EcoCosy® fabric.	

Product category	Fabric type	Fabric characteristics or principles	Application	Illustration
Footwear	TPU (thermoplastic polyurethane elastomers) material	This material can be recycled and reused while also reducing waste such as escaped flash and extruded waste adhesive, thereby effectively improving the efficiency of material use.	In FY25/26, footwear products containing TPU under the Group's KAPPA brand exceeded 340,000 pairs.	
	PU (polyurethane)	Polyurethane soles offer advantages such as low density, soft texture and good elasticity, making them comfortable and lightweight to wear, together with good oxidation resistance and excellent abrasion resistance.	In FY25/26, footwear products containing PU reached 638,000 pairs, of which products using PU material in their insoles reached 582,000 pairs.	

Since 2020, to improve the comfort and environmental attributes of footwear products, we have adopted degradable PU pour-moulded insoles to replace traditional non-degradable EVA foam insoles. In FY25/26, output of footwear styles with PU injection insoles reached 582,000 pairs, exceeding 91% of all PU-containing footwear across categories (638,000 pairs) and becoming the Company's core flagship product. PU material has hydrolysable properties, closely aligning with the concept of eco-friendly development; at the same time, to balance product durability in use, we conducted degree-of-hydrolysis tests on PU injection insoles under specific operating conditions, with the measured degree of hydrolysis below 70%, successfully achieving a two-way balance between environmental performance and product durability.

PHENIX has always upheld the concept of the circular economy, integrating sustainable development into every link of product development. We firmly believe that only by striving for excellence in every process step can we deliver to consumers products that are truly safe, reliable and of high quality.

Application of Eco-friendly Materials in PHENIX Brand Products

Product category	Fabric type	Fabric characteristics or principles	Application	Illustration
Apparel	Smawarm® eco-friendly insulation	It is made by combining multiple layers of different low-heat-conductivity materials, with fibres only one-third as fine as feathers, preventing body heat from escaping. The fibres are thoroughly blended with natural mineral powder; owing to the powder's porous nature, it can act as a filter, eliminating various harmful substances in the air such as odours and bacteria. Because it contains trace metals and has moisture-absorbing, quick-drying properties, it can reduce the static-electricity nuisance experienced when wearing clothing in winter. It is manufactured using recycled bottle-flake fibre, saving energy and reducing carbon compared with traditional raw materials.	In FY25/26, 100% of products used Smawarm® eco-friendly insulation.	
	PrimaLoft® eco-friendly insulation	It is 60% derived from recycled polyester and biodegrades 200% faster than traditional synthetic fibres. 	In FY25/26, orders for 2,600 apparel products used PrimaLoft® eco-friendly insulation.	

Product category	Fabric type	Fabric characteristics or principles	Application	Illustration
Apparel	RDS-certified down (Responsible Down Standard)	Ensures that the down comes from waterfowl that are not live-plucked or force-fed, with the supply chain traceable back to the farm.	In FY25/26, the use of RDS down accounted for 70% (up 15% year-on-year), reducing the use of non-compliant down by approximately 150 kg.	
	Merino wool	Certified under the Responsible Wool Standard (RWS), it ensures that the wool comes from mulesing-free farms, with the flocks enjoying free grazing and humane treatment. The wool's natural temperature-regulating properties extend the product's service life and reduce washing frequency (lowering water and energy consumption).	In FY25/26, 100% of Merino wool products were RWS-certified.	

CHEMICAL SAFETY



We are committed to establishing a comprehensive chemical safety management system to ensure that the chemicals used in production and operations are managed responsibly with respect to employees, consumers and the environment. Through standardised chemical management processes, strict admission review and effective monitoring and control, we will minimise chemical risks to the greatest extent and create safer, greener products for society. At the same time, we will continuously optimise our processes, select more eco-friendly alternative chemicals and consistently improve the safety in the use of chemicals.

