2022/23
ANNUAL REPORT

滔搏
TOPSPORTS

TOPSPORTS INTERNATIONAL HOLDINGS LIMITED
滔搏國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6110

CONTENTS

CORPORATE INFORMATION

Board of Directors

Chairman

Mr. SHENG Baijiao
(Non-executive Director)

Executive Directors

Mr. YU Wu *(Chief Executive Officer)*
Mr. LEUNG Kam Kwan

Non-executive Directors

Mr. SHENG Fang
Ms. YUNG Josephine Yuen Ching
Ms. HU Xiaoling

Independent Non-executive Directors

Mr. LAM Yiu Kin
Mr. HUA Bin
Mr. HUANG Victor

Authorized Representatives

Mr. LEUNG Kam Kwan
Ms. YUNG Josephine Yuen Ching

Audit Committee

Mr. LAM Yiu Kin *(Chairman)*
Mr. HUA Bin
Mr. HUANG Victor

Remuneration Committee

Mr. HUA Bin *(Chairman)*
Mr. YU Wu
Mr. LAM Yiu Kin

Nomination Committee

Mr. HUANG Victor *(Chairman)*
Mr. YU Wu
Mr. LAM Yiu Kin

Company Secretary

Mr. LEUNG Kam Kwan, *FCPA*

Registered Office

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

M1, 6/F, The Edge
30-34 Kwai Wing Road
Kwai Chung
N.T., Hong Kong

Principal Place of Business in the PRC

22/F, Belle International Plaza
No. 928 Liuzhou Road
Xuhui District
Shanghai
PRC

Stock Code

6110

Website

www.topsports.com.cn

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F Prince's Building
Central, Hong Kong

Legal Advisor

Cleary Gottlieb Steen & Hamilton (Hong Kong)
37th Floor, Hysan Place
500 Hennessy Road
Causeway Bay
Hong Kong

Principal Share Registrar

Maples Fund Services (Cayman) Limited
P.O. Box 1093
Boundary Hall, Cricket Square
Grand Cayman
KY1-1102
Cayman Islands

Hong Kong Branch Share Registrar

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

Principal Bankers

Bank of China (Hong Kong) Ltd.
Bank of Communications Co., Ltd.
China Merchants Bank Co., Ltd.
The Hongkong and Shanghai Banking Corporation Ltd.

		Year ended 28 February 2023	28 February 2022
Revenue	RMB million	**27,073.2**	31,876.5
Gross profit	RMB million	**11,284.2**	13,824.4
Operating profit	RMB million	**2,430.9**	3,430.1
Profit attributable to the Company's equity holders	RMB million	**1,836.6**	2,446.5
Gross profit margin	%	**41.7**	43.4
Operating profit margin	%	**9.0**	10.8
Profit margin attributable to the Company's equity holders	%	**6.8**	7.7
Earnings per share – basic and diluted	RMB cents	**29.62**	39.45
Dividend per share			
– interim, paid	RMB cents	**13.00**	13.00
– final, proposed	RMB cents	**5.00**	7.00
– special, proposed	RMB cents	**15.00**	23.00
Average trade receivables turnover period	days	**14.6**	18.8
Average trade payables turnover period	days	**22.2**	13.9
Average inventory turnover period	days	**149.5**	130.4

		As at 28 February 2023	28 February 2022
Gearing ratio	%	**Net cash**	Net cash
Current ratio	times	**2.3**	2.3

STATEMENT FROM CHAIRMAN

Dear Shareholders,

Over the past year, surviving the market headwinds remained as the focus for many industries and companies. Compounded by a rapidly changing landscape in China and around the world, the influence of myriad uncertainties appeared more pronounced than usual. With the general consent that opportunity lies in crisis, "turning crisis into opportunity" acutely became the concept for business practices and also assessed corporates' knowhow to overcome challenges. To stay on top of the dynamics, we need to pursue back to the essence of our business, with complete evaluation of our competency, adjustment with fortitude, and swiftly react with agility. Only by doing so can we capture more certainties amid uncertain market conditions and steadily lay out the roadmap for future development and long-term growth.

Topsports, as the largest sportswear retailer in China with over 20 years of operation, is fully sensible of market challenges and adversity. Last year, global economy was disrupted by inflation, trade friction, and geopolitical risks, while in China, three years into the pandemic, repercussions on the national economy and consumption demand caused a conservative shift in consumption and investment approach. In 2022, China reported a 3.0% GDP growth YoY, and the total retail sales of consumer goods fell by 0.2% YoY, while household deposits increased by RMB17.84 trillion, a record-high growth. Volatile market conditions obscured the supply-demand balance and intensified the operating de-leverage for enterprises, posing severe challenges on business resilience. Nevertheless, facing an ever-changing environment, we emerged more determined in learning from dynamics and strive for changes. To address external challenges, we stay committed to our principles, including adhere to the sector dynamics, pivot on the essence of retail, and react innovatively to the variations.

Our long-term commitment to the sportswear sector derives from our confidence on the lasting growth momentum of demands and the great potential of this sector. Looking back on 2022, demands for sportswear remained resilient with prosperous growth of certain sub-sectors despite the flagging global consumption. Apart from traditional categories, growth of sportswear for emerging niche sports is also vigorous, reflecting consumers' pursuit of personalities and individuality. This has placed higher requirements on product and service differentiation. To win the future, we must gain more precise customer insights.

In order to survive even better amid the adversity, we kept on renovating our traditional retail capability by pivoting on the essence of retail. Upholding the most essential retail components of people, products and marketplaces, we are more equipped with the capability to mitigate risks and better pursue precise and efficient results. At the product level, we ultimately achieved healthy inventory base to seize on ample opportunities from market recovery, in conjunction with the supports from our brand partners. Regarding the marketplace, we mapped out and redefined virtual occasions more specifically based on the sophisticated positioning of each, in addition to our well-established store network optimization during the year. As a result of that, the scale of our online business achieved new breakthrough, which partially mitigated the impact of reduced offline traffic. In terms of people, with the principle of "hiring fewer but higher caliber", we improved the organization structure in parallel with the optimization of store network. We managed to reduce the staff cost expense ratio during the reporting period despite the challenging retail conditions. Our solid foothold in classic retail capability has also paved the way for building healthy capital reserves for future development. As the leading players of sportswear sector still remain more competent among others, we must continue to invest with consistent efforts to sharpen our competency, so as to seize on market potentials for steady and long-term growth.

At Topsports, we react innovatively and swiftly to market variations. Being a participant, witness, and promoter to this industry for decades, we firmly believed in our capability and potential to co-create the future. Facing the even accelerated progression of business models iteration and nature of retail sector, we are emerging our organization to be more agile and nimble. We have advanced our digital algorithm embedded to continuously empower operations with "precision + efficiency". Leveraging on the extensive data insights, we provided quality and personalized products and experiences to consumers. Meanwhile, we kept ourselves highly observant to the varying consumer preferences and extend the latitude and granularity of consumer engagement. In doing so, we targeted to enhance their retention with Topsports through the deep value we provided.

Looking back on the performance of the previous year, total revenue decreased by 15.1% year-on-year to RMB27,073.2 million due to the dwindled offline traffic amid macro headwinds, though our retail online business recorded year-on-year positive growth performance. In the meantime, facing the oversupply triggered by disruptions during the sporadic pandemic resurgence, we prioritized to maintain efficient turnover and optimize inventory mix by product aging. We carried out reasonable and disciplined markdown method in combination with relevant inventory clearance. By the end of the financial year, although the year-on-year widen discount rate weighed on gross margin performance, the Company managed to keep SG&A ratio approximately flat year-on-year through prudent expense control and well-established store optimization. The net margin of profit attributable to the Company's shareholders only decreased by 0.9 percentage points year-on-year to 6.8%, in line with our pre-pandemic level.

We dynamically maintained our inventory situation as healthy and manageable. By the end of the financial year, inventory amount decreased by 6.6% year-on-year and 2.4% compared to the end of August 2022. Meanwhile, the inventory mix returned back to normal, laying a solid foundation for future recovery. Efficient operation and superior working capital management led to healthy cash generation. By the end of the financial year, our bank balances and cash increased by 34.5% to RMB2,357.4 million with net cash generated from operating activities at RMB4,350.7 million and free cash flow at RMB3,995.5 million. The Board has recommended a final dividend of RMB5.00 cents per ordinary share and a special dividend of RMB15.00 cents per ordinary share, which, together with an interim dividend of RMB13.00 cents per ordinary share, the total dividends for the year ended 28 February 2023 amount to RMB33.00 cents per ordinary share and the payout ratio is 111.4%. Amid a challenging environment, our commitment to operation excellence and quality earnings has generated solid returns and enduring values for our shareholders.

What's past is prologue. Encouragingly, as the new financial year began, we observed the impact of the pandemic gradually easing with daily life resuming back to normal, cities are restoring their vigor and economy beginning to rebound. Thus, we remain confident in the great potential of China's sportswear sector and its recovery in the near future. This year, Topsports will stay vigilant, prudent, reflective, agile and nimble. We will fulfill our social responsibility consistently for sustainable and quality development and contribute to a prosperous future of the industry.

SHENG Baijiao
Chairman & Non-executive Director

Hong Kong, 23 May 2023

STATEMENT FROM CEO

MARKET REVIEW

Remain Still and Targeted amid Unprecedented Market Headwinds

I am very pleased to have this opportunity to share my thoughts with you. Last year, retail market in China was confronted with diverse and profound challenges as revealed. It was in many ways even the most volatile year among the past three years for domestic consumption demand as the result of the pandemic, while globally, many countries entered into interest rate hiking cycle with tightening monetary policies due to inflation. The situation appeared more intricate with intensified geopolitical tensions.

Encouragingly, support from national policies to sports sector was elevated further to overcome industry hurdles and generate opportunities, notwithstanding the overall constrained retail demand. In 2022, the sportswear industry obtained positive growth with distinct resiliency on demand, together with ample growth momentum from niche and segmented sports categories. As a double-edged sword and a touchstone, the sporadic pandemic outbreaks speed the growth for mass market demand, while also enlightening the obsession for high-end sports segments with healthy and inspiring pursuit on lifestyles, including favors towards niche sports. Sports market revealed in binary demand.

Although retail market conditions during the last financial year appeared as the most challenging ever since the beginning of the pandemic, we steadily adhered to the mindset of remaining still and targeted amid unprecedented market headwinds. As results-oriented by heading back to the retail essence, and as consumer-centric while prioritizing their preferences. We forged to think innovatively, but more vitally, to seize on changes with real values that enable us for sustainable future with prolonged potentials.

BUSINESS REVIEW

Adhere to Certainties midst Uncertain Market Conditions

The resiliency of Topsports enables us to navigate cyclical dynamics as we looking back at our more than twenty years of operations, together with the industry growth. We fortified our moat by revamping and evolving upon challenges. In order to confront the short-term volatilities, we applied rigorous risk control and recalibrated our existing retail operation capability. Meanwhile, we targeted consumer engagement in full-swing while unfolding our long-term strategic roadmap. By reinforcing our fundamental edges together with innovative efforts to comply with market variations, we steadily adhered to certainties midst the uncertain market conditions.

Retail is detail, concealed in every step related to our daily operations around the fundamental components of people, products, and marketplaces. In order to counter headwinds, this required us to be more detail-oriented and concise during our retail operations, and count on every effort to fortify our retail operation excellence.

Fortify the Foundation: Expand Consumption Occasions to Synergize Scale

During the period, as offline traffic was hindered by pandemic resurgences, we leveraged omni-operation to mitigate the impact, which reflected our agility to seamlessly cater to ever-changing consumer needs. In terms of people, our store staff swiftly switched their capability to online mode, as consumption occasion shifted. Meanwhile, digital tool-kits and optimized work flows were applied to empower them in advancing user identification with quality services provided to our consumers. With regard to products, we advanced the efficient turnover by applying the products sharing mechanism across online and offline with more in-depth connectivity and enlarged coverage of SKUs. As for the place, we further extended the boundaries of consumer engagement, establishing an integrated and omnipresent network that covered occasions including brick-and mortar stores, traditional e-commerce platforms, social commerce and online private domain platforms. Meanwhile, with regard to differentiated metrics of each occasion, and on top of distinctive consumer attributes among each, we systematically formed our matrix of occasions with enhanced efficiency. That is based on more explicit and streamlined positioning of each occasion and echo to the overall strategic direction of the Company.

Our targeted adjustments and the implementation of various measures in the financial year have yielded fruitful results. Despite the curtailed offline traffic, our user scale continued to reach new height. In spite of total revenue decreasing by 15.1% year-on-year to RMB27,073.2 million, retail online sales soared year-on-year, and the mix to total retail sales elevated to low-twenties, with the sales growth of retail online private domain ranked atop among the performance of all.

Fortify the Foundation: Deepen Collaboration and Quality Driven

In the financial year, we continued to prioritize efficiency, maintaining the strength of high-quality operational resilience. To overcome market volatilities and demand uncertainties, we worked consistently with our brand partners to surmount hurdles with deep concerted efforts, laying a solid foundation for the upcoming consumption recovery with healthy inventory status and efficient channel network.

For the channel development, factoring in pandemic disruptions and the evolvement of business districts and commercial areas, together with the strategy of “Select + Optimize”, we initiated tactical, forward-looking and efficiency focused optimization of our store network. As part of the effort, we dynamically evaluated the store productivity, strengthened “survival of the fittest” mechanism, accelerated the closure of inefficient stores, and prudently executed the opening of new ones. Our extensive experience in the operation of large format stores was applied to a wider spectrum in a stepwise manner, endeavoring to further elevate efficiency of the overall store network as the demand recovers. In general, our store network is evolving in parallel with stronger omni-operation and broader reach on single store base.

By 28 February 2023, we have 6,565 directly operated stores, with the total number of stores decreased by 14.7%, the gross selling area decreased by 6.8% year-on-year, as well as the single store selling area increased by 9.2%. Compared with 31 August 2022, the total number of stores decreased by 5.2%. The gross selling area decreased by 1.8%. As the trend indicated, the overall structural adjustment of retail stores was more concentrated in the first half of the financial year, and the curve gradually eased and trended down in the second half. Meanwhile, the selling area of each store continued to climb upward, and the reach of each store extended. This is in line with our plan in previous communications and aligns with market trend. From the results, the newly opened stores demonstrated significant superiority in productivity per store and per square meter against the closed ones during the period, and the closure of which exerted a very limited impact on retail sales. Precise optimization of the store network also alleviated the impact of operating de-leverage as revenue declined year-on-year. For the full year, the selling and distribution expenses ratio was flat in general year-over-year.

Changes in the number of our stores during the year:

	As at 28/29 February 2020	2021	2022	**2023**
Number of stores				
At the beginning of the year	8,343	8,395	8,006	**7,695**
Opening of new stores	1,416	713	906	**429**
Closure of stores	(1,364)	(1,102)	(1,217)	**(1,559)**
Net increase/(decrease) in the number of stores	52	(389)	(311)	**(1,130)**
At the end of the year	8,395	8,006	7,695	**6,565**

Numbers and percentages of our stores by size:

	As of 28/29 February 2020	%	2021	%	2022	%	**2023**	**%**
Store size:								
150 sq.m or smaller	5,732	68.3%	5,192	64.8%	4,624	60.1%	**3,582**	**54.6%**
Between 150 and 300 sq.m	2,051	24.4%	2,064	25.8%	2,082	27.0%	**1,927**	**29.3%**
Larger than 300 sq.m	612	7.3%	750	9.4%	989	12.9%	**1,056**	**16.1%**
Total	8,395	100.0%	8,006	100.0%	7,695	100.0%	**6,565**	**100.0%**

Against the volatile retail environment, dynamic inventory management continued throughout the past financial year. As a result of our business acumen after years of front-line retail experience, and the pre-emptive preparations, we were able to develop sharper perceptions and take actions accordingly. In the face of industry supply redundancy as a result of volatile demand, while expanding the efficient product turnover across all channels, we worked with our brand partners to replenish inventory in line with channel development and consumer demand. In the meantime, we accelerated the destocking process, and thus maintained a healthy inventory turnover ratio. As of 28 February 2023, the inventory amount decreased by 6.6% from 28 February 2022 and 2.4% from 31 August 2022, matching the year-on-year and half-on-half movements of our total selling area.