Chemical Management

We attach great importance to chemical safety and adopt strict control measures at every stage. Raw materials used in our products must be sent to third-party institutions for testing to eliminate any instances of harmful substances exceeding permitted

levels. During the production process, the use of specific chemicals is explicitly prohibited. In the school uniform production process, we have set clear national-standard requirements according to different stages. Fabrics for primary and secondary school uniforms and high school uniforms must all meet national-standard requirements, providing all-round assurance of school uniform quality and safety. For school uniform accessory factories, we implement qualification and certification management and regularly spot-check product quality to control the chemical safety of accessories at source.

The chemical safety control of the footwear supply chain is more refined. Raw material manufacturers are required to send various footwear materials to third-party institutions for testing each year, ensuring that no harmful substances are added during production. Before shipment, finished footwear is uniformly sent to designated testing institutions for re-testing, ensuring that it is free from harmful

substances such as hexavalent chromium, decomposable carcinogenic aromatic amine dyes, heavy metals such as arsenic, lead and cadmium, and formaldehyde. At the same time, we regularly conduct random inspections; once any non-compliance with standards is found, measures such as order reduction and fines will be imposed, and in serious cases cooperation will be terminated immediately.

Training and Empowerment

We are committed to providing systematic chemical safety training for relevant personnel, covering chemical identification and classification, standard operating procedures, emergency response measures, and the like. At the same time, drills and knowledge competitions are organised regularly to continuously strengthen personnel's chemical safety awareness and improve their operational skills.

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

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

CHAPTER 5

PASSING ON WARMTH, WALKING TOGETHER WITH RESPONSIBILITY

- CHAPTER STORY — WARMTH SPREAD THROUGH THE EVERYDAY
- PROMOTING SPORTS CULTURE
- CHARITY AND PHILANTHROPY
- COMMUNITY ENGAGEMENT

COMMUNITY • INCLUSION

We believe that a brand's warmth lies not only in its products, but also in the soil beneath our feet. Through sports culture we convey health and vitality; through charitable action we respond to hardship and hope; through community engagement we weave trust and connection — through every concrete action we take, we grow together with society, making responsibility the most enduring part of the brand's character.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS RELEVANT TO THIS CHAPTER



CHAPTER 5: PASSING ON WARMTH, WALKING TOGETHER WITH RESPONSIBILITY

CHAPTER STORY — WARMTH SPREAD THROUGH THE EVERYDAY

Heart-warming School Uniform Donation in Miyun District: Post-disaster Student Aid and Rural Care

In 2025, some townships in Beijing's Miyun District were hit by flooding, leaving the school uniforms of students at local rural schools and students from low-income families damaged or in short supply; at the same time, Bulaotun Middle School in the mountainous area of Miyun had long faced a shortage of school uniforms. China Dongxiang, through its KAPPA brand, launched the "Warm Clothing for Miyun" dedicated school uniform charity campaign, taking concrete action to bring warmth to students affected by the disaster.

The Company donated customised sportswear school uniforms, schoolbag accessories and other items, totalling more than 300 pieces, to Bulaotun Middle School, the disaster-affected school in Miyun District. Every uniform carries KAPPA's care for the children, so that in the days of post-disaster rebuilding they can still wear neat school uniforms and walk into the classroom full of confidence.

The donation benefited more than 50 students, effectively meeting disaster-affected students' essential need for school uniforms; the initiative was recognised with a letter of thanks from the school, and the brand's regional reputation for charitable work improved markedly. With concrete action we have shown that charity does not stop at donating; it lies in letting every child feel the warmth of being seen and respected. KAPPA has always believed that charity is not merely the donation of goods, but an emotional connection that passes on warmth — so that everyone, whether in the city or the countryside, can feel the joy of sport and the care of the brand.

China Dongxiang has always integrated social responsibility into every link of its corporate development. From post-disaster student aid to rural care, from professional equipment to charitable donations, KAPPA infuses warmth and meaning into one real-life scenario after another. This is a journey of mutual commitment between the brand and society, and a powerful expression of responsibility.



► Warm Clothing for Miyun: Bringing Warmth and Hope to Students Affected by the Disaster

PROMOTING SPORTS CULTURE

“Fashionable Sports” not only demonstrates our continuous promotion of the concept of fitness for all, but also represents the unique interpretation of the integration of sports and fashion by our two major brands, KAPPA and PHENIX. Drawing on our deep foundation in sports culture and cutting-edge fashion perspective, we lead the public to focus on and take part in diverse sporting lifestyles. By continuously advocating the new trend of fashionable sports and integrating brand values into the healthy lifestyles of all people, KAPPA and PHENIX hope to ignite more people’s passion for sports and enable more people to gain fun and growth from sport. To stimulate social vitality and undertake corporate responsibility is our unchanging original aspiration and commitment.

The Two Brands in Action across Sports Scenarios

Joining Forces in Bincheng

KAPPA has continued to join hands with the Bincheng United football team in sports sponsorship cooperation; since establishing their partnership many years ago, the two sides have remained committed to promoting the development of sport. Building on two consecutive years of sponsoring the team’s professional on-pitch match kits last year and the year before, the cooperation has been upgraded once again, with KAPPA custom-making exclusive warm-up apparel and professional training wear for the team. These garments use high-performance fabrics with an emphasis on breathability and comfort, and their design incorporates the team’s signature elements to improve the overall image. The sponsorship covers not only match equipment but also extends to daily training, providing all-round support for the team in improving training efficiency, strengthen team cohesion and prepare fully for the upcoming fixtures. The team’s management stated that this deepening of the cooperation will further ignite the players’ fighting spirit as they jointly meet the challenges of the new season.



Chasing the Wind in the Snow Realm

PHENIX joined hands with Chi CAMP to organise a freestyle skiing open class, centred on the brand’s legacy event IP “Give It a Go, That’s Freestyle”, upholding the professional tone the brand has built through its deep engagement of freestyle skiing and its brand spirit of “inclusiveness and breakthrough”, and continuing the brand’s professional DNA and trend-led expression in the sport of skiing. The activity adopted a dual format of “Wanlong offline indoor open classes + on-slope practical course training”, balancing theory and knowledge popularisation with hands-on practical experience and allowing participants to immerse themselves in the charm of freestyle skiing and PHENIX’s professional heritage. Offline, the activity precisely reached 20 skiing enthusiasts, while online impressions surpassed 50,000. It not only educated the public on the brand’s attitude towards freestyle skiing and its professional tone, but also revived the brand’s community activities and signature marketing events, further strengthening PHENIX’s brand influence in the field of freestyle skiing and conveying the concept of free sport: “unconstrained by form, brave enough to try”.



CHARITY AND PHILANTHROPY

We have always integrated charity and philanthropy into every stage of our corporate development, regarding it as an important part of the brand's core values. As a company that actively fulfils its social responsibilities, KAPPA is concerned not only with commercial achievements, but also continually contributes warmth and strength to society through charitable donations, educational support and volunteer services. We believe that charity is not only a responsibility, but also a promise to keep passing on love.

A Record of the Group's Charitable Visit to Shanghai DeltaHealth Hospital

To actively practise corporate social responsibility and convey the brand's warmth and humanistic care, at the end of July 2025 the Group organised a dedicated care visit to Shanghai DeltaHealth Hospital to see the children with congenital heart disease receiving treatment there, and donated KAPPA-branded care supplies, demonstrating its concern for the charitable cause of children's health through concrete action.

As one of China's leading institutions for the diagnosis and treatment of cardiovascular disease, Shanghai DeltaHealth Hospital has long worked with the Chinese Red Cross Foundation on the "Angel Journey" screening and assistance initiative for children with congenital heart disease, providing free surgery and rehabilitation treatment for child patients from impoverished families in Xinjiang, Xizang and other remote regions, and helping numerous young patients make a fresh lease of life. On this visit, China Dongxiang focused on the children in hospital, going into the wards to talk warmly with them, asking in detail about their treatment progress and recovery, and encouraging them to fight their illness bravely and cooperate actively with their treatment, passing on care and encouragement.