Meanwhile, we were fully aware that a healthy inventory base is the prerequisite for seizing opportunities in the coming prospect of demand recovery. In the first half of the financial year, the regional lockdown temporarily disrupted the inventory turnover of that period. Therefore, in the second half of the financial year, we initiated corresponding promotion and inventory clearance based on the market dynamics. As of 28 February 2023, the mix of new products within 6 months has significantly improved compared with 31 August 2022, and attained a healthy and reasonable level. We have now a robust foundation to embrace the prospective demand recovery.

Fortify the Foundation: Extend User Engagement with Precise Operation

Consumers consistently remain as our core asset. Even in the case of a volatile condition, we still took this as our proposition to be consistently fine-tuned. The rapid and ever-changing consumer demand drove us to shift from the mindset of focusing on user acquisition to user-value operation oriented. This leads us to omni-operation with refined user segmentation, which would enable us to further enhance our capability to identify, access, operation and better serve our users. While achieving a breakthrough in the user scale, we explored the needs of high-value user groups with a focus on boosting user stickiness and loyalty.

During the period, we devised diversified tools for user acquisition based on differentiated user profiles under various occasions and channels and activated existing users while expanding the scale. Combined with user stratification and differentiated offerings of benefits, more engagement touch-points were added through the entire consumer journey to drive conversion. Through "99 Membership Month", "New Year Shopping Festival" and other marketing activities, we identified effective opportunities for user communication, enriched the benefits and values for members, to motivate membership upgrade and member activeness.

From the results, despite various consumption headwinds, the overall user scale continued to expand, along with steady contribution from re-purchased members, as well as retention of high-value users. As of 28 February 2023, we operated more than 5,000 WeCom Accounts for our stores nationwide and have more than 40,000 WeChat groups, a significant leap forward year-on-year. Our cumulative number of users has reached 67.9 million, an increase of 18.1% year-on-year. For the whole financial year, the proportion of total retail sales (including VAT) contributed by members was 94.0%, maintaining a high and steady contribution. The mix of sales from re-purchased members to the overall sales contributed by members also remained stable at more than 70%. During this period, we especially tapped the potential of high-value members. The number of high-value members accounted for only a mid-single-digit of total members, but their sales contribution to overall sales contributed by members reached nearly forty percent. Their ARUP was significantly higher than the overall average of total members, and their consumption potential and stickiness were more prominent than ordinary ones. Regarding the conversion from private domain based on social communities, as of 28 February 2023, the contribution of online private domain doubled compared with the same period last year, effectively alleviating the impact of the pandemic on offline traffic.

	As at			
	31 August 2021	28 February 2022	31 August 2022	**28 February 2023**
Cumulative number of our users* (Million)	48.2	57.5	62.9	**67.9**
Total in-store retail sales value (inclusive of VAT) contributed by members during the period#	95.5%	95.7%	94.4%	**94.0%**

* Users include members and potential members (i.e. non-member WeChat followers)

\# "During the period" is defined as the interim results as of 31 August and the annual results as of 28 February.

Lay Out Long-term Roadmap to Achieve Consumer Companionship at Full-Scale as Looking Ahead

We highly value every conversation with our consumers and aim to achieve a more comprehensive and in-depth relationship of long-term engagement and companionship with them; for this, we have tailored our strategy to expand the depth and broadness of our consumer engagement and interaction in both vertical and horizontal dimensions to better explore their value and potential.

Vertically, we aim to establish more integrated retail capability across multiple operation segments, and among every portion of the value chain associated with consumer journey. We have made dedicated efforts to curate and distribute content through our Topsports official social media accounts to uncover potential demand and keep up-to-date with trending topics, implemented product recommendations on platforms including Xiaohongshu (小紅書) and Douyin (抖音), and incubated proprietary IPs and partnered with external resources all for the purpose of fostering a deep level of resonance that lends to a perception by consumers that supersedes the boundaries of the traditional consumer experience and allows engagement with them across more enriched dimensions.

Horizontally, we have continued to attenuate ourselves to the interests of new-generation consumers and have expanded our business strategy and extended our conversation with existing consumers with the goal of continual retention. Within the sporting category, we have continued to focus on and strategize in niche sporting sub-segments that demonstrate potentials. In the meantime, we have also committed ourselves to stay updated on topics that are trendy among younger generations on a day-to-day basis, such as pop culture and e-Sports.

Create Shareholder Value through Operational Excellence

As a result of the successful implementation of the above business initiatives, we have maintained healthy robustness in both cash generation capability, as well as sufficient and quality capital reserves despite market uncertainties. As of 28 February 2023, our bank balances and cash amounted to RMB2,357.4 million, marking an increase of 34.5% year-on-year. This core strength has also underpinned Topsports' ability to navigate cyclical dynamics and maintain its industry-leading scale and efficiency.

Despite a year-on-year revenue decline of 15.1%, our profit margin attributable to equity holders has decreased only slightly by 0.9 percentage points to 6.8%. In the meantime, our efficient working capital management coupled with generous support from our brand partners has led to RMB4,350.7 million of net cash generated from operations activities and a free cash flow of RMB3,995.5 million. In view of such, the Board has recommended a final dividend of RMB5.00 cents per ordinary share and a special dividend of RMB15.00 cents per ordinary share for the financial year ended 28 February 2023, which, together with the interim dividend of RMB13.00 cents per ordinary share, amounts to a total dividend of RMB33.00 cents per ordinary share for the financial year ended 28 February 2023, representing a payout ratio of 111.4%. Once again, our operational excellence has served as a solid foundation for our focus on shareholder returns and has continued to generate consistent value for shareholders even amidst the volatile market environment.

IMPLEMENT SOCIAL RESPONSIBILITY THROUGH SUSTAINABLE DEVELOPMENT

We at Topsports are keenly aware that corporate sustainability will eventually become the core focus for all industries looking ahead. As such, we are constantly reflecting upon our role in society and are actively exercising social responsibility in all areas to promote and create long-term value.

In terms of corporate social responsibility, we have been actively committed to creating diverse work force despite the impact of the pandemic. In line with our talent training concept of Empowering Corporate Development through Operational Focus, we highly emphasized on the long-term development of our employees. We have also actively participated in public welfare activities, including making a prompt community donation of over RMB one million equivalent in materials for combating the pandemic during the Shanghai lockdown in April 2022, while hundreds of our employees served the community and defended livelihood by contributing their strength as taskforce leads and volunteers. In November of the same year, we donated materials to Wenshan Prefecture in Yunnan Province to assist in local rural revitalization projects.

We highly value the CSR performance of our partners with a view to jointly promoting sustainable development of the supply chain and have incorporated into our assessment for suppliers' metrics for performance in areas including environmental protection and anti-fraud. Where other conditions are equal, we prioritize partnerships with suppliers that hold environmental protection-related qualifications and certifications, as well as prioritize the usage of green and recyclable products to reduce the environmental impact of procurement activities. With respect to self-management, our retail stores across the country have completely adopted the usage of 100% biodegradable kraft paper shopping bags made of wood pulp and maintain precision control over the order volume of paper bags through our self-tailored online paper bag management system.

As the largest sportswear retailer in China, Topsports carry out the role of being the last touch-point throughout the whole consumer engagement among the industry chain. As such, it is our incumbent mission to communicate the importance of resource recycling and a low-carbon lifestyle to consumers. To this end, we have launched the Topsports Public Forest project alongside its affiliate "Textile Recycling for a Greener Planet" campaign on Feimayi, one of China's largest recycling platforms, pledging to plant 666 square meters of black saxaul saplings in Minqin County, Gansu Province for every 5,000 kilograms of clothing recycled to support local ecological protection. By encouraging consumers to recycle used clothes, the campaign aims to lead a trend of green consumption and foster a new popular practice of a low-carbon lifestyle and business for good. On the occasion of World Oceans Day 2022 and the 15th National Oceans Awareness Day, Top eSports Club and its roster of celebrity players joined forces with the World Wildlife Fund to promote the conservation of marine environments and biodiversity, advocating for the "Conservation Together: Protecting Oceans and Marine Life" charity event and calling upon the public to pool their collective effort into safeguarding the sanctity of the Earth's blue oceans through a myriad of small but actionable undertakings.

Moving forward, high-quality and sustainable development will continue to guide the direction of our ESG management in the long term. By adopting ESG goals that are most suitable to our circumstances, we aim to maximally unlock our company's social value through the best means possible. To this end, we strive to expedite as well as deepen our prospecting into the future for that may guide us on a course of consistent and sustainable development.

OUTLOOK

Stay Optimistic and Confident, Standing by what's Difficult but Right

As moving into the new financial year, the pandemic-induced pressure on the retail environment has gradually eased, in addition to the rebound of market demand. On behalf of our company, I would hereby like to express my sincere gratitude to our consumers, employees, brands and other partners for all the trust and support that they have generously rendered us through the tough past.

Looking back on the impact of the pandemic throughout the past three years, it has become apparent to us that greater uncertainty begets a greater need to seek valuable changes. Looking to the future, we remain humbly vigilant, stay nimble with forward-looking agility, and will, as always, remain committed to our long-term core strategy while focusing on the following development initiatives, responding to uncertainties in the external environment with our own certain, unwavering effort. With optimism and confidence, we at Topsports will remain steadfast in our vision and aspiration, continue to pursue robust, sustainable, high-quality development, and create even greater value for our consumers, shareholders, partners and society.

Future Initiatives

- Optimize omni-retail matrix with efficiency driven, so as to recalibrate operation capability across multiple occasions
- Refine and revamp user operations from acquisition-centric to value-centric
- Strengthen our digital empowerment with "Precision + Efficiency"
- Foster integrated retail capability across multiple operation segments, in an attempt to be valued by consumers for creating and promoting joyful and healthy lifestyles
- Promptly implement Corporate ESG responsibilities for long-term sustainable development

YU Wu
Chief Executive Officer & Executive Director

Hong Kong, 23 May 2023

FINANCIAL REVIEW

For the year ended 28 February 2023, the Group recorded revenue of RMB27,073.2 million, a decrease of 15.1% compared with that of the year ended 28 February 2022. The Group recorded operating profit of RMB2,430.9 million, a decrease of 29.1% compared with that of the year ended 28 February 2022. The profit attributable to the Company's equity holders during the year amounted to RMB1,836.6 million, a decrease of 24.9% compared with that of the year ended 28 February 2022.

REVENUE

The Group's revenue decreased by 15.1%, from RMB31,876.5 million for the year ended 28 February 2022 to RMB27,073.2 million for the year ended 28 February 2023. The decline was mainly due to dwindled offline traffic under pandemic resurgence and related regional lockdown, as well as weak consumption momentum in general during the year. The following table sets forth a breakdown of the revenue from sale of goods by brand categories, concessionaire fee income and e-Sports income for the year indicated:

	Year ended				
	28 February 2023		28 February 2022		
	Revenue	**% of total**	Revenue	% of total	Decline rate
Principal brands*	**23,324.0**	**86.2%**	27,569.3	86.5%	15.4%
Other brands*	**3,520.3**	**13.0%**	4,005.2	12.6%	12.1%
Concessionaire fee income	**174.9**	**0.6%**	236.0	0.7%	25.9%
e-Sports income	**54.0**	**0.2%**	66.0	0.2%	18.2%
Total	**27,073.2**	**100.0%**	31,876.5	100.0%	15.1%

Unit: RMB million

* Principal brands include Nike and Adidas. Other brands include PUMA, Converse, VF Corporation's brands (namely Vans, The North Face and Timberland), ASICS, Onitsuka Tiger, Skechers, NBA and LI-NING. Principal brands and other brands are classified according to the Group's relative revenue.

The Group sells sportswear products sourced from international and domestic sports brands either directly to consumers through the retail operations or to the downstream retailers under the wholesale operations. The following table sets forth the revenue from sale of goods by sales channel, concessionaire fee income and e-Sports income for the year indicated:

	Year ended				
	28 February 2023		28 February 2022		
	Revenue	**% of total**	Revenue	% of total	Decline rate
Retail operations	**22,686.5**	**83.8%**	26,354.3	82.7%	13.9%
Wholesales operations	**4,157.8**	**15.4%**	5,220.2	16.4%	20.4%
Concessionaire fee income	**174.9**	**0.6%**	236.0	0.7%	25.9%
e-Sports income	**54.0**	**0.2%**	66.0	0.2%	18.2%
Total	**27,073.2**	**100.0%**	31,876.5	100.0%	15.1%

Unit: RMB million

PROFITABILITY

The Group's operating profit decreased by 29.1% to RMB2,430.9 million for the year ended 28 February 2023. The profit attributable to the Company's equity holders decreased by 24.9% to RMB1,836.6 million for the year ended 28 February 2023.

	Year ended		
	28 February 2023	28 February 2022	Decline rate
Revenue	**27,073.2**	31,876.5	15.1%
Cost of sales	**(15,789.0)**	(18,052.1)	12.5%
Gross profit	**11,284.2**	13,824.4	18.4%
Gross profit margin	**41.7%**	43.4%	

Unit: RMB million

Cost of sales decreased by 12.5% from RMB18,052.1 million for the year ended 28 February 2022 to RMB15,789.0 million for the year ended 28 February 2023. Gross profit of the Group decreased by 18.4% to RMB11,284.2 million for the year ended 28 February 2023 from RMB13,824.4 million for the year ended 28 February 2022.

During the year, the gross profit margin of the Group was 41.7%, decreased by 1.7 percentage points, from 43.4% for the year ended 28 February 2022. The decrease in gross profit margin primarily resulted in reasonable and appropriate markdown method to deal with industry inventory clearance, due to excessive supply of the sector weigh on weak market demand. As of 28 February 2023, the inventory decreased by 6.6% to RMB6,247.3 million as compared with RMB6,686.2 million as at 28 February 2022 and decreased by 2.4% half-on-half as compared with 31 August 2022.

Selling and distribution expenses for the year ended 28 February 2023 were RMB8,051.9 million (2022: RMB9,438.5 million), accounting for 29.7% of the Group's revenue (2022: 29.6%). The selling and distribution expenses primarily include concessionaire and lease expenses, depreciation of right-of-use assets in relation to the stores, sales personnel salaries and commissions, other depreciation and amortization charges, and other expenses which mainly include store operation expenses, property management fees, logistics expenses and online service fees. Decrease in selling and distribution expenses primarily attributable to optimization of store network and organization structure resulting in a decrease in concessionaire and lease expenses, staff costs, depreciation of right-of-use assets and other depreciation.

General and administrative expenses for the year ended 28 February 2023 were RMB1,101.4 million (2022: RMB1,293.3 million), accounting for 4.1% of the Group's revenue (2022: 4.1%). The general and administrative expenses primarily include lease expenses in relation to office premises, management and administrative personnel salaries, depreciation and amortization charges, other tax expenses and other expenses. Decrease in general and administrative expenses primarily due to decrease in staff costs, other tax expenses and travelling expenses during the year.

In the position of declining revenue, selling and distribution expenses and general and administrative expenses as a percentage of the Group's revenue were approximately flat compared with last year primarily due to precise optimization of store network and continue to control expenses efficiently and prudently to reduce the negative impact of the operating de-leverage.

Finance income decreased from RMB113.8 million for the year ended 28 February 2022 to RMB104.0 million for the year ended 28 February 2023. Decrease in finance income was mainly due to the absence of exchange gains during the year, partly offset by increase in interest income, as the average balance of bank deposits for the year ended 28 February 2023 was higher than last year.

Finance costs decreased from RMB217.8 million for the year ended 28 February 2022 to RMB212.5 million for the year ended 28 February 2023, primarily as a result of decrease in interest expenses on lease liabilities for the year ended 28 February 2023, partly offset by more interest expenses of short-term borrowings incurred, as the average balance of short-term borrowings was higher than last year.

Income tax expense for the year ended 28 February 2023 amounted to RMB485.8 million (2022: RMB879.6 million). The effective income tax rate decreased by 5.5 percentage points to 20.9% for the year ended 28 February 2023 from 26.4% for the year ended 28 February 2022 was attributable to the change in the relative profitability of the companies within the Group. The statutory income tax rate for the Group in Mainland China is generally 25% and the Company provided withholding tax provision on the profits retained by the subsidiaries in the PRC.