Looking ahead, China Dongxiang will continue to stay true to its original charitable aspiration, maintain its focus on children's healthy growth and the development of social charitable causes, and draw on its brand resources and influence to carry out more heart-warming charitable initiatives, passing on love and positive energy through concrete action and contributing its corporate strength to public welfare causes that improve people's well-being.



COMMUNITY ENGAGEMENT

We have always paid close attention to our close ties with communities, actively building efficient communication platforms, giving back the fruits of our corporate development to society and earnestly practising our social responsibility. In the course of advancing our business, we fully assess the impact on local communities, take the initiative to listen to community concerns and help communities grow together with us. During the financial year, drawing on the strengths of our brand resources, we planned and implemented a diverse range of business promotion activities, committed to shaping a corporate image that is “warm, purposeful and substantive”, and continued to pass on a positive and enterprising spirit to the young people of the new era.



APPENDIX:

INDEX TO THE HKEX ESG REPORTING CODE

Provisions, Material Aspect, Aspects, General Disclosures and Key Performance Indicators ("KPIs")		Section of disclosure or remarks
Aspects, General Disclosures and KPIs	Description	Disclosure Section
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Guarding the Earth, Our Green Commitment — Climate Action
KPI A1.1	The types of emissions and respective emissions data.	Appendix — KPI Table
KPI A1.2	Repealed on January 1, 2025	/
KPI A1.3	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix — KPI Table
KPI A1.4	Description of emissions target(s) set and steps taken to achieve them.	Guarding the Earth, Our Green Commitment — Climate Action
KPI A1.5	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Guarding the Earth, Our Green Commitment — Climate Action

Provisions, Material Aspect, Aspects, General Disclosures and Key Performance Indicators ("KPIs")		Section of disclosure or remarks
Aspects, General Disclosures and KPIs	Description	Disclosure Section
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Guarding the Earth, Our Green Commitment — Climate Action
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Appendix — KPI Table
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix — KPI Table
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Guarding the Earth, Our Green Commitment — Climate Action
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Guarding the Earth, Our Green Commitment — Climate Action
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Appendix — KPI Table
Aspect A3: Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Guarding the Earth, Our Green Commitment — Climate Action
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Guarding the Earth, Our Green Commitment — Climate Action

Provisions, Material Aspect, Aspects, General Disclosures and Key Performance Indicators ("KPIs")		Section of disclosure or remarks
Aspects, General Disclosures and KPIs	Description	Disclosure Section
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Advancing in Unity, Thriving with Partners — Our Employees
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Appendix — KPI Table
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix — KPI Table

Provisions, Material Aspect, Aspects, General Disclosures and Key Performance Indicators ("KPIs")		Section of disclosure or remarks
Aspects, General Disclosures and KPIs	Description	Disclosure Section
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Advancing in Unity, Thriving with Partners — Our Employees
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix — KPI Table
KPI B2.2	Lost days due to work injury.	Appendix — KPI Table
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Appendix — KPI Table
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Advancing in Unity, Thriving with Partners — Our Employees
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix — KPI Table
KPI B3.2	The average training hours completed per employee by gender and employee category.	Appendix — KPI Table

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Aspects, General Disclosures and KPIs	Description	Disclosure Section
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Advancing in Unity, Thriving with Partners — Our Employees
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Advancing in Unity, Thriving with Partners — Our Employees
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Advancing in Unity, Thriving with Partners — Our Employees
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Advancing in Unity, Thriving with Partners — Responsible Supply Chain
KPI B5.1	Number of suppliers by geographical region.	Appendix — KPI Table
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Advancing in Unity, Thriving with Partners — Responsible Supply Chain
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Advancing in Unity, Thriving with Partners — Responsible Supply Chain

Provisions, Material Aspect, Aspects, General Disclosures and Key Performance Indicators ("KPIs")		Section of disclosure or remarks
Aspects, General Disclosures and KPIs	Description	Disclosure Section
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Advancing in Unity, Thriving with Partners — Responsible Supply Chain
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Pioneer, Leading with Responsibility — Responsible Marketing
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Pioneer, Leading with Responsibility — Safeguarding Quality
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Pioneer, Leading with Responsibility — Safeguarding Quality
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Pioneer, Leading with Responsibility — Responsible Marketing

Provisions, Material Aspect, Aspects, General Disclosures and Key Performance Indicators ("KPIs")		Section of disclosure or remarks
Aspects, General Disclosures and KPIs	Description	Disclosure Section
KPI B6.4	Description of quality assurance process and recall procedures.	Product Pioneer, Leading with Responsibility — Product Pioneer
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Governance Innovation with Steady Progress — Efficient Corporate Governance
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Governance Innovation with Steady Progress — Efficient Corporate Governance
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Governance Innovation with Steady Progress — Efficient Corporate Governance
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Governance Innovation with Steady Progress — Efficient Corporate Governance
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Governance Innovation with Steady Progress — Efficient Corporate Governance

Provisions, Material Aspect, Aspects, General Disclosures and Key Performance Indicators ("KPIs")		Section of disclosure or remarks
Aspects, General Disclosures and KPIs	Description	Disclosure Section
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Passing on Warmth, Walking Together with Responsibility — Charity and Philanthropy, Community Engagement
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Passing on Warmth, Walking Together with Responsibility — Charity and Philanthropy, Community Engagement
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Passing on Warmth, Walking Together with Responsibility — Charity and Philanthropy, Community Engagement

Part D: Climate-related Disclosures

Climate-related Disclosures	Corresponding Section
Governance	An issuer shall disclose information about:
(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about: (i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities; (ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities; (iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; (iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35);	Guarding the Earth, Our Green Commitment — Climate Action

Climate-related Disclosures	Corresponding Section
(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about: (i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and (ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	Guarding the Earth, Our Green Commitment — Climate Action
Strategy	Climate-related risks and opportunities
An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall: (a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term; (b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;	Guarding the Earth, Our Green Commitment — Climate Action

Climate-related Disclosures	Corresponding Section
(c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons — short, medium or long term — the effects of each climate-related risk and opportunity could reasonably be expected to occur; and (d) explain how the issuer defines ‘short term’, ‘medium term’ and ‘long term’ and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	
Business model and value chain An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer’s business model and value chain. Specifically, the issuer shall disclose: (a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer’s business model and value chain; and (b) a description of where in the issuer’s business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	Guarding the Earth, Our Green Commitment — Climate Action

Climate-related Disclosures	Corresponding Section
Strategy and decision-making An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose: (a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about: (i) current and anticipated changes to the issuer’s business model, including its resource allocation, to address climate-related risks and opportunities; (ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect); (iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer’s transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and	Guarding the Earth, Our Green Commitment — Climate Action

Climate-related Disclosures		Corresponding Section
	(iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and (b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	
Financial position, financial performance and cash flows		
Current financial effect An issuer shall disclose qualitative and quantitative information about: (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and (b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.		Guarding the Earth, Our Green Commitment — Climate Action

Climate-related Disclosures		Corresponding Section
	Anticipated financial effect	Guarding the Earth, Our Green Commitment — Climate Action
	The issuer shall provide qualitative and quantitative disclosures about:	
	(a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: (i) its investment and disposal plans; and (ii) its planned sources of funding to implement its strategy; and (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	

Climate-related Disclosures	Corresponding Section
Climate resilience An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose: (a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of: (i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; (ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and (iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;	Guarding the Earth, Our Green Commitment — Climate Action

Climate-related Disclosures	Corresponding Section
(b) how and when the climate-related scenario analysis was carried out, including: (i) information about the inputs used, including: (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);	

Climate-related Disclosures		Corresponding Section
	(ii) the key assumptions the issuer made in the analysis; and (iii) the reporting period in which the climate-related scenario analysis was carried out.	
Risk Management	An issuer shall disclose information about: (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about: (i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes); (ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks; (iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria); (iv) whether and how the issuer prioritises climate-related risks relative to other types of risks; (v) how the issuer monitors climate-related risks; and	Guarding the Earth, Our Green Commitment — Climate Action