OTHER INCOME

Other income for the year ended 28 February 2023 amounted to RMB298.5 million (2022: RMB327.3 million) mainly consists of government incentives.

CAPITAL EXPENDITURE

The Group's capital expenditures primarily comprised of expenditures for property, plant and equipment and intangible assets. For the year ended 28 February 2023, the total capital expenditure was RMB355.2 million (2022: RMB701.6 million).

BASIC EARNINGS PER SHARE

Basic earnings per share for the year ended 28 February 2023 decreased by 24.9% to RMB29.62 cents from RMB39.45 cents for the year ended 28 February 2022.

Basic earnings per share is calculated by dividing profit attributable to the Company's equity holders of RMB1,836.6 million for the year ended 28 February 2023 (2022: RMB2,446.5 million) by the weighted average number of ordinary shares of the Company in issue of 6,201,222,024 shares (2022: 6,201,222,024 shares).

		Year ended	
		28 February 2023	28 February 2022
Profit attributable to the Company's equity holders	RMB million	**1,836.6**	2,446.5
Weighted average number of ordinary shares for the purpose of basic earnings per share	thousand of shares	**6,201,222**	6,201,222
Basic earnings per share	RMB cents	**29.62**	39.45

LIQUIDITY AND FINANCIAL RESOURCES

During the year, net cash generated from operations decreased by RMB1,350.8 million to RMB5,241.5 million for the year ended 28 February 2023 from RMB6,592.3 million for the year ended 28 February 2022.

Net cash used in investing activities for the year ended 28 February 2023 was RMB305.6 million (2022: net cash used in RMB671.3 million). During the year, the Group invested RMB357.0 million on payments for purchases of property, plant and equipment and intangible assets, payment for purchase of financial assets at fair value through profit or loss of RMB20.0 million and placement of other bank deposits of RMB551.0 million, offset by proceeds from disposals of property, plant and equipment of RMB5.4 million, withdrawal of other bank deposits of RMB551.0 million and interest received of RMB66.0 million.

During the year, net cash used in financing activities was RMB3,440.3 million (2022: net cash used in RMB4,494.4 million), mainly due to the repayments of bank borrowings of RMB1,571.0 million, placement of short-term pledged bank deposits of RMB864.1 million, payments for lease liabilities (including interest) of RMB1,480.6 million, payments of the 2021/22 final dividend of RMB434.1 million and special dividend of RMB1,426.3 million and payments of the 2022/23 interim dividend of RMB806.2 million by the Group during the year, partly offset by proceeds from bank borrowings of RMB2,595.0 million and withdrawal of short-term pledged bank deposits of RMB578.1 million.

As at 28 February 2023, the Group held bank balances and cash and short-term pledged bank deposits totaling RMB3,643.4 million, after netting off the short-term borrowings of RMB1,545.0 million, it was in a net cash position of RMB2,098.4 million. As at 28 February 2022, the Group held bank balances and cash totaling RMB1,752.6 million, after netting off the short-term borrowings of RMB518.2 million, it was in a net cash position of RMB1,234.4 million.

GEARING RATIO

As at 28 February 2023, the gearing ratio (net debt (short-term borrowings less bank deposits, balances and cash) divided by total capital (total equity plus net debt)) of the Group had a net cash position (2022: net cash position) and the aggregate balances of long-term pledged bank deposits, short-term pledged bank deposits and bank balances and cash exceeded the total balance of short-term borrowings by RMB2,098.4 million (2022: RMB2,234.4 million).

PLEDGE OF ASSETS

As at 28 February 2023, except for the short-term pledged bank deposits of RMB1,286.0 million, no assets were pledged as security for banking facilities available to the Group.

CONTINGENT LIABILITIES

As at 28 February 2023, the Group had no material contingent liabilities.

SIGNIFICANT INVESTMENTS HELD

Saved as disclosed in this report, the Group did not hold any significant investments for the year ended 28 February 2023.

FURTHER PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Saved as disclosed in this report, the Group did not have any plans for material investments and capital assets as at 28 February 2023.

MATERIAL ACQUISITIONS AND DISPOSALS

For the year ended 28 February 2023, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

HUMAN RESOURCES

As at 28 February 2023, the Group had a total of 30,978 employees (2022: 40,913 employees). For the year ended 28 February 2023, total staff cost was RMB2,890.5 million (2022: RMB3,463.7 million), accounting for 10.7% (2022: 10.9%) of the Group's revenue. The Group offers a competitive remuneration package to its employees, including mandatory retirement funds, insurance and medical coverage. In addition, discretionary bonus may be granted to eligible employees based on the Group's and individual's performance. The Group also allocated resources for providing continuing education and training for management and employees so as to improve their skills and knowledge.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Details of the exposure to fluctuations in exchanges rates of the Group as at 28 February 2023 are set out in note 3.1(a) to the consolidated financial statements.

REPORT OF THE DIRECTORS

The board of directors of the Company (the "Board") is pleased to submit their annual report together with the audited financial statements for the year ended 28 February 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and trading of sportswear products. The principal activities and other particulars of the principal subsidiaries are set out in note 32 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the business of the Group and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the "Statement from CEO" and "Management Discussion and Analysis" sections, respectively on pages 6 to 12 and on pages 13 to 17 of this annual report.

A description of the possible risks and uncertainties that the Company may be facing, and the future development of the Group's business are discussed in the "Statement from CEO" on pages 6 to 12 of this annual report.

Additionally, the financial risk management objectives and policies of the Company can be found in note 3 to the consolidated financial statements.

These discussions form part of this Directors' Report.

RESULTS AND DIVIDENDS

The profit of the Group for the year ended 28 February 2023 and the financial position of the Group and of the Company as at that date are set out in the consolidated financial statements on pages 88 to 147.

The Board declared on 25 October 2022 an interim dividend for the year ended 28 February 2023 of RMB13.00 cents or equivalent to HK$13.78 cents per ordinary share, totaling RMB806.2 million. The interim dividend was paid on 15 December 2022.

The Board recommended the payment of a final dividend for the year ended 28 February 2023 of RMB5.00 cents or equivalent to HK$5.50 cents per ordinary share (the "Final Dividend"), totaling RMB310.1 million and a special dividend for the year ended 28 February 2023 of RMB15.00 cents or equivalent to HK$16.49 cents per ordinary share (the "Special Dividend", together with the Final Dividend, the "Dividends"), totaling RMB930.2 million.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the "AGM") will be held on Friday, 21 July 2023. The notice of the AGM will be sent to shareholders on Tuesday, 20 June 2023.

The register of members of the Company will be closed as follows:

(a) For the purpose of ascertaining shareholder's eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 18 July 2023 to Friday, 21 July 2023 both days inclusive. To be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, for registration no later than 4:30 p.m. on Monday, 17 July 2023.

(b) The Dividends will be payable on or about Thursday, 24 August 2023 to the shareholders whose names appear on the register of members of the Company on Monday, 7 August 2023. For the purpose of ascertaining shareholder's eligibility for the Dividends, the register of members of the Company will be closed from Thursday, 3 August 2023 to Monday, 7 August 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the above mentioned Dividends, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, for registration by no later than 4:30 p.m. on Wednesday, 2 August 2023.

The address of Computershare Hong Kong Investor Services Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

FINANCIAL SUMMARY

The financial summary of the Group is set out on page 148 of this report. The summary does not form part of the audited financial statements.

SHARE CAPITAL

The Company had 6,201,222,024 ordinary shares in issue as at 28 February 2023. Details of the movements in the share capital of the Company during the year are set out in note 26 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 28 February 2023, distributable reserves of the Company amounted to RMB19,736.9 million (2022: RMB19,003.8 million). The movements in distributable reserves during the year are set out in note 31 to the consolidated financial statements.

CHARITABLE DONATIONS

The Group's external charitable donations for the year ended 28 February 2023 amounted to RMB1.5 million (2022: RMB0.1 million).

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment of RMB348.1 million (2022: RMB667.6 million). Details of the movements in property, plant and equipment are set out in note 15 to the consolidated financial statements.

SHORT-TERM BORROWINGS

Particulars of short-term borrowings of the Group as at 28 February 2023 are set out in note 25 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for less than 4.6% of the Group's total sales for the year.

Purchases from the Group's five largest suppliers accounted for approximately 91.9% of the Group's total purchases for the year and purchases from the largest supplier included therein accounted for approximately 62.8% of the Group's purchases.

During the year, none of the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in these major suppliers or customers.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

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

DIRECTORS

The Directors during the year and up to the date of this report were:

Chairman

Mr. SHENG Baijiao *(Non-executive Director)*

Executive Directors

Mr. YU Wu *(Chief Executive Officer)*
Mr. LEUNG Kam Kwan

Non-executive Directors

Mr. SHENG Fang
Ms. YUNG Josephine Yuen Ching
Ms. HU Xiaoling

Independent Non-executive Directors

Mr. LAM Yiu Kin
Mr. HUA Bin
Mr. HUANG Victor

Pursuant to Article 16.2 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.

In addition, pursuant to Article 16.19 of the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Accordingly, Mr. SHENG Baijiao, Mr. LEUNG Kam Kwan and Mr. LAM Yiu Kin will retire from office at the AGM and, being eligible, offer themselves for re-election.

CHANGE IN DIRECTORS' INFORMATION

There has been no change to the information of the Directors subsequent to the publication of the 2022/23 interim report of the Company that is subject to disclosure under Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The biographical details of the Directors and senior management of the Company as at the date of this report are set out on pages 27 to 31 of this report.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules, and considers all the Independent Non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service contract with the Company under which they agreed to act as Executive Director for an initial term of three years from 10 October 2019 (the "Listing Date") (in respect of Mr. YU Wu) and 27 October 2020 (in respect of Mr. LEUNG Kam Kwan), which is renewable upon expiry and may be terminated by not less than three months' notice in writing served by either the Executive Directors or the Company. The appointment of the Executive Directors is subject to the provisions of retirement and rotation of Directors under the Articles of Association and the Listing Rules.

Each of the Non-executive Directors and Independent Non-executive Directors has signed an appointment letter with the Company for an initial term of three years from the Listing Date which is renewable upon expiry. Under their respective appointment letters, each of the Independent Non-executive Directors is entitled to a fixed director's fee while the Non-executive Directors are not entitled to any remuneration. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Association and the Listing Rules.

None of the Directors has entered into any unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this report, no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party, and in which a Director of the Company or an entity connected with a Director had a material interest, either directly or indirectly, were subsisting during or for the year ended 28 February 2023.

Particulars of Directors' interests in transactions, arrangements or contracts of the Group as at 28 February 2023 are set out in note 14 to the consolidated financial statements.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, each of the Directors has confirmed that he/she does not have any interest in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly with the Group's business.

DIRECTORS AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the date of this report, none of the Directors or chief executive of the Company held any interests and short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO") which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, under Section 352 of the SFO, to be entered in the register referred to in that section, or which were required to be notified to the Company and the Stock Exchange, under the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

None of the Directors or chief executive of the Company or any of their respective spouses or children under 18 years of age has interests or short positions in the shares, underlying shares or debentures of the Company, or any of its holding company, subsidiaries or other associated corporations, as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the date of this report, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in shares or underlying shares (within the meaning of Part XV of the SFO) of the Company which were notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity/Nature of interest	Number of shares	Approximate percentage of interests in the Company[1]
HHBH Investment, L.P. [2]	Interest in controlled corporation	2,163,605,107	34.89%
Hillhouse Investment Management, Ltd. [2]	Interest in controlled corporation	2,163,605,107	34.89%
Hillhouse HHBH Holdings Limited ("Hillhouse HHBH") [2]	Beneficial owner	2,163,605,107	34.89%
Hillhouse HHBH Limited [2]	Interest in controlled corporation	2,163,605,107	34.89%
Wisdom Man Ventures Limited ("WMVL")	Beneficial owner	1,254,616,510	20.23%
TMF (Cayman) Ltd. ("TMF") [3]	Trustee	522,659,227	8.43%

Notes:

(1) As at the date of this report, the total number of issued shares of the Company was 6,201,222,024.

(2) Hillhouse HHBH is wholly-owned by Hillhouse HHBH Limited, which is wholly-owned by HHBH Investment, L.P. and the sole investment manager of HHBH Investment, L.P. is Hillhouse Investment Management, Ltd.

(3) According to the corporate substantial shareholder notice filed by TMF, TMF is the trustee of the Generous Trust, the Trade Vantage Trust, the State Win Trust, the Sulla Trust, the Supreme Talent Trust, the Speedy Global Trust, the Sea Wisdom Trust, the Sky Beauty Trust and the Keen Source Trust. Accordingly, TMF was deemed to be interested in an aggregate of 552,659,227 shares in its capacity as the trustee of these shares.

Save as disclosed herein, as at the date of this report, the Directors are not aware of any persons (not being a Director or chief executive of the Company) having or being deemed to have any interests or short positions in the shares or underlying shares which was required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouses or children under 18 years of age, or were any such rights exercised by them; nor was the Company, any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other corporations.

EQUITY-LINKED AGREEMENTS

The Company has not entered into any equity-linked agreements during the year.

RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in note 30 to the consolidated financial statements. Details of any related party transactions which constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules are disclosed below.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the financial year, the Group entered into certain transactions which constituted continuing connected transactions (as defined in the Listing Rules) of the Company which are not exempted from the annual reporting requirement under Chapter 14A of the Listing Rules. Details of these transactions are set out below:

(1) Property Leasing Framework Agreement

The Company and Belle International Holdings Limited ("Belle International") renewed a property leasing framework agreement on 28 February 2022 (the "Property Leasing Framework Agreement"), effective from 1 March 2022 until 31 May 2024.

Belle International and/or its subsidiaries have been leasing to the Group (a) seventeen properties located in seven cities in the PRC and one property located in Hong Kong with an aggregate gross area of over 20,200 square meters as office, commercial premises or car parks; and (b) two storage facilities for certain store fixtures with an aggregate gross area of over 1,400 square meters under the Property Leasing Framework Agreement during the year ended 28 February 2023. The rental price may be reviewed and adjusted every rental period during the term of the Property Leasing Framework Agreement with reference to the prevailing market rental prices, the consumer price index and the terms and conditions of the leases offered by Belle International and/or its subsidiaries to other tenants.

The annual cap for the lease payment payable by the Group under the Property Leasing Framework Agreement for the year ended 28 February 2023 was RMB35.8 million.

The total amount incurred by the Group under the Property Leasing Framework Agreement for the year ended 28 February 2023 was approximately RMB21.7 million.

Belle International is an associate of Hillhouse HHBH and WMVL, which indirectly hold 44.48% and 46.36% of Belle International, respectively, as of the date of this report. Each of Hillhouse HHBH and WMVL is a substantial shareholder of the Company and therefore Belle International is a connected person of the Company. The Property Leasing Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Hillhouse HHBH is a company ultimately controlled by Hillhouse Fund III, L.P. and the sole investment manager of Hillhouse Fund III, L.P. is Hillhouse Investment Management, Ltd. The ultimate beneficial owners of WMVL comprise Mr. YU Wu and Mr. SHENG Fang, each a Director, and other senior management members of the Group and its affiliates (together, the "Management Shareholders"), whose shareholding interests in WMVL are diverse. None of the Management Shareholders is entitled to control, directly or indirectly, 30% or more of the voting rights in WMVL.

(2) Logistics Services Framework Agreement

The Company renewed a logistics services framework agreement (the "Logistics Services Framework Agreement") with Li Xun Corporate Development (Shanghai) Company Ltd. ("Li Xun") on 28 February 2022 in relation to the provision of (a) transportation for goods after their delivery from suppliers, including but not limited to, transportation among warehouses and stores; and (b) warehouses, storage and other commercial facilities (collectively, the "Logistics Services"). The total service fee is calculated based on (i) the volume of Logistics Services required for the relevant financial year; and (ii) the actual cost incurred by Li Xun in relation to the provision of Logistics Services in the preceding financial year plus a 5% pre-tax mark-up. Pursuant to the Logistics Services Framework Agreement, Li Xun has agreed to provide the Company with its audited accounts of the relevant financial year for the Company's verification of its cost base. The Logistics Services Framework Agreement was effective from 1 March 2022 until 31 May 2024.