Climate-related Disclosures		Corresponding Section
	(vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period;	
	(b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	
Metrics and Targets	Greenhouse gas emissions	
	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO₂ equivalent, classified as: (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions.	Guarding the Earth, Our Green Commitment — Climate Action

Climate-related Disclosures	Corresponding Section
An issuer shall: (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;	Guarding the Earth, Our Green Commitment — Climate Action
(b) disclose the approach it uses to measure its greenhouse gas emissions including: (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and	

Climate-related Disclosures	Corresponding Section
(d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	
Climate-related transition risks An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Guarding the Earth, Our Green Commitment — Climate Action
Climate-related physical risks An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Guarding the Earth, Our Green Commitment — Climate Action
Climate-related opportunities An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Guarding the Earth, Our Green Commitment — Climate Action
Capital deployment An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Guarding the Earth, Our Green Commitment — Climate Action

Climate-related Disclosures	Corresponding Section
Internal carbon prices An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	Guarding the Earth, Our Green Commitment — Climate Action
Remuneration An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	Guarding the Earth, Our Green Commitment — Climate Action
Industry-based metrics An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	Guarding the Earth, Our Green Commitment — Climate Action

Climate-related Disclosures	Corresponding Section
Climate-related targets An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose: (a) the metric used to set the target; (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); (d) the period over which the target applies; (e) the base period from which progress is measured; (f) milestones or interim targets (if any); (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	Guarding the Earth, Our Green Commitment — Climate Action

Climate-related Disclosures	Corresponding Section
An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including: (a) whether the target and the methodology for setting the target has been validated by a third party; (b) the issuer's processes for reviewing the target; (c) the metrics used to monitor progress towards reaching the target; and (d) any revisions to the target and an explanation for those revisions.	Guarding the Earth, Our Green Commitment — Climate Action
An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	Guarding the Earth, Our Green Commitment — Climate Action
For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose: (a) which greenhouse gases are covered by the target; (b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; (d) whether the target was derived using a sectoral decarbonisation approach; and	Guarding the Earth, Our Green Commitment — Climate Action

Climate-related Disclosures	Corresponding Section
(e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; (ii) which third-party scheme(s) will verify or certify the carbon credits; (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	

KPI TABLE

KPIs	Unit	FY2023/2024	FY2024/2025	FY2025/2026
Product Pioneer, Leading with Responsibility				
Number of products voluntarily recalled	Pieces	0	0	0
Number of products passively recalled	Pieces	0	0	0
Advancing in Unity, Thriving with Partners				
Total number of employees	Persons	350	332	338
Number of employees by gender				
Total number of male employees	Persons	121	113	114
Total number of female employees	Persons	229	219	224
Number of employees by age				
Total number of employees aged 30 and below	Persons	48	60	54
Total number of employees aged 31–50	Persons	290	263	273
Total number of employees aged 51 and above	Persons	12	9	11
Number of employees by rank				
Total number of management employees	Persons	80	84	78
Total number of non-management employees	Persons	270	248	260

KPIs	Unit	FY2023/2024	FY2024/2025	FY2025/2026
Number of employees by region				
Total number of employees in Mainland China	Persons	348	330	336
Total number of employees in Hong Kong, Macau and Taiwan	Persons	2	2	2
Total number of employees in other overseas regions	Persons	0	0	0
Employee turnover rate of the Group	%	37.39%	16.57%	16.27%
Employee turnover rate by gender				
Male employees	%	33.52%	18.58%	18.42%
Female employees	%	39.26%	15.53%	15.18%
Employee turnover rate by age				
Employees aged 30 and below	%	31.43%	33.33%	37.03%
Employees aged 31 to 50	%	36.96%	12.55%	12.45%
Employees aged 51 and above	%	58.62%	22.22%	9.09%
Employee turnover rate by rank				
Management employees	%	13.98%	19.05%	19.23%
Non-management employees	%	42.06%	15.73%	15.38%