The annual cap for the logistics service fee payable by the Group under the Logistics Services Framework Agreement for the year ended 28 February 2023 was RMB445.9 million.

The total amount incurred by the Group under the Logistics Services Framework Agreement for the year ended 28 February 2023 was approximately RMB359.6 million.

Li Xun is wholly-owned by Belle International and therefore is a connected person of the Company. The Logistics Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For further details regarding the Property Leasing Framework Agreement and the Logistics Services Framework Agreement, please refer to the announcement of the Company dated 28 February 2022.

Confirmation by the Independent Non-executive Directors

The Independent Non-executive Directors have reviewed the above continuing connected transactions and have confirmed that such transactions are:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with the agreements related to such transactions, the terms of which are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmation by the auditor

The Company's auditor was engaged to review the continuing connected transactions contemplated under the Property Leasing Framework Agreement and the Logistics Services Framework Agreement. The auditor has, based on the work performed, provided a letter to the Directors confirming that nothing has come to their attention that causes them to believe that such continuing connected transactions:

(i) have not been approved by the Board;

(ii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; or

(iii) have exceeded the relevant annual caps.

The Directors confirmed that the Company has complied with the requirements of Chapter 14A of the Listing Rules in respect of all of its continuing connected transactions.

RETIREMENT SCHEMES

Particulars of retirement schemes of the Group are set out in note 13 to the consolidated financial statements.

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

During the year and up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

MANAGEMENT CONTRACTS

No contracts (other than service contracts with Directors as disclosed) concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, during the year and up to the date of this report, the Company has maintained the prescribed minimum public float under the Listing Rules.

CORPORATE GOVERNANCE PRACTICE

A Corporate Governance Report is set out on pages 32 to 44 of this report.

ENVIRONMENT, SOCIAL AND GOVERNANCE

The Environmental, Social and Governance Report is set out on pages 45 to 82 of this report.

SUBSEQUENT EVENT

Saved as disclosed above, there are no other significant events subsequent to 28 February 2023 which would materially affect the Group's operating and financial performance as of the date of this report.

AUDITOR

The consolidated financial statements for the year ended 28 February 2023 have been audited by PricewaterhouseCoopers, who will retire at the conclusion of the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as the auditor of the Company is to be proposed at the forthcoming annual general meeting.

By order of the Board

SHENG Baijiao
Chairman

Hong Kong, 23 May 2023

EXECUTIVE DIRECTOR

Mr. YU Wu (于武) ("Mr. Yu"), aged 56, is an executive Director and the chief executive officer of the Company. Mr. Yu joined the Group in June 2006 and was appointed as a Director in September 2018. On 20 June 2019, he was re-designated as an executive Director and appointed as the chief executive officer of the Company. Mr. Yu is a member of the nomination committee and remuneration committee of the Board. Mr. Yu holds directorships in certain subsidiaries of the Group.

Mr. Yu has more than 30 years of experience in the footwear and sportswear businesses. He is primarily responsible for the overall strategic planning of the Group and overseeing the management of the Group's business. Since June 2006, Mr. Yu has been responsible for overseeing the business of Belle International Holdings Limited ("Belle International") in the Greater Shandong and Henan Region and was appointed as the president of the sportswear business of Belle International in 2015. In July 2015, he was appointed as a director of Belle International which was listed on the Main Board of the Stock Exchange until its privatization in July 2017.

Mr. Yu graduated from Shandong Jianzhu University (山東建築大學) (formerly known as Shandong Institute of Architectural Engineering (山東建築工程學院)) in China in June 1989 with a bachelor of engineering degree in civil engineering.

Mr. LEUNG Kam Kwan (梁錦坤) ("Mr. Leung"), aged 59, is an executive Director and the company secretary of the Company. Mr. Leung joined the Group in June 2006, and was appointed as the company secretary of the Company in May 2019 and an executive Director on 27 October 2020. Mr. Leung holds directorships in certain subsidiaries of the Group.

Mr. Leung has more than 30 years of experience in accounting, financial management and internal control. Mr. Leung is primarily responsible for financial management, planning and supervising the financing activities of the Group, implementation of decisions and policies in regards to the Group's overall business plans as approved by the Board and the chief executive officer of the Company, and managing the Group's trading business in Hong Kong. Since June 2006, he has served as the company secretary of Belle International. Prior to joining the Belle International in September 2004, Mr. Leung held senior positions in the accounting and finance fields at various companies in Hong Kong since February 1992.

Mr. Leung obtained his bachelor's degree in accounting from the City University of Hong Kong in November 1993. He is a fellow member of both The Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Leung is also an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

NON-EXECUTIVE DIRECTORS

Mr. SHENG Baijiao (盛百椒) ("Mr. Sheng"), aged 71, joined the Group in June 2006 and was appointed as a non-executive Director on 20 June 2019. He was further appointed as the chairman of the Board on 6 September 2019.

Mr. Sheng has more than 30 years of experience in the footwear industry. He is primarily responsible for providing advice on the business development of the Group and participating in significant business decisions of the Group. Mr. Sheng is a director and the chief executive officer of Belle International, and is responsible for high-level strategic planning and management of retail sales of its footwear segment. He is an uncle of Mr. Sheng Fang, another non-executive Director.

Mr. SHENG Fang (盛放), aged 50, joined the Group in June 2006 and was appointed as a non-executive Director on 20 June 2019.

Mr. Sheng Fang has more than 20 years of experience in the management of the footwear business. He is primarily responsible for participating in significant business decisions of the Group. In May 2011, Mr. Sheng Fang was appointed as a director of Belle International, which was listed on the Main Board of the Stock Exchange until its privatization in July 2017, and is mainly responsible for the operation management of the footwear and apparel business of Belle International. He has been the president of the apparel business and the president of the footwear business of Belle International since November 2015 and July 2017, respectively. Mr. Sheng Fang has also served as a non-executive director of Baroque Japan Limited (a company listed on the Tokyo Stock Exchange, stock code: 3548) since August 2013. He is a nephew of Mr. Sheng Baijiao, another non-executive Director.

Ms. YUNG Josephine Yuen Ching (翁婉菁) ("Ms. Yung"), aged 39, joined the Group and was appointed as a non-executive Director on 20 June 2019. She is responsible for participating in the decision-making of important matters of the Group.

Ms. Yung is an associate general counsel at Hillhouse Investment and has more than 10 years of experience in advising on corporate transactions. Prior to joining Hillhouse Investment in 2018, she practiced as an attorney at leading international law firms, including Ropes & Gray, Weil, Gotshal & Manges and Linklaters. Ms. Yung received her bachelor of arts degree in economics in October 2008, juris doctor's degree in June 2008 and bachelor of arts degree with honors in business administration in October 2005 from Western University in Canada. She has been admitted to practice as an attorney and counselor at law in all courts of the State of New York in the United States since April 2010.

Ms. HU Xiaoling (胡曉玲) ("Ms. Hu"), aged 53, joined the Group in June 2006 and was appointed as a non-executive Director on 20 June 2019. She is primarily responsible for participating in the decision-making of important matters of the Group.

Ms. Hu joined CDH Investments in 2002 and is currently a managing director of CDH Investments Management (Xiamen) Limited. Prior to joining CDH Investments, Ms. Hu worked at the direct investment department of China International Capital Corporation Limited and at Arthur Andersen LLP.

Ms. Hu is currently a director of Belle International (which was listed on the Main Board of the Stock Exchange from May 2007 to July 2017), and a non-executive director of Dali Foods Group Company Limited (a company listed on the Main Board of the Stock Exchange, stock code: 3799) and Baroque Japan Limited (a company listed on the Tokyo Stock Exchange, stock code: 3548). Ms. Hu is also a director of Hangzhou Beika Industrial Co., Limited. Ms. Hu previously served as a director of Midea Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code 000333) from August 2012 to August 2017, Anhui Yingliu Electromechanical Co., Limited (a company listed on the Shanghai Stock Exchange, stock code: 603308) from March 2011 to April 2017, and Sunac China Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1918) from November 2007 to August 2014. She also served as a director of Beijing Motie Book Corporation Company from July 2010 to December 2017.

Ms. Hu graduated from Beijing Jiaotong University (北京交通大學) (formerly Northern Jiaotong University (北方交通大學)) in China with a bachelor's degree in economics and master's degree in economics and accounting. She is also a fellow of the Association of Chartered Certified Accountants.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAM Yiu Kin (林耀堅) ("Mr. Lam"), aged 68, was appointed as an independent non-executive Director on 20 June 2019 with effect from 26 September 2019. Mr. Lam is responsible for supervising and providing independent judgment to the Board. He is the chairman of the audit committee and a member of the nomination committee and remuneration committee of the Board.

Mr. Lam was a partner of PricewaterhouseCoopers from July 1993 to June 2013. Mr. Lam graduated from the Hong Kong Polytechnic (currently The Hong Kong Polytechnic University) with a higher diploma in accountancy in October 1975 and was conferred with the title of Honorary Fellow of The Hong Kong Polytechnic University in November 2002. He has been an associate of The Institute of Chartered Secretaries and Administrators since December 1979 and a fellow or fellow member of each of the Association of Chartered Certified Accountants since June 1983, the Hong Kong Institute of Certified Public Accountants since June 1989, the Institute of Chartered Accountants in Australia and New Zealand since June 1999, and the Institute of Chartered Accountants in England and Wales since January 2015.

Mr. Lam has been an independent non-executive director of each of Spring Real Estate Investment Trust (a company listed on the Main Board of the Stock Exchange, stock code: 1426) since January 2015, Global Digital Creations Holdings Limited (a company listed on the Growth Enterprise Market of the Stock Exchange, stock code: 8271) since July 2015, Shougang Century Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 103) and COSCO SHIPPING Ports Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1199) since August 2015, Nine Dragons Paper (Holdings) Limited (a company listed on the Main Board of the Stock Exchange, stock code: 2689) since March 2016, and CITIC Telecom International Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1883) since June 2017. He previously served as an independent non-executive director of Vital Innovations Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 6133) from September 2014 to October 2020 and Bestway Global Holding Inc. (stock code: 3358, voluntarily withdrawn its listing in Hong Kong on 12 October 2021) from October 2017 to December 2021. He was also an independent non-executive director of WWPKG Holdings Company Limited (a company listed on the Growth Enterprise Market of the Stock Exchange, stock code: 8069) from December 2016 to August 2022 and Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (a company dual listed on the Main Board of the Stock Exchange, stock code: 1349, and the Star Market of the Shanghai Stock Exchange, stock code: 688505) from October 2013 to May 2023.

Mr. HUA Bin (華彬) ("Mr. Hua"), aged 51, was appointed as an independent non-executive Director on 20 June 2019 with effect on 26 September 2019. Mr. Hua is responsible for supervising and providing independent judgment to the Board. He is the chairman of the remuneration committee and a member of the audit committee of the Board.

Mr. Hua has been a managing director for the Asia-Pacific region of Booking.com since October 2013 where he is responsible for developing and executing the company's business strategy in the Asia-Pacific region. Mr. Hua received his bachelor's degree in economics from Beijing International Studies University in China in July 1993. He obtained a master of business administration degree from China Europe International Business School in China in November 1997 and completed an exchange term at IESE Business School of the University of Navarra in Spain in December 1997.

Mr. HUANG Victor (黃偉德) ("Mr. Huang"), aged 52, was appointed as an independent non-executive Director on 20 June 2019 with effect from 26 September 2019. Mr. Huang is responsible for supervising and providing independent judgment to the Board. He is the chairman of the nomination committee and a member of the audit committee of the Board.

Mr. Huang was a partner of KPMG from July 2014 to August 2017 and a partner of PricewaterhouseCoopers Limited from July 2005 to July 2014, with over 28 years of experience in finance, accounting and mergers and acquisitions. Mr. Huang graduated from the University of California, Los Angeles in the United States with a bachelor of arts degree with a major in Business-Economics in September 1992. He has been a member of the Hong Kong Institute of Certified Public Accountants since June 1996 and a certified independent director of the Shanghai Stock Exchange since June 2018.

Mr. Huang has been an independent non-executive director of each of Shandong Hi-Speed New Energy Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1250, previously known as Beijing Enterprises Clean Energy Group Limited) since May 2022; New Times Energy Corporation Limited (a company listed on the Main Board of the Stock Exchange, stock code: 166) and COSCO SHIPPING Energy Transportation Co., Ltd. (a company listed on the Main Board of the Stock Exchange, stock code: 1138) since June 2020; Scholar Education Group (a company listed on the Main Board of the Stock Exchange, stock code: 1769) since June 2019; ManpowerGroup Greater China Limited (a company listed on the Main Board of the Stock Exchange, stock code: 2180) since March 2019; Qingdao Haier Biomedical Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 688139) since August 2018; and Lbx Pharmacy Chain Joint Stock Company (a company listed on the Shanghai Stock Exchange, stock code: 603883, previously known as Laobaixing Pharmacy Chain Joint Stock Company) since February 2018. He was an independent non-executive director of each of Trinity Limited (stock code: 891) and China Bright Culture Group (stock code: 1859) from December 2018 to December 2020 and from March 2020 to November 2020, respectively, both companies of which are listed on the Main Board of the Stock Exchange. He was also an independent non-executive director of Evergrande Property Services Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 6666) from November 2020 to November 2021.

SENIOR MANAGEMENT

Mr. ZHANG Qiang (張強) ("Mr. Zhang"), aged 50, joined the Group in May 2005 and was appointed as a vice president of the Company on 20 June 2019. Mr. Zhang is primarily responsible for the mono-brand business line operation of the Group. He is also a director of one of the PRC subsidiaries of the Group.

Mr. Zhang has more than 25 years of industry experience in the sportswear business. He joined the Group in May 2005 and, in June 2006, he was appointed as the deputy general manager of the sportswear business division of Belle International which now forms part of the Group. Prior to joining the Group, he worked for Nike Sports (China) Co., Ltd. from October 1995 to April 2005, with his last position as a national sales manager primarily responsible for sales and channel development as well as sales team management.

Mr. Zhang obtained his bachelor's degree in industrial global trade from Hangzhou Dianzi University (杭州電子科技大學) in July 1995.

Mr. CHAI Xiaoji (柴曉佶) ("Mr. Chai"), aged 50, joined the Group in June 2006 and was appointed as a vice president of the Company on 20 June 2019. He is primarily responsible for the multi-brand business line operation and channel management.

Mr. Chai has over 20 years of industry experience in the retail business. Mr. Chai joined the Belle International group in 1999. In June 2006, Mr. Chai joined the sportswear business division of Belle International which now forms part of the Group and was promoted as the deputy general manager in September 2007.

Mr. DING Chao (丁超) ("Mr. Ding"), aged 36, joined the Group in January 2020 and was appointed as a vice president of the Company in January 2022. Mr. Ding is primarily responsible for managing the innovative businesses of the Group.

In December 2017, Mr. Ding joined the Belle International group and was mainly responsible for strategy and corporate development. He subsequently joined the Group in 2020, and was appointed as head of strategy and investments in 2021. Prior to joining the Belle International group, Mr. Ding was a management consultant at Boston Consulting Group.

Mr. Ding obtained a master of business administration degree from INSEAD (Institut Européen d'Administration des Affaires) in France in July 2016.

CORPORATE GOVERNANCE REPORT

The Company's corporate governance practices are based on the principles and code provisions of the Corporate Governance Code, as set out in Appendix 14 to the Listing Rules (the "CG Code"), and the Company has adopted the CG Code as its own corporate governance code.

On 1 January 2022, the amendments to the CG Code came into effect and the requirements under the new CG code will apply to corporate governance reports for financial year commencing on or after 1 January 2022. The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the new CG Code.

The Board is of the view that the Company has complied with all applicable code provisions as set out in the CG Code during the year ended 28 February 2023, save for the previous code provision C.1.6 of the CG Code as disclosed below.

Code provision C.1.6 of the CG Code stipulates that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Mr. HUA Bin, an independent non-executive Director, did not attend the annual general meeting held on 1 August 2022 due to other engagements.

BOARD

The Board is committed to providing effective and responsible leadership for the Company. The Directors, individually and collectively, must act in good faith in the best interests of the Company and its shareholders.

As at 28 February 2023, the Board comprised two Executive Directors, four Non-executive Directors and three Independent Non-executive Directors. The Board has established three Board committees, being the Audit Committee, the Remuneration Committee and the Nomination Committee, to oversee different areas of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the websites of the Company and of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and are available to shareholders upon request.

The composition of the Board and the Board committees are given below and their respective responsibilities and work performed during the year are discussed in this report.

Board	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors			
Mr. YU Wu *(Chief Executive Officer)*	N/A	✓	✓
Mr. LEUNG Kam Kwan	N/A	N/A	N/A
Non-executive Directors			
Mr. SHENG Baijiao *(Chairman)*	N/A	N/A	N/A
Mr. SHENG Fang	N/A	N/A	N/A
Ms. YUNG Josephine Yuen Ching	N/A	N/A	N/A
Ms. HU Xiaoling	N/A	N/A	N/A
Independent Non-executive Directors			
Mr. LAM Yiu Kin	✓	✓	✓
Mr. HUA Bin	✓	✓	N/A
Mr. HUANG Victor	✓	N/A	✓

The Board sets the Group's overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews the corporate governance policies and practices on compliance with legal and regulatory requirements of the Group. Further, it reviews the Company's compliance with the CG Code and disclosure in the Corporate Governance Report. It also decides on matters such as annual and interim results, major transactions, director appointments or re-appointments and training, dividend and accounting policies. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to the Executive Directors and members of senior management. The Company maintains appropriate directors' and officers' liabilities insurance, and will conduct annual review on such insurance coverage.

For the year ended 28 February 2023, details of attendance of the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee meetings are as follows:

	Meetings attended/held			
	Board	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**
Mr. YU Wu# *(Chief Executive Officer)*	5/5	N/A	1/1	1/1
Mr. LEUNG Kam Kwan#	5/5	N/A	N/A	N/A
Mr. SHENG Baijiao^ *(Chairman)*	5/5	N/A	N/A	N/A
Mr. SHENG Fang^	5/5	N/A	N/A	N/A
Ms. YUNG Josephine Yuen Ching^	5/5	N/A	N/A	N/A
Ms. HU Xiaoling^	5/5	N/A	N/A	N/A
Mr. LAM Yiu Kin@	5/5	5/5	1/1	1/1
Mr. HUA Bin@	5/5	5/5	1/1	N/A
Mr. HUANG Victor@	5/5	5/5	N/A	1/1

Executive Director
^ Non-executive Director
@ Independent Non-executive Director

For the year ended 28 February 2023, the Company convened one general meeting, being the annual general meeting held on 1 August 2022 which all Directors, except Mr. HUA Bin, attended.

Under the code provision C.5.1 of the CG Code, Board meetings should be held at least four times a year at approximately quarterly intervals.

For the year ended 28 February 2023, the Board convened a total of five Board meetings based on the needs of the operation and business development of the Group. The Board has reviewed the Group's corporate governance policies and practices, training and continuous professional development of its Directors and senior management, the Group's Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") and the Group's compliance with the CG Code.

The Board members have no financial, business, family or other material/relevant relationships with each other save that Mr. SHENG Baijiao is an uncle of Mr. SHENG Fang. In the Board's opinion, this relationship does not affect the Directors' independent judgment and integrity in executing their roles and responsibilities. The Non-executive Directors and the Independent Non-executive Directors bring a variety of experience and expertise to the Company.

In compliance with Rules 3.10 and 3.10(A) of the Listing Rules, the Company has appointed three Independent Non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise. Each of the Independent Non-executive Directors has confirmed with the Company in writing his independence from the Company in accordance with Rule 3.13 of the Listing Rules. On this basis, the Company considers all Independent Non-executive Directors to be independent.

Biographical details of the Directors and senior management of the Company as at the date of this report are set out on pages 27 to 31 of this annual report.

Given the composition of the Board and the skills, knowledge and expertise that each Director brings to bear in its deliberations, the Board believes that it is appropriately structured to provide sufficient checks and balances to protect the interests of the Group and the shareholders. The Board will review its composition regularly to ensure that it has the appropriate balance of expertise, skills and experience to continue to effectively oversee the business of the Company.

The Board is of the view that the following mechanisms adopted by the Company are effective in ensuring that independent views and inputs are available to the Board:

- The Board comprises a majority of non-executive Directors.

- The Board will review each Director's time commitment to the Company's business annually.

- The Board will assess non-executive Directors' independence upon appointment and annually.

- Directors can upon reasonable request seek independent professional advice at the Company's expenses to discharge their duties.

RESPONSIBILITIES OF THE BOARD AND THE MANAGEMENT

The Board reserves for its decision on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Group. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Group are delegated to the management.

DIRECTORS' TRAINING

Upon appointment to the Board, the Directors receive a package of orientation materials on the Group and are provided with a comprehensive introduction to the businesses of the Group by senior executives.

As a matter of continuing professional development training, the Company provided training and briefing sessions to all the Directors during the year ended 28 February 2023, to ensure that they are apprised of the latest development regarding the Listing Rules and other applicable statutory requirements and to refresh their knowledge and skills in relation to their contribution to the Board. In addition, all the Directors have been developing and refreshing their skills and knowledge by studying relevant materials from time to time concerning directors of listed companies.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Nomination Committee took into consideration criteria such as difference in skills, experience and background, geographical and industry experience, ethnicity, gender, knowledge and length of service and other qualities of the members of the Board when considering the appointment of new Directors. Currently, all Directors are appointed for a specific term of three years.

Pursuant to Article 16.2 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any persons as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.

In addition, pursuant to Article 16.19 of the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Accordingly, Mr. SHENG Baijiao, Mr. LEUNG Kam Kwan and Mr. LAM Yiu Kin will retire from office at the annual general meeting of the Company (the "AGM") and, being eligible, offer themselves for re-election.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and the Chief Executive Officer of the Company are Mr. SHENG Baijiao and Mr. YU Wu respectively. The roles of the Chairman and Chief Executive Officer are segregated to assume a balance of authority and power. The Chairman is responsible for the leadership and effective running of the Board, while the Chief Executive Officer is delegated with the authorities to manage the business of the Group in all aspects effectively. The reasonable division of work under the laws ensures a definite division between power and obligations with clear-cut and efficient decisions and implementations by the Board and the management.

AUDIT COMMITTEE

The primary duties of the Audit Committee are to review and supervise the financial reporting procedures and internal control system of the Group, review the financial information of the Group and consider issues in relation to the external auditors and their appointment.

The Audit Committee comprises three Independent Non-executive Directors, namely, Mr. LAM Yiu Kin, Mr. HUA Bin and Mr. HUANG Victor. The chairman of the Audit Committee is Mr. LAM Yiu Kin, who has a professional qualification in accountancy.

According to paragraph D.3.3(e)(i) of the CG Code, the Audit Committee must meet with the Company's auditors at least twice a year. The Audit Committee met five times during the year ended 28 February 2023. All members of the Audit Committee attended the meetings. Going forward, the Audit Committee continue to schedule to meet at least twice per year and will meet with the Company's external auditors regarding the review of the Company's financial report and accounts at least twice a year.

Major work completed by the Audit Committee during the year includes:

- reviewing the Group's interim report, interim financial information;
- reviewing accounting policies adopted by the Group and issues related to accounting practice;
- reviewing the external auditor's qualifications, independence and performance;
- reviewing the external auditor's management letter and the management's response;
- assisting the Board to evaluate on the effectiveness of financial reporting procedures and internal control system; and
- advising on material event or drawing the attention of the management on related risks.

The consolidated financial statements of the Group for the year ended 28 February 2023 have been reviewed by the Audit Committee. The Audit Committee is of the view that the consolidated financial statements of the Group for the year ended 28 February 2023 comply with the applicable accounting standards and the Listing Rules, and that sufficient disclosures have been made.

REMUNERATION COMMITTEE

The Remuneration Committee has three members comprising Mr. HUA Bin, Mr. YU Wu and Mr. LAM Yiu Kin, two of whom are Independent Non-executive Directors. The chairman of the Remuneration Committee is Mr. HUA Bin.

The primary responsibilities of the Remuneration Committee include (but without limitation):

- making recommendations to the Board on the remuneration policy and structure for Directors and senior management and on the establishment of a formal and transparent procedure for developing such policies;
- determining the terms of specific remuneration package of the Directors and senior management; and
- reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time.

The emoluments of Directors are determined by reference to the skills, experiences, responsibilities, employment conditions and time commitment in the Group's affairs and performance of each Director as well as salaries paid by comparable companies and the prevailing market conditions.

The Remuneration Committee met once during the year ended 28 February 2023. All members of the Remuneration Committee attended the meetings. Going forward, the Remuneration Committee will continue to hold at least one meeting each year to perform its duties.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

NOMINATION COMMITTEE

The primary duties of the Nomination Committee are to identify, screen and recommend to the Board appropriate candidates to serve as the directors of the Company, oversee the process for evaluating the performance of the Board, review the structure, size and composition of the Board and assess the independence of the Independent Non-executive Directors. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence, time commitment and other relevant criteria necessary to complement the corporate strategy and achieve the Board diversity, where appropriate, before making recommendation to the Board.

The Nomination Committee has three members comprising Mr. HUANG Victor, Mr. YU Wu and Mr. LAM Yiu Kin, two of whom are Independent Non-executive Directors. The chairman of the Nomination Committee is Mr. HUANG Victor.

The Nomination Committee met once during the year ended 28 February 2023. All members of the Nomination Committee attended the meetings. Going forward, the Nomination Committee will continue to hold at least one meeting each year to perform its duties.

DIRECTOR NOMINATION POLICY

The Company has clear basis and procedures for the nomination and appointment of Directors. The Board will take into account factors such as qualifications, skills, experience, character and integrity, independence and diversity of the candidates, and whether or not the candidate is willing and able to devote adequate time to discharge duties as a member of the Board and Board committee upon receipt of the proposal of appointment of new Directors or the nomination proposal made by shareholders at general meetings of the Company. When Directors are re-elected at general meetings, apart from the above standards, the Board will also review the overall contributions and services of retiring Directors to the Company and their level of participation and performance in the Board.

BOARD DIVERSITY

The Group has adopted a diversity policy (the "Board Diversity Policy") which sets out the objective and approach to achieve and maintain diversity of the Board in order to enhance the effectiveness of the Board. Pursuant to the Board Diversity Policy, the Company seeks to achieve diversity of the Board through the consideration of a number of factors when selecting candidates to the Board, including but not limited to professional experience, skills, knowledge, education background, age, gender, cultural and ethnicity and length of service.

The Directors have a balanced mix of knowledge and skills, including in management, strategic development, business development, finance and accounting, legal, investments and the sportswear retail business. They obtained degrees in various areas such as engineering, economics, international policies and juris doctor.

The Board is responsible for reviewing the diversity of the Board. During the year ended 28 February 2023, the Board has monitored the implementation of the Board Diversity Policy, reviewed the Board Diversity Policy and is satisfied with its effectiveness to achieve the diversity of the Board. In particular, we believe we have achieved gender diversity in respect of the Board as currently the Board comprises seven males (77.8%) and two females (22.2%), which is higher than the average of the listed issuers on the Stock Exchange in the consumer discretionary sector (based on "Board Diversity & Inclusion in Focus", the Stock Exchange repository).

The Company will continue to enforce and review our Board Diversity Policy. In particular, when the Board identifies potential Director candidates in the future, it will ensure that sufficient consideration will be given to gender diversity in light of the gender distribution of the boards of listed issuers on the Stock Exchange which operates in the same industry as the Company.

WORKFORCE DIVERSITY

The Group also continues to adopt employee diversity measures to promote the diversity at all levels of its workforce. All eligible employees enjoy the equal opportunities for employment, training and career development without discrimination. As at 28 February 2023, the Group had a total workforce (including senior management) of approximately 30,978 employees, of which 16.4% are males, and 83.6% are females.

While we believe our future employee recruitment should predominantly be merit-based and do not consider it appropriate to set any target gender ratio for our workforce, we recognize and embrace the benefits of having a diverse workforce, and will continue to enhance the diversity of our workforce, subject to availability of suitable candidates.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of financial statements for each financial period to ensure that they give a true and fair view of the financial position of the Company and the Group, and of the Group's financial performance and cash flows for that period. The Directors also ensure the timely publication of the financial statements of the Company. The Directors were not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern. The Company's financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently, and that judgments and estimates made are prudent and reasonable.

The statement by the auditor of the Company regarding their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 83 and 87.

COMPANY SECRETARY

Mr. LEUNG Kam Kwan is the Company Secretary of the Company. He has day-to-day knowledge of the Company and is responsible for advising the Board on corporate governance matters. The biographical information of Mr. LEUNG Kam Kwan is set out in the section headed "Board of Directors and Senior Management" on page 27 of this annual report. Mr. LEUNG Kam Kwan has confirmed that he has taken not less than 15 hours of relevant professional training during the year ended 28 February 2023 in compliance with Rule 3.29 of the Listing Rules.

In response to specific enquiries made, the Company Secretary confirmed that he has complied with all the required qualifications, experience and training requirements of the Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROL

A sound and effective system of risk management and internal control is designed to achieve the Group's strategic objectives and safeguard shareholder investments and the Group's assets.

The Board acknowledges its responsibility to establish, maintain, and review the effectiveness of the Group's risk management and internal control systems, where management is responsible for the design and implementation of the risk management and internal control systems to manage risk. Such systems are designed to manage rather than eliminate risk of failure to achieve strategic objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. With the support from the Audit Committee, the Board monitors the Group's risk exposures, oversees the actions of management and monitors the overall effectiveness of the risk management and internal control systems on an ongoing basis. Management is responsible for setting the appropriate tone from the top, performing risk assessments, and owning the design, implementation and maintenance of internal control. Policies and procedures form the basis and set forth the control standards required for functioning of the Group's business entities. These policies and procedures covered various aspects, including operations, finance and accounting, human resources, regulatory and compliance, delegation of authority, etc.

1. Risk Identification	**2. Risk Assessment**	**3. Risk Response**	**4. Risk Report**
Identify the Group's key risk in each of the following categories: business & strategic, operational, and regulatory compliance.	Design risk assessment questionnaire to understand and assess the risk level of each key risk and whether the Group's existing procedures and controls are adequate.	Propose and recommend mitigating controls for each identified key risk and assist process owners or business units to implement relevant remedial measures.	Report to the Board and senior management on the implementation of the remedial measures. Follow-up on the implementation status of these remedial measures.

An annual enterprise-wide risk assessment has been performed to evaluate the nature and extent of the risks to which the Group is willing to take in achieving its strategic objectives. Environmental, social and governance ("ESG") related risks were taken into account during the assessment process. During the risk assessment process, the Group has identified a number of key risks that may impact the Group's strategic objectives in responding to the changes in the business and external environment. These risks are prioritized according to the likelihood of their occurrence and the significance of their impact on the business of the Group.

INTERNAL AUDIT

The Group has established an audit department (the "Audit Department"). The Audit Department is independent from operation management and has full access to data required in performing internal audit reviews. Internal audits are conducted according to the annual internal audit plan approved by the Audit Committee to review the major operational, financial, compliance and risk management controls of the Group. During internal audit processes, the Audit Department identifies internal control deficiencies and weaknesses and propose recommendations for improvements. Internal audit findings and control deficiencies are communicated to audit team and the management, who is responsible for ensuring the deficiencies are rectified within a reasonable period. Follow-up reviews are also performed by the Audit Department to ensure the remedial actions are implemented.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board is responsible for maintaining an adequate risk management and internal control systems to safeguard shareholder investments and Group assets. For the financial year ended 28 February 2023, the Board along with the Audit Committee has conducted a comprehensive review of the Company's risk management and internal control systems annually. The review has covered the period from 1 March 2022 to 28 February 2023 and all material controls, including financial control, operational control and compliance controls, and considered the changes in the nature and extent of significant risks as well as the Company's ability to respond to changes in its business and the external environment. The Board considers that the Company has complied with the risk management and internal control provisions of the CG Code, and considers such systems are effective and sufficient. The Board has also reviewed the resources of accounting, internal audit and financial reporting functions, staff qualifications and experience, training programs and related budgets, as well as procedures related to financial reporting and compliance with the Listing Rules, and considered them effective and sufficient.