KPIs	Unit	FY2023/2024	FY2024/2025	FY2025/2026
Employee turnover rate by region				
Employees in Mainland China	%	37.52%	16.67%	16.37%
Employees in overseas regions and Hong Kong, Macau and Taiwan	%	0.00%	0.00%	0.00%
Percentage of employees trained by gender				
Percentage of male employees trained	%	70.25%	95.58%	76.32%
Percentage of female employees trained	%	58.08%	81.74%	74.10%
Percentage of employees trained by employee category				
Percentage of management employees trained	%	77.50%	73.81%	75.64%
Percentage of non-management employees trained	%	57.78%	90.73%	74.62%
Average training hours completed per employee by gender				
Average training hours of male employees	Hours	7.52	270	299
Average training hours of female employees	Hours	6.72	270	193
Average training hours completed per employee by employee category				
Average training hours of management employees	Hours	9.13	426	405
Average training hours of non-management employees	Hours	6.20	227	176

KPIs	Unit	FY2023/2024	FY2024/2025	FY2025/2026
Working days lost due to work injury during the financial year	Days	45.50	65.00	0.00
Number of work-related fatalities in the past three years	Persons	0	0	0
Rate of work-related fatalities in the past three years	%	0.00%	0.00%	0.00%
Total number of suppliers	Nos.	53	83	71
Number of suppliers by region				
Number of suppliers in East China	Nos.	34	56	46
Number of suppliers in Central China	Nos.	1	1	1
Number of suppliers in North China	Nos.	1	4	4
Number of suppliers in South China	Nos.	14	14	14
Number of suppliers in Northeast China	Nos.	3	8	6
Guarding the Earth, Our Green Commitment				
Direct GHG emissions (Scope 1) ¹	tonnes CO ₂ e	14.84	0.00	165.94
Indirect GHG emissions (Scope 2)	tonnes CO ₂ e	1,057.95	521.37	426.09

¹ During the reporting period, the Group further refined its Scope 1 greenhouse gas accounting boundary, incorporating fugitive emissions from refrigerants, fugitive emissions from fire-extinguishing agents and fugitive methane emissions into the scope of its accounting.

KPIs	Unit	FY2023/2024	FY2024/2025	FY2025/2026
Other indirect GHG emissions (Scope 3)	tonnes CO ₂ e	/	1,168,455.71	805,542.20
— Purchased goods and services ²	tonnes CO ₂ e	/	2,187.08	2,994.34
— Upstream transportation and distribution ³	tonnes CO ₂ e	/	1,165,956.29	802,257.75
— Employee business travel ⁴	tonnes CO ₂ e	/	312.34	290.11
Total GHG emissions (Scope 1 and Scope 2) ⁵	tonnes CO ₂ e	1,072.79	521.37	592.03
Total GHG emissions (Scope 1, Scope 2 and Scope 3)	tonnes CO ₂ e	1,072.79	1,168,977.08	806,134.23
Scope 1 and Scope 2 GHG emission intensity (calculated per employee)	tonnes CO ₂ e/person	3.07	1.57	1.75
Scope 1 and Scope 2 GHG emission intensity (calculated per unit of revenue)	tonnes CO ₂ e/RMB million	0.62	0.31	0.34
Scope 1 and Scope 2 GHG emission intensity (calculated per unit of floor area)	tonnes CO ₂ e/m ²	0.05	0.05	0.06
Scope 3 GHG emission intensity (calculated per employee)	tonnes CO ₂ e/person	/	3,519.45	2,383.26

KPIs	Unit	FY2023/2024	FY2024/2025	FY2025/2026
Scope 3 GHG emission intensity (calculated per unit of revenue)	tonnes CO ₂ e/RMB million	/	695.45	469.70
Scope 3 GHG emission intensity (calculated per unit of floor area)	tonnes CO ₂ e/m ²	/	115.57	79.67
Total energy consumption ⁶	MWh	1,913.62	971.62	803.03
Direct energy consumption	MWh	58.55	0.00	0.00
— Petrol	MWh	49.94	0.00	0.00
— Diesel	MWh	8.61	0.00	0.00

² The Group's emissions from purchased goods and services include emissions from raw material acquisition by the Footwear Business Division, and from packaging material acquisition by the Apparel Development and Production Department, the Footwear Business Division and the Accessories Business Division.