ANTI-CORRUPTION SYSTEM

The Group has established and implemented a sound anti-corruption system. The Group defines the anti-corruption supervision and management process clearly in the Anti-Fraud Management Policy and Risk Management Policy. The Group establishes a red line in the Employee Handbook and requires new employees to sign an Anti-Fraud Agreement upon entry. The Group builds an anti-corruption culture and continuously strengthens the awareness of integrity of employees via training and advocacy. In addition, the Group has set up a variety of reporting channels, and discloses the channels through official website, Employee Handbook, store flyers, etc. The Audit Department is responsible for following up and investigating the suspected fraud or corruption cases, and assisting the Group in promoting integrity culture.

INSIDE INFORMATION

The Group is aware of its obligation under relevant sections of the Securities and Futures Ordinance and Listing Rules. For the year ended 28 February 2023, the Group has implemented procedures and internal controls for the handling and dissemination of inside information, including:

- having its own procedures in place to preserve the confidentiality of price-sensitive and/or inside information relating to the Company;

- communicating such procedures to all Directors, senior management and relevant employees who are likely to have access to price-sensitive and/or inside information, and reminding them from time to time that they are required to comply with such procedures; and

- conducting its affairs with close regard to the disclosure requirement under the Listing Rules and the related guidance.

DIVIDEND POLICY

As a Cayman Islands company, any dividend recommendation will be made at the discretion of the Directors subject to the Cayman Companies Law and the Articles of Association. The declaration, payment and amount of dividends will depend on the results of operations, financial condition, strategies or needs of future expansions, the Group's capital expenditure needs, dividends paid by the Company's subsidiaries, contractual and legal restrictions and other factors that the Directors may deem relevant. Subject to the above limitations, the Company expects that it may, from time to time, pay dividends out of the annual net profit attributable to the equity holders of the Company. The Company may, however, adjust the dividend amount for one-off or non-cash items impacting the Group's net profit.

REMUNERATION POLICY

The Group offers a competitive remuneration package to its employees, including mandatory retirement funds, insurance and medical coverage. In addition, discretionary bonus may be granted to eligible employees based on the Group's and individual's performance.

During the year, details of benefits and interests of Directors, Chief Executive Officer and five highest paid individuals, and senior management remuneration by band for the year are set out in note 13 and 14(a) to the consolidated financial statements.

AUDITOR'S REMUNERATION

The remuneration paid/payable to the Company's independent auditor, PricewaterhouseCoopers, and their affiliated firms, for its audit/audit related services and non-audit services for the year ended 28 February 2023 were RMB5.9 million and RMB0.5 million, respectively.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions of the Directors. Following specific enquiry, each of the Directors has confirmed compliance with the required standard set out in the Model Code throughout the year ended 28 February 2023.

WHISTLEBLOWING POLICY

Whistleblowing policy and system have been established for employees and those who have business dealings with the Company. They may raise concerns, in confidence, to the Audit Committee about the possible improprieties in any matters related to the Company.

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to being a successful and responsible corporate citizen. As such, the Group is committed not only to delivering quality products and service to customers of the Group and strong and sustained financial performance to shareholders of the Group. The Group is also committed to contributing into the communities where the Group conduct business. The Group aims to achieve this by, among others, ensuring that employees of the Group are treated with fairness and respect; and at all times achieving the goals of the Group through environmentally friendly means.

ENVIRONMENT AND COMPLIANCE WITH LAWS

The Group is committed to minimising the impact on the environment from the business activities and the details of such efforts are set out in the Environmental, Social and Governance Report in this annual report. As far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material respects.

MATERIAL CHANGE IN THE ARTICLES OF ASSOCIATION

At the annual general meeting of the Company held on 1 August 2022, a special resolution was passed by the shareholders of the Company approving certain amendments to the Company's Articles of Association to enable the Company to (a) hold hybrid general meetings and electronic general meetings; (b) bring the Articles of Association in line with amendments made to the applicable laws of the Cayman Islands and Appendix III to the Listing Rules; and (c) incorporate certain housekeeping amendments.

Details of the amendments were set out in the Company's announcement dated 30 May 2022 and circular dated 29 June 2022. The amended Articles of Association is available on the websites of the Stock Exchange and the Company.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that the interests of stakeholders are vital to the sustainable development of its business operation and is committed to maintaining effective communication with the major stakeholders, including customers, brand partners and employees to enhance the relationship and cooperation for the long term development of the Group. The information on how the Group communicates with different stakeholders are set out on page 51 of the Environmental, Social and Governance Report.

RELATIONSHIP WITH INVESTOR AND SHAREHOLDER

The Board is dedicated to maintain an on-going dialogue with the investors and the shareholders of the Company. Information is communicated to the investors and the shareholders mainly through the Company's financial reports (interim and annual reports), quarterly operational updates, general meetings, as well as by making available all the disclosures submitted to The Stock Exchange and its corporate communications and other corporate publications on the Company's website. Investors and analysts briefings and roadshows, and press conferences are conducted on a regular basis in order to facilitate communication between the Company, the investors and the shareholders. The Board also approved and adopted a shareholders' communication policy of the Company ("Shareholders Communication Policy"), which enable Shareholders to engage actively with the Company and exercise their rights as Shareholders in an informed manner. The Board strives to ensure effective and timely dissemination of information to the investors and the shareholders at all times and reviews regularly the above arrangements to ensure its effectiveness.

To facilitate the exchange of views between the shareholders and the Board, the Board members (or their delegates (if applicable)), appropriate executive management personnel and the external auditor will attend the AGM and answer the questions raised by the shareholders.

Based on the Company's shareholders engagement works carried out during the financial year, the Board has conducted the annual review of the implementation and effectiveness of the shareholders' communication policy, and concluded that the policy was implemented effectively during the financial year.

For further details in relation to the Shareholders Communication Policy, please refer to "Shareholders Communication Policy" in the section headed "Corporate Governance" of the Company's website at https://www.topsports.com.cn.

SHAREHOLDERS' RIGHTS

The Company aims to, via its corporate governance structure, enable all its shareholders an equal opportunity to exercise their rights in an informed manner and allow all shareholders to engage actively with the Company.

Under the Articles of Association, the Shareholder Communication Policy and other relevant internal procedures of the Company, the shareholders of the Company enjoy, among others, the following rights:

1. **Convening Extraordinary General Meetings**

   Pursuant to Article 12.3 of the Articles of Association, any one or more members holding not less than one-tenth of the paid-up capital of the Company and carrying the right of voting at general meetings of the Company, shall be entitled to require the convening of a general meeting with a written requisition deposited at the principal office of the Company in Hong Kong and specifying the objects of the meeting and signed by the requisitionist. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition.

   Shareholders may also contact the Investor Relations Department of the Company from time to time to understand the information published by the Company. The Company will inform the shareholders of the designated e-mail address and enquiry hotline of the Company so that they can make any inquiries of the Company.

2. **Participation at General Meetings**

   The Company encourages shareholders to participate in general meetings, either in person or via proxies, to exercise their rights. The general meetings provide important opportunities for shareholders to express their views to the Board and management. The Company provides details of the general meetings to the shareholders in a notice prior to the meeting in compliance with the Articles of Association of the Company and the Listing Rules. Shareholders are encouraged to ask questions about or comment on the results, operations, strategy and/or management of the Group at general meetings. The chairman of the Board committees, appropriate management executives and auditors of the Company will be available at general meetings to answer questions from shareholders. Time is set aside in each general meeting for such question and answer session.

3. **Enquiries and Proposals to the Board**

   Enquiry may be made to the Board at the principal place of business of the Company in Hong Kong at M1, 6/F, The Edge, 30-34 Kwai Wing Road, Kwai Chung, New Territories, Hong Kong.

   The Company publishes on its website (www.topsports.com.cn) the latest company news relating to the Group on a regular basis. The public is welcome to provide opinions and make inquiries through the Company's website.

   The Shareholder Communication Policy sets out detailed procedures under which the shareholders of the Company may communicate to the Board any enquiries they may have. All shareholder correspondences received by the Company will be delivered to the Group's investor relation staff for an initial review. The investor relation staff will maintain a log of the correspondences and forward either a summary or a copy of the correspondences to the Board for consideration at its next meeting.

1. About This Report

Scope of the Report

This report covers the performance of the Group's sportswear retail business in fulfilling its environmental and social responsibilities during the period from 1 March 2022 to 28 February 2023.

Preparation Standards of the Report

This report was prepared in strict compliance with the "Environmental, Social and Governance Reporting Guide" (hereinafter the "ESG Reporting Guide") set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Taking "materiality", "quantitative", "balance" and "consistency" principles as disclosure basis, the Group carries out materiality assessment of environmental, social and governance ("ESG") issues, identifies applicable ESG key performance indicators ("KPIs"), and establishes ESG data collection mechanism, so as to present a true, accurate and meaningful comparison of the ESG issues of interest to its stakeholders.

Principles		The Group's response
Materiality	The report should cover areas that reflect the corporate's significant economic, environmental and social impact, or that materially affect stakeholders' assessments and decisions.	Based on the Group's development strategy, industry and business conditions, and communication with the stakeholders, the Group identifies the current important issues.
Quantitative	KPIs on relevant historical data in the report need to be measurable to evaluate and validate the performance. Quantitative information should be accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate.	For the current year's KPIs, detailed quantitative and narrative disclosures are provided in facilitating the stakeholders to have thorough understanding on the Group's overall performance.
Balance	The reporting information should reflect the positive and negative aspects of the performance of the reporting entity, so as to make a reasonable evaluation on the overall performance.	For sake of reasonable analysis and comparison, the report elaborates the achievements made and challenges faced by the Group in details with relevant quantitative information disclosure.
Consistency	Consistent methodologies should be used in the report for information disclosure so that stakeholders can analyze and evaluate the performance of the entity over time. The entity should explain any changes to the methods used.	The Group will ensure the scope of disclosure and reporting methods used in the report are generally consistent every year.

2. ESG Management

The Group adheres to the mission of "breaking boundaries through sports and inspire limitless possibilities", through building a consumer-focused, cross-site sports retail service platform; and together with partners to provide consumers with first-class products and services by taking advantages of technology, so as to create boundless, positive, healthy and joyous life experiences inspired by sports for consumers. The Group understands the importance of fulfilling its corporate social responsibility in achieving sustainable development. Guided by the United Nations' Sustainable Development Goals (SDGs), the Group has integrated the expectations of its stakeholders with its business characteristics to focus on six core ESG areas and implement corresponding management measures to drive the Group's stable and sustainable development.

SDGs		Core Areas	Our Actions
1 NO POVERTY **SDG1: No poverty**	End poverty in all its forms everywhere.	Our employees Community	• Contribute to social insurances and housing provident fund for employees to improve the level of welfare protection • Donate supplies to Maguan County, Wenshan Prefecture, Yunnan
3 GOOD HEALTH AND WELL-BEING **SDG3: Good health and well-being**	Ensure healthy lives and promote well-being for all at all ages.	Our employees Community	• Regularly carry out fire safety training and drills to strengthen safety education among employees • Provide gyms for employees and organize sports competitions • Donate supplies to Hongkou District and Xuhui District of Shanghai to support front-line medical staff
4 QUALITY EDUCATION **SDG4: Quality education**	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	Our services Our employees	• Provide job skills training to improve the vocational skills of employees; in the financial year, 20 general store business training sessions were organized for store employees to promote the application of training contents in daily practice

SDGs		Core Areas	Our Actions
SDG5: Gender equality	Achieve gender equality and empower all women and girls.	Our employees	• Improve recruitment and assessment processes to eliminate any form of gender discrimination • Build a diverse workforce, with female employees accounting for 80% by the end of the financial year
SDG8: Decent work and economic growth	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	Our employees	• Employ persons with disabilities in suitable positions to provide them with employment opportunities • For different job types, create six categories of employee training covering different competencies and career development stages • Implement the "career development scoring mechanism" to clarify the talent training, selection and promotion path • Publish satisfaction surveys through the online training platform "Topsports Academy" to improve the learning and activity experience of all employees
SDG10: Reduced inequalities	Reduce inequality within and among countries. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	Our employees	• Strive for equality for all employees, and never discriminate against or treat differently employees due to ethnicity, nationality, gender, education, age, physical condition, etc. • With 1,578 ethnic minority employees, coming from 32 ethnic groups

SDGs		Core Areas	Our Actions
SDG12: Responsible consumption and production	Ensure sustainable consumption and production patterns.	Our services Our suppliers Environment	• Comply with the internal product management system, strictly conduct quality inspections for purchased products • Pay attention to the use of chemicals, and require the use of chemicals in some textile products to comply with national standards • Incorporate suppliers' performance in environmental protection, anti-fraud and other aspects into the assessment, and require them to sign the Integrity Agreement • Pay attention to the use of raw materials by suppliers and partners and encourage them to achieve responsible raw material procurement • Optimize and upgrade the store lighting system, formulate store electricity guidelines, and improve electricity efficiency • Actively promote the use of electronic screens for POP publicity in stores to avoid duplicated production and printing of promotional materials
SDG13: Climate action	Take urgent action to combat climate change and its impacts.	Environment	• Improve emergency response plans for various extreme weather conditions and carry out emergency drills • Promote energy conservation and carbon reduction plans in offices, stores and logistics links • Launch public welfare sub-brands, carry out used clothes recycling activities, and convey the concept of low-carbon and recycling life to consumers
SDG14: Life below water	Conserve and sustainably use the oceans and marine resources for sustainable development.	Community	• Promote the protection of marine environment and biodiversity, and advocate the public welfare activity of "Conservation Together: Protecting Oceans and Marine Life"

SDGs		Core Areas	Our Actions
SDG15: Life on land	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation, as well as halt biodiversity loss.	Community Environment	• Participate in the public welfare project "Happy Homeland - Ideal Peach Garden Project", assist Chaoyang City, Liaoning Province to plant peach trees and promote local ecological restoration • All stores in the country use 100% eco-friendly and degradable yellow wood pulp paper as shopping bags
SDG16: Peace and justice, strong institutions	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all level.	Compliance operations	• Develop internal codes of conduct, such as the Staff Handbook, and require employees to sign the anti-fraud agreement • Continuously carry out anti-fraud publicity and training for all employees • Add mandatory age restrictions in the human resources system to prevent the employment of child labor at the source
SDG17: Partnerships for the goals	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.	Our suppliers Environment	• Actively communicate with suppliers, hold regular exchange meetings, and establish a positive cooperative relationship • Work with third-party logistics providers to promote carbon reduction measures in product transportation and packaging links by increasingly using new energy vehicles and recycling packaging boxes

2.1 Supervision by the Board

The Board, as the highest decision-making body, is fully responsible for the Group's ESG management, identifying and assessing ESG-related risks and opportunities, and formulating ESG management objectives and strategies. After hearing regular reports from the ESG working group, the Board understands the progress of ESG management measures in each department, reviews the achievement of the management objectives, analyses these problems and makes timely adjustments to the corresponding ESG strategies. The Board is also responsible for reviewing the list of ESG issues that have a material impact on stakeholders and the Group's business development, determining the key disclosure of the ESG report, and reviewing and approving the ESG reports.

2.2 ESG Management Structure

To improve the performance of ESG, the Group has established and continues improving its ESG management structure comprising the Board, management and ESG Working Group. The Group's ESG management strategy is formulated by the Board. The management determines specific working plans according to the ESG strategy and leads all departments to jointly promote ESG work. The ESG Working Group comprising each departments, is responsible for implementing specific measures in each key ESG management area in daily operations and reporting progress to the Board on a regular basis; at the same time, it regularly collects and consolidates ESG information and quantitative data, and prepares ESG reports for each financial year.

2.3 Stakeholder Communication and Materiality Assessment

Communication Channels and Demands

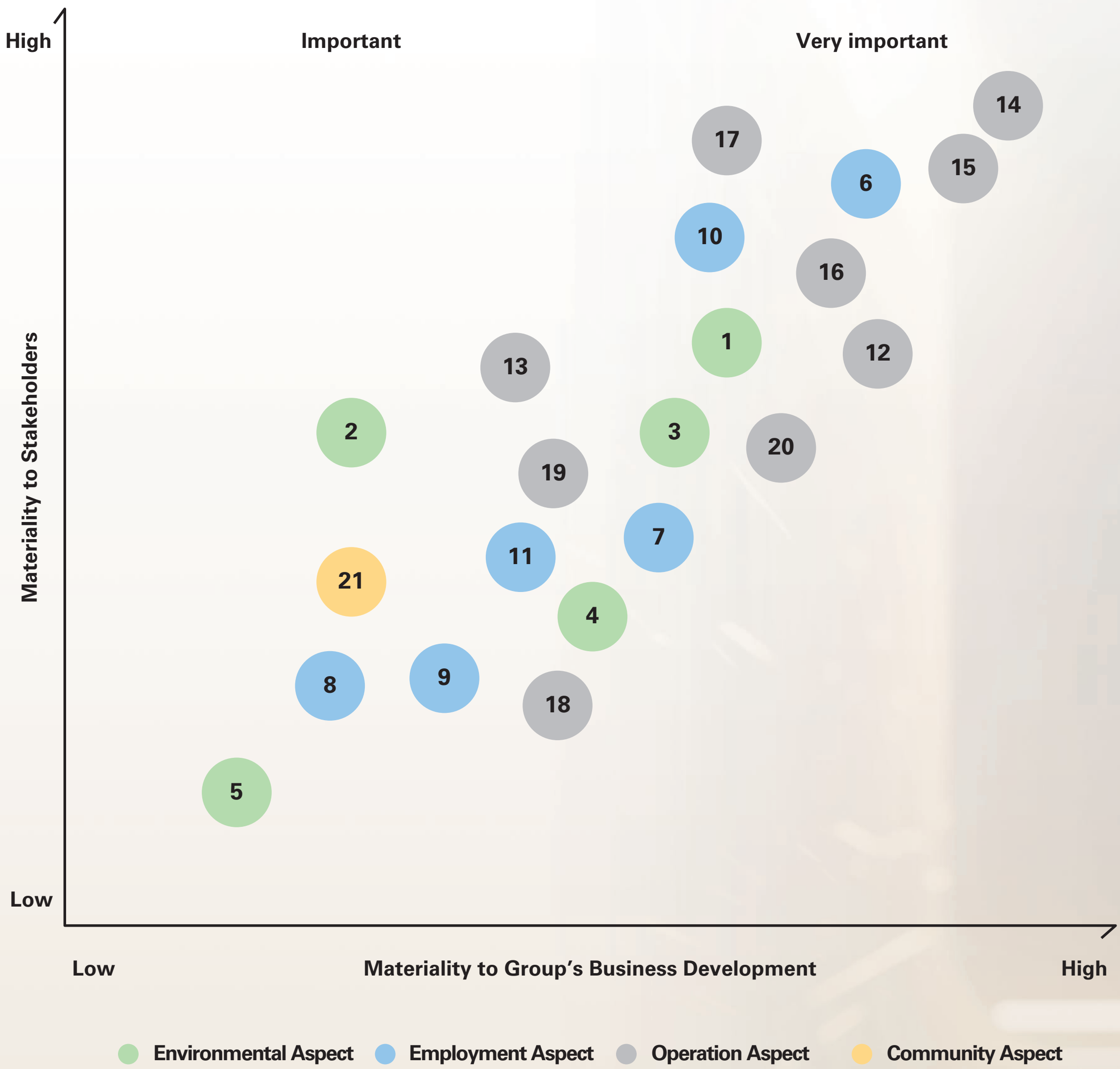
The Group acknowledges the importance of communicating with stakeholders to promote the sustainable development process of the Group. We have an in-depth understanding of the expectations and demands of various stakeholders through different communication channels, review the Group's performance in the areas concerned by stakeholders, and adjust the Group's operating strategies in a timely manner based on feedback to further improve ESG management.

Category of Stakeholders	Concerns and Expectations	Communications and Responses
Government and regulatory authorities	• Operate in compliance and pay taxes according to law • Respond to national policies • Project cooperation	• Strengthen corporate compliance management • Implement requirements of national policies • Regulate business ethics
Investors and shareholders	• Financial performance • Information disclosure and transparency • Sustainable earnings	• Improve financial performance • Regular disclosure and high frequency of communication • Long-term strategy setting and implementation
Consumers	• Product quality assurance • Consumer service quality • Consumer information protection • Ethical marketing	• Optimize service quality • Improve service system • Strengthen cyber security protection • Practice responsible marketing
Employees	• Employee rights and interests protection • Employee development opportunities • Employee remuneration and benefits • Care for employees	• Eliminate discrimination and prejudice • Optimize training system • Improve remuneration structure • Care for staff health
Suppliers and cooperation partners	• Integrity cooperation • Win-win cooperation • Fairness and openness	• Improve supplier assessment mechanism • Concern about environmental and social risks • Carry out project cooperation
Industry associations and media	• Compliance with the industry's practices • Promote industry development • Transparent and open information	• Participate in industry discussions and communication • Promote industry sustainable development • Optimize opinion feedback mechanism
Community	• Community engagement • Performance of community responsibility	• Participate in community charity activities • Support ecological protection

Materiality Assessment

In order to fully reflect the importance of various ESG issues to the Group's business development, the Group has formulated a list of ESG issues for the Board to review, and evaluated the importance of each ESG issue in the financial year based on stakeholder communication and industry analysis results, so as to determine ESG management goals of the Group in the future.

Set out below is the ESG materiality matrix of the Group for the financial year:



Environmental	Employment	Operation	Community
1 Usage of packaging materials	**6 Employee recruitment and team building**	**12 Procurement management**	21 Social charity
2 Waste management	**7 Employee remuneration and benefits**	13 Environmental and social risk management of supply chain	
3 Green operation of stores	8 Equal participation and diversity	**14 Product quality and health**	
4 Tackling climate change	9 Occupational health and safety	**15 Consumer service and satisfaction**	
5 Improving water efficiency	**10 Staff training and development**	**16 Consumer information security**	
	11 Employee rights and interests protection	**17 Compliance marketing**	
		18 Intellectual property management	
		19 Compliant and steady operations	
		20 Anti-corruption and integrity operations	

From the results of the materiality assessment, it can be seen that the stakeholders of the Group pay high attention to the issues in the aspects of operation management and employment. With reference to the above results, the Group will formulate ESG management goals and work plans for the next financial year, and will specifically address on key issues in this report in response to the concerns of various stakeholders.

2.4 Compliance Operations

The Group is well aware that integrity and compliance operations are an important foundation for conducting various businesses. Strictly complying with the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), the Interim Provisions on Prohibition of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》)and other laws and regulations, the Group continuously strengthens its internal control management system, enhances anti-fraud supervision, carries out training on fraud risks and anti-fraud procedures, and strengthens the construction of an integrity culture to create a fair and just business environment. Meanwhile, the Group attaches great importance to the management of intellectual property rights, and protects and respects such rights of its partners to prevent any damage to the reputation of the Group.

In the financial year, the Group did not violate any laws and regulations related to bribery, fraud, money laundering, etc., nor was it involved in any fraud-related lawsuits.

Anti-Fraud and Internal Audit

In order to strictly implement trusted business operations and standardize business ethics, the Group has formulated the Anti-Fraud Management System (《反舞弊管理制度》), the Comprehensive Risk Management System (《全面風險管理制度》), the Internal Audit Management System (《內部審計管理制度》) and other rules and regulations to clarify the responsibilities and procedures of the Group's anti-fraud and internal control management, with a view to ensuring the legal compliance of the Group's business and internal management.

The Group has established a sound business ethics and anti-fraud management system. The Group's Audit Department is responsible for carrying out internal control inspections, supervision and management, coordinating and organizing relevant departments to assess and sort out high-risk businesses, formulate preventive measures, make suggestions for improvement of the internal control system and management measures, and urge the responsible departments to implement rectifications. In addition, the Audit Department regularly conducts special audits covering risks related to business ethics and anti-corruption of all the Group's businesses, and reports the audit results to the Audit Committee of the Board.

In order to further enhance the Group's anti-fraud and internal control management capabilities, we assist auditors in analyzing typical cases and audit concerns and sharing methods and experience relating to risk investigation through training, project review sessions and by other means to strengthen overall anti-fraud sensitivity and monitoring.

Strictly implementing anti-fraud management requirements, the Group has formulated internal codes of conduct such as the Staff Handbook, and requires employees to sign the anti-fraud agreement specified in the Staff Handbook, urging each employee to adhere to the bottom line of integrity. Meanwhile, the Group has constantly improved the conflict of interest reporting mechanism by requiring middle and senior management to report conflict of interest through the internal information system on a quarterly basis to build a strong line of defense for maintaining integrity. In the financial year, the Group revised and transparently upgraded its anti-fraud related systems by publishing new systems on its internal information platform and updating existing systems, highlighting management requirements and the red lines for business, and clarifying the bottom line of business ethics and operation norms among all employees.

The Group actively builds an anti-corruption culture and continuously strengthens the integrity education among its employees. We continue to carry out anti-fraud publicity and training for all employees through internal online learning platform, and urge employees newly enrolled in the financial year to participate in anti-fraud learning and assessment to strengthen the awareness of integrity among all employees. In the financial year, the Group's audit BP provided regular audit results analysis and anti-fraud training for the regional management and employees in key management positions, and held 7 anti-fraud seminars in five sales regions across the country, with about 180 employees participating in the training. Meanwhile, the anti-fraud courseware was shared and circulated among various regional departments to enhance the anti-fraud awareness and ability of all employees.

Furthermore, the Group irregularly launches integrity education and publicity activities for the management and employees in key management positions in headquarters and regional areas through audit project communication meetings, integrated office and other channels, with the contents covering anti-fraud case analysis, risk warnings, prevention and control suggestions, etc. In the financial year, the Group conducted a total of 52 integrity publicity activities, inviting about 400 participants, covering the management and key employees in Shanghai headquarters and five sales regions.

Fraud Reporting

The Group adheres to its business philosophy of integrity and business ethics and upholds a zero-tolerance attitude towards illegal and unlawful acts such as fraud and corruption, and will take serious action when found and take disciplinary measures accordingly. The Group has established a sound reporting mechanism and set up a variety of reporting channels both internally and externally, which are made public through the Group's official website, Staff Handbook, store reporting signs, mobile terminal on staff information system, supplier cooperation agreements and other channels. The types of corruption and malpractice that can be reported are clearly defined on the home page of each reporting channel.

In order to standardize the handling procedures of internal and external fraud reports, the Group's Audit Department carries out fraud investigations by the Integrity Reporting System to systematize the reporting and investigations procedure and ultimately enhancing the efficiency of anti-fraud work. After receiving and accepting a report, the Group's Audit Department will independently verify and investigate the content of the report, follow up and report the handling situation to the management in a timely manner.

Meanwhile, the Group makes every effort to protect whistleblowers' rights and personal safety, establishes a sound privacy protection mechanism for whistleblowers, sets up the management authority of the Integrity Reporting System and reminder of information confidentiality, and persons who are authorized to access the reporting system shall sign a confidentiality agreement, thereby to prevent leakage of whistleblowers' personal information and content of the report.

Intellectual Property Protection

The Group highly values the protection of its intellectual property rights and protects and respects the intellectual property rights of others. The Group strictly complies with relevant laws and regulations in operation, such as the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), the Patent Law of the People's Republic of China (《中華人民共和國專利法》) and the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), executes the regulations on the use of external publicity materials, and prohibits the editing, alteration and publication of unauthorized images, texts or works to avoid infringement on others' portrait rights, copyrights or patent rights.

The copyright of the Group's publicity images and texts is obtained through the proper channels, and we issue notices of use to various departments to manage the relevant materials under authorization period. In addition, we designate special person to conduct daily management and supervision of the trademarks held by the Group to help identify risks and maintain the trademarks properly, and make claims against any infringement on the Group's trademarks or names in a timely manner to protect the Group's intellectual property rights by legal means.

3. Our Services

The Group is committed to constantly improving consumers' experience through high-quality products and services in strict compliance with the laws and regulations including the Law of the People's Republic of China on Product Quality (《中華人民共和國產品質量法》) and the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》). We adopt standardized management to assure product quality and protect consumers' rights and interests, so as to earn consumers' trust through practical actions. For the financial year, the Group was not involved in any violations of laws and regulations related to product liability.

3.1 Product Quality Management and Control

Stable business development is based on safe and reliable product quality. The Group attaches great importance to product quality management and control, formulates and strictly implements internal product management system, clarifies the quality management responsibilities of each department, and strengthens supervision and inspection measures at all parts to regulate the entire business process. For products procured from external sources, we will check the quality certificates one by one to ensure that product quality complies with the Group's requirements. Meanwhile, we are concerned about the use of chemicals and require the use of chemicals in some textile products to comply with the National General Safety Technical Code for Textile Products (《國家紡織產品基本安全技術規範》) (GB 18401-2010) in order to ensure the quality and safety of products.

Upholding the spirit of taking full responsibility for products to carry out sales business, the Group is committed to providing consumers with safe and high-quality products, and meeting consumer needs with diversified products and services. In the financial year, the Group newly formulated the Online Store Manual of Standards on Photographing of Delivery (《線上發貨拍照標準手冊》) to further refine the management requirements for online sales channels. We have established a complete return and exchange processing process based on the requirements of the return and exchange process to ensure timely response to consumers' return and exchange needs and tracking of processing results. We have developed a hands-on instructional course for the return and exchange process and uploaded the course to our online training platform "Topsports Academy" to empower all retail staff and improve the quality management and control level.

3.2 Excellent Services

Excellent Consumer Services

The Group insists on providing a comfortable and satisfactory shopping experience from the perspective of consumers. In the financial year, we continued to improve our customer service mechanism, reorganized our customer service processes for each business condition, and developed a standard communication process framework to realize business dispatch management and improve customer service efficiency. Meanwhile, we strengthened the supervision of negative chats to reduce the risk of unnecessary complaints. We continued to improve the professionalism of our customer service staff and strengthen service quality by providing point-to-point guidance on difficult tasks and sharing excellent cases. In the financial year, the Group received 199 complaints, all of which were handled properly.

The Group actively communicates with stores, carries out store research and visits to collect consumers' comments on the store environment, reception and services. We have also set up an after-sales self-help platform to collect consumer feedback and optimize our services based on the feedback to improve consumer satisfaction. In order to improve the quality of store operations and services, we provide a wide variety of business training for store employees, including 20 general store training sessions at the headquarters level, covering all store employees; we also conduct course assessments as required to ensure that employees master the training content and can apply it in daily practice.

Case: Shangxian Fang JORDAN Store Training

From October to December 2022, we worked with brand partners to provide a total of 35 courses for the employees of the upcoming Shanghai Shangxian Fang JORDAN store, with the contents covering brand knowledge, retail courses, community operations, etc. All employees of this store have completed the learning and obtained certifications, laying a solid foundation for providing excellent store services.

Shanghai Shangxian Fang JORDAN Store Employee Training

Case: "Play with Yellow Boots" Yellow Boots Campaign

Since July 2022, the 4-month "Play with Yellow Boots" Yellow Boots Campaign has been launched. The Campaign consists of three sections, namely product training, yellow boots competition and sales competition, covering Timberland store employees across the country. Meanwhile, relying on a number of Internet platforms, we shared excellent cases and videos on washing and care of yellow boots involved in the competition, further expanded the dissemination scope of product knowledge, and helped more employees master product knowledge and consolidate sales skills, providing consumers with high-quality and professional services while improving the sales performance of yellow boots.

We continue to conduct consumer surveys to fully understand the entire consumer shopping experience from pre-sale to after-sale. In the financial year, we conducted 100% satisfaction surveys on various online channels, with a consumer satisfaction rate of 85.37%. Based on consumer feedback, we summarized consumer aspirations in terms of products, after-sales services and services, analyzed the problems and urged the responsible departments to implement improvement suggestions, reduced the product return rate and improved service levels and professionalism by enriching product display information, improving the system's exchange function and product size chart and accelerating customer service response speed, so as to continue optimizing consumer satisfaction and improving the overall consumer shopping experience.