³ The Group's upstream transportation and distribution emissions cover the transportation emissions arising from offline and e-commerce distribution operations in Wuhan and Gu'an, and are calculated based on the distribution volume during the reporting period. Such greenhouse gas emissions decreased year-on-year during the period, mainly because the Group's coordinated optimisation of distribution routes and consolidation of freight orders led to a decline in the overall transportation turnover volume of goods.

⁴ The Group's employee business travel emissions include emissions generated from air travel by employees within the Group's establishment for business trips.

⁵ The Group's principal emissions are greenhouse gases, originating from purchased electricity and production fuels, all of which are reported in carbon dioxide equivalent. The accounting was conducted with reference to the "Announcement on the Release of the 2023 Electricity Carbon Dioxide Emission Factors" issued by the Ministry of Ecology and Environment and the National Bureau of Statistics, and the "2006 IPCC Guidelines for National Greenhouse Gas Inventories".

⁶ The Group's energy consumption is calculated using the coefficients prescribed in the "General Rules for Calculation of the Comprehensive Energy Consumption" (GB/T 2589-2020). The electricity charges of the Harbin office are settled together with property management fees, and as the electricity consumption cannot be separately itemised, it has not been included in the purchased electricity statistics.

KPIs	Unit	FY2023/2024	FY2024/2025	FY2025/2026
Indirect energy consumption	MWh	1,855.07	971.62	803.03
— Purchased electricity	MWh	1,855.07	971.62	803.03
Total water consumption ⁷	tonnes	34,444.48	4,374.93	4,223.42
Water consumption intensity (calculated per employee)	tonnes/person	98.41	13.18	12.50
Water consumption intensity (calculated per unit of revenue)	tonnes/RMB million	19.76	2.60	2.46
Water consumption intensity (calculated per unit of floor area)	tonnes/m ²	1.66	1.84	1.78
Total packaging materials ⁸	tonnes	661.29	801.56	635.25
— Plastics	tonnes	152.14	162.74	85.11
— Paperboard	tonnes	509.15	638.82	550.14
Packaging material intensity (calculated per unit of revenue)	tonnes/RMB million	0.38	0.48	0.37
Total hazardous waste ⁹	tonnes	0.11	0.08	0.06
Hazardous waste intensity (calculated per employee)	tonnes/person	0.0003	0.0002	0.0002

KPIs	Unit	FY2023/2024	FY2024/2025	FY2025/2026
Total non-hazardous waste	tonnes	54.95	15.75 ¹⁰	18.93
Non-hazardous waste intensity (calculated per employee)	tonnes/person	0.16	0.03	0.04
Passing on Warmth, Walking Together with Responsibility				
Number of school uniforms donated	Pieces	91	54	256

⁷ During the reporting period, the statistical basis for the Group's water consumption remained consistent with the previous financial year. Water charges in the Shanghai, Harbin, Hangzhou, Tianjin, Shenzhen, Zhengzhou and Changsha regions are aggregated into property management fees, and as water consumption cannot be separately accounted for, the relevant figures are estimated based on the Ministry of Water Resources' "2021 China Water Resources Bulletin".

⁸ Packaging materials mainly include the cartons, plastic bags and packaging paper purchased during the reporting period for the apparel, footwear, accessories and logistics operations.

⁹ The types of hazardous waste involving the Group mainly comprise waste toner cartridges and ink cartridges.

¹⁰ During the year, the Group refined the statistical management basis for its non-hazardous waste, broadened the data collection coverage to all departments and, on the basis of a unified new standard, carried out a retrospective restatement of the waste data for FY2024/2025. In addition, a centralised clearance of miscellaneous items accumulated in its storerooms was conducted during the period. Owing to the combined effect of these two factors, the volume of waste generated during the period fluctuated as compared with the restated prior-year figures.

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