Digital Management

The Group actively improves the digital level and quality of customer service, systematically organizes the service process, and provides consumers with a smooth customer service experience through timely robotic responses and professional and enthusiastic after-sales services. We adopt a digital platform for after-sales management and standardize the after-sales operation process to facilitate order archiving traceability. Meanwhile, we continue to improve our online return and exchange approval system. Consumers can check the status of their associated orders with automated tools when they ask questions about returns and exchanges, which makes the after-sales process more clear and transparent.

We also actively listen to consumers' suggestions and coordinate with various departments to optimize functions and displays of TOPSPORTS mini program and App to enhance consumer experience. In the financial year, the Group won the "2022 Best Practice Award for Digital Smart Services" by Banniu (班牛), the "Smart Award" in JD Smart Service List 2022, and the JD Excellent "Star Service" Merchant Award, and other smart service-related awards.

Pictures of Smart Service Award

3.3 Consumers Privacy Protection

The Group is highly concerned with the privacy of consumers and strictly complies with the requirements of laws and regulations such as the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》), the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) and the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》). It constantly enhances the internal system construction, and has established and perfected information security management system. In the financial year, the Group formulated the Data Security Management Guidelines (《數據安全管理指引》) to clarify data protection responsibilities, and adopt corresponding protection measures according to the classification and category of data.

For technical management, we have established a complete intrusion monitoring and prevention system to promptly respond to possible attacks, and carry out annual security tests of the infrastructure to reduce information security risks. Our data center is built with reference to the level 3 security protection requirements, which can effectively protect data security. We carefully protect our members' information by adopting real-time QR code for member entry and information access to prevent arbitrary retrieval and unauthorized alteration of member information. Meanwhile, we exercise strict control over the access and use of consumer information with various measures such as access control, ID authentication, back-end operating log, authorization mechanism, desensitization, cryptographic storage, cryptographic call. In the financial year, we upgraded the information storage mode of our Customer Relationship Management system by upgrading the storage of sensitive plaintext information to encrypted storage mode, which raised the level of information security, encrypted information at the source, and improved the level of consumer privacy protection.

We pay attention to enhancing employees' awareness of information security and operation regulations and require them to work in strict accordance with the internal system and not to disclose data information. Each department is required to clarify the data use authority according to the requirements of the position and strictly control the approval of the authority. Meanwhile, we implement multi-layered supervision of information security incidents, and the responsible person and his/her superiors are jointly responsible for handling the incident. In order to enhance employees' awareness of information security protection, we continue publicizing the confidentiality of consumer information among all employees (including full-time and outsourced employees) and conducting regular training on network information security for our customer service staff and require them to pass the course examination. All customer service personnel are required to sign the Customers Privacy Protection Agreement of Topsports (《滔搏消費者隱私保護協議》), promising not to disclose or reveal consumers' personal information without their authorization.

Consumers are the first line of defense for privacy protection. Our Privacy Statement of Topsports (《滔搏運動隱私聲明》) applies to all of our products and services and covers all lines of business, which specifies that consumers have the right to access, correct and delete their personal information and to withdraw their consent to use to ensure that their privacy is fully protected. Upholding the principles of legality, propriety, necessity and honesty, we will not rent, sell, or provide personal information to third-party companies, organizations, or individuals, except as necessary to provide our services, and we will strictly limit the purpose, scope, and manner of use of such information.

Furthermore, we require third parties to sign confidentiality agreements and apply data desensitization and encryption technologies to better protect consumer data security. In accordance with the Privacy Statement of Topsports (《滔搏運動隱私聲明》), we will make every effort to avoid collecting irrelevant personal information and, except for mandatory retention requirements by law, will only retain personal information for the period necessary to achieve core functions and account security, thus to reduce the risk of disclosure at the source. In addition, we actively inform consumers of the importance of information security and the Group's requirements for information security protection in order to raise their awareness of privacy protection.

3.4 Responsible Marketing

The Group scrupulously abides by the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) and other laws and regulations, and has formulated and implemented regulations and guidelines such as the Regulations on the Administration of External Publicity (《對外宣傳管理規定》) to regulate marketing activities. In the financial year, we formulated the Compliance Guidelines on Advertising Promotion of Topsports (《滔搏廣告促銷合規指引》), which included the Release Guidelines on Advertising Contents (《廣告內容發佈規範》) and the Reference Table for Promotional Activities (《促銷活動規範參照表》), and requested each sales region to refine the operational requirements according to the guidelines to jointly promote and implement responsible marketing.

We are well aware that the importance and necessity of responsible marketing and are committed to making contributions to consumers, partners and society by actively practicing ethical marketing on the basis of ensuring compliance. We strictly control the marketing content and produce our advertisements in accordance with legal and regulatory requirements, and ensure that the content is true and reliable through multi-layered material review, eliminating false advertisements and price fraud. We conduct regular spot checks on published advertising content to avoid spreading inappropriate information.

In addition, we require employees in marketing positions to complete training on relevant legal knowledge upon their enrolment in the Company, and conduct regular training on compliance marketing to enhance their awareness of compliance. In the financial year, the Legal Affairs Department held compliance presentations on "advertising and promotional activities" for business departments, emphasizing marketing precautions and explaining legal and regulatory requirements in the form of cases. Before important marketing events such as holidays, the Legal Affairs Department will remind employees of the requirements of compliance marketing to strengthen their awareness of responsible marketing and to protect consumer rights.

4. Our Employees

The Group is well aware of the fact that talent is an important source of innovative development. The Group strictly complies with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) and the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) and other laws and regulations, and has formulated and fully implemented human resources management system, continuously improved employee promotion and development mechanism and employees' health and safety management system, which creates an equal, harmonious, diversified and inclusive working environment for employees and supports them realizing personal development. During the financial year, the Group was not involved in any material violations of laws and regulations related to employment.

4.1 Employee Employment

During the financial year, the Group continued to improve various human resources systems, further standardized the internal and external recruitment process and updated the Recruitment Management Guidelines (《招聘管理指引》), Personnel Management Guidelines (《人事管理指引》), Compensation Management Guidelines (《薪酬管理指引》), Store Attendance Management Guidelines (《店鋪考勤管理指引》), Non-store Attendance Management Guidelines (《非店考勤管理指引》) and Business Trip Management Guidelines (《因公外派管理指引》) to enhance personnel management.

Labour Rights and Interests Protection

In strict accordance with such laws and regulations as the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) and the Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》), and following the people-oriented core concept, the Group protected the legitimate rights and interests of employees, eliminated forced labour, and promoted employment equity. In order to prevent child labour from being employed by mistake, we added a mandatory age restriction in our human resources system during the financial year, stipulating that employees under 16 are not allowed to be employed, thus preventing child labour at the source. Besides, we strengthened management for employees' overtime work, and prohibited any forced overtime work in any form. During the financial year, the Group did not have any incidents regarding employment of child labour or forced labour.

We are committed to creating a diverse workforce where equal opportunities will be offered to everyone in recruitment and promotion and no employee will be discriminated or treated differently due to his/her ethnicity, nationality, gender, education, age, physical condition, etc. We set reasonable recruitment requirements according to the characteristics of each job position, and made comprehensive decisions on the employment of employees based on the evaluation and assessment of candidates; we also provide equal employment opportunities for the disabled with certain suitable positions available for them. We are committed to building a diverse workforce and continuously improving the Group's management performance in terms of diversity, equality and inclusion. As of the end of the financial year, over 80% of the Group's employees were female; employees were from 32 types of ethnicity, and 1,578 ethnic employees accounted for over 5% of the total number.

Recruitment and Assessment

The Group continuously improves its recruitment process, expands the diversified recruitment channels, and implements the recruitment plan following the efficient and quality result-oriented core concept, in order to provide adequate proper talents for the Group development. We publishes recruitment information through several channels such as recruitment websites, official recruitment account of the Group and social media and strengthened talent communication; it advocates paperless recruitment and carries out the whole recruitment process including resume screening, communication with candidates and talent recruitment based on the online recruitment management system. Meanwhile, the Group focuses on cooperation between schools and enterprises, and actively carries out campus recruitment to attract excellent graduates and campus interns. In order to further optimize the recruitment work, we regularly analyze the data of different recruitment channels and recruitment phases to understand the internal talent demand and external market changes in a timely manner, and dynamically adjust the recruitment strategy based on the analysis results to enhance recruitment efficiency.

While focusing on external recruitment, we also pay equal attention to internal recruitment to provide more diversified development paths and opportunities for existing talents. To further strengthen internal recruitment management, the Group has updated the existing Recruitment Management Guidelines (《招聘管理指引》) in the financial year to standardize the recruitment process, such as the initiation of internal recruitment requirements, responsibilities of internal recruitment review team, release of internal recruitment information, employee application and selection, confirmation of employment and feedback of results, etc., in order to promote reasonable talent flow. In the financial year, the Group gave priority to internal and external recruitment for store openings and vacancies in key stores nationwide, with a 4% internal transfer ratio.

We provide a fair and impair career development platform for employees, strictly implement the Position Promotion System (《崗位晉級制度》) during the employee appraisal and promotion, and continuously improve the performance appraisal and promotion mechanism. We link the KPIs with performance bonuses, regularly appraise the KPIs of employees at each position every year and distribute performance bonuses based on the appraisal results, in a bid to mobilize employees' initiatives. During the financial year, in order to enhance the comprehensive staff assessment in retail stores, the Group started to implement the Career Development Point System (《職涯發展積分機制》) to enhance the recording and evaluation of retail talents' daily work performance in five major dimensions, i.e. performance drive, user operation, customer service, staff experience and display operation, and clarify the path of talent training, selection and promotion.

Remuneration and Benefits

The Group is committed to developing a fair and transparent remuneration and benefits system and formulating a competitive talent incentive policy, thereby forming a first-class talent team. We offer all employees (including employees in retail and management positions in our stores) the remuneration composed of fixed income and variable performance bonuses, regularly verify the rationality of employees' remuneration and benefit level, and adjust staff salary according to market level and staff's qualification, experience and ability to fully mobilize staff's enthusiasm for work. For the overtime work of employees due to work needs, the Group will record the overtime hours of employees as the basis for future transfer of leave or redemption of overtime pay, and if the leave has not been redeemed at the time of leaving, the settlement will be made on the basis of overtime pay uniformly.

We contribute to the endowment insurance, basic medical insurance, endowment injury insurance, unemployment insurance, maternity insurance and housing provident fund for employees in accordance with law, and provide them with statutory holidays including annual holidays, annual leave, family reunion leave, and marriage and bereavement leave. In addition to statutory benefits, we also offer employees with various benefits and allowances such as communication allowance, meal allowance, travel allowance, housing allowance, business trip allowance, birthday gifts and department team building expenses. For our interns, we purchase employer's liability insurance to fully protect their rights and interests.

4.2 Employee Development and Training

With the talent training concept of "Business-oriented to Empower Business Development", the Group attaches great importance to the long-term development of employees, gradually builds and improves the training system based on the scenario business and retail terminal business of the Group, continuously empowers employees through online and offline training, and creates the enterprise atmosphere for lifelong learning. For employees at different positions, we provide six types of training covering multiple capabilities and career stages. The training has practical and pertinent contents suitable for diverse employees and positions, focusing on cases and exchanges with wide coverage in the training.

Training Management

New Employee Orientation Training

Acquaint employees with the relevant tools and clarify the operation process; help new employees quickly integrate into the group and improve group cohesion.

Shop Position Certification Training

Help employees master store practices and improve their overall qualities, and evaluate the phased training results of trainees through comprehensive assessment such as store practices and sales PK competitions.

Training Lecturer

Job Skills Training

Enhance employees' post skills through training on 11 store-related skills.

Business Knowledge Training

Enhance the employees' understanding of products, and improve employees' sales skills.

Training Platform

Management Training

Through mind-expanding and teamwork courses, we enhance employee communication and management, broaden their horizons, and improve work efficiency.

Reserve Talent Cultivation and Training

Integrate theoretical knowledge and project practice, and cultivate reserve talents for Group's development.

Employee Training System

During the financial year, the Group's employee training was mainly conducted online. As of the end of the reporting period, we had conducted 450 online learning programs, with 940,170 trainees completing them; 192 offline training programs were carried out, covering 9,905 trainees; and 88 mixed program training sessions, covering 3,542 trainees.

In order to continuously optimize the training system and improve the course content, we distribute questionnaires through our online training platform "Topsports Academy" and conduct training satisfaction surveys to obtain feedback from employees on the training courses and identify and improve the shortcomings of the training courses in a timely manner.

Case: Intern Store Manager Training Camp

From May 2022, the Group provided a series of courses including "Role Awareness", "Becoming a Highly Effective Person", "Effective Meeting", "Coaching Model", "Scheduling Management", "Store Excellence Retail Analysis – PTAT", "Merchandise Management", "Display Management", "Team Building", "Community Operation", etc. for the end retail staff. After the course empowerment and team discussion, the students proposed a series of solutions to the store operation with remarkable transformation of training contents.

Intern Store Manager Training Site

Case: "Rising Star Program" Leadership Training Program

In order to enhance the team leadership of managers and meet the Group's management needs, we launched the "Rising Star Program" leadership training program for front line managers of various departments in the Group headquarters during the financial year, and conducted a number of management-themed training sessions with a cumulative number of 150 participants. Through the training, new managers were able to enhance their knowledge of manager roles, personal style and self-management, interpersonal collaboration and team management, and task execution and business management.

Rising Star Program Training Site

4.3 Employee Health and Care

The Group strictly abides by the Law of the People's Republic of China on Prevention and Treatment of Occupational Diseases (《中華人民共和國職業病防治法》), striving to create a safe, healthy and comfortable working environment for its staff. We conduct various health security measures and have close communication with employees to continuously enhance the employee care, and improve their satisfaction and sense of belonging.

Staff Health Protection

The Group is committed to protecting the physical and mental health of its employees, improving its regular occupational safety training, standardized injury investigation procedures and employee care under emergency situations, and gradually establishing an occupational health and safety management system.

We also focus on the health management of our employees in their daily work, and formulate corresponding preventive measures for potential safety accident-prone scenarios, so as to strengthen the safety education of employees and consolidate the awareness of safety precautions. In order to standardize the management of work-related injuries, we have established procedures for the investigation of work-related injuries, clearly specified the supporting documents, witnesses and procedures for employees to apply for work-related injuries, so as to better respond to possible work-related injuries and practically protect the rights and interests of employees.[1]

Case: Fire Safety Training

In order to raise employees' risk awareness and help them enhance their fire safety knowledge, we organized a fire drill on 30 October 2022, in which professionals demonstrated and explained the key points of using fire extinguishers, and all departments participated in fire training. All stores actively participated in the fire drills organized by the shopping center and all stores were equipped with fire extinguishers.

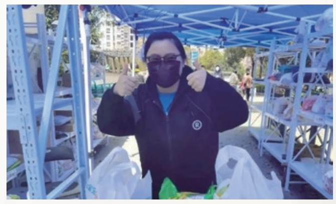
Fire Drill Site

In response to emergencies such as new coronavirus infections and extreme high temperatures, we also actively raised the necessary supplies for our employees to ensure their material and psychological needs are met and that their physical and mental health are protected.

1 For the financial year, the Group didn't have work-related fatalities, and the number of days of leave taken for work-related injuries was 4,329. The Lost Time Injury Frequency Rate of full-time employees and outsourced employees was respectively 0.39 and 0.38. In the financial year of 2021/22, the number of work-related fatalities of the Group was 1, and the Group didn't have work-related fatalities in 2020/21.

Case: Staff Health Protection

From March to April 2022, due to the severe situation of COVID-19 in Shanghai, some employees encountered difficulties in purchasing living materials. In order to solve the difficulty of our colleagues, the Group's administrative team delivered fresh vegetables, baby milk powder and other urgent supplies to them. In order to avoid the psychological problems of the staff due to long-term home, the Group actively advocated the leaders of each department to timely care about and sympathize with the staff in various aspects such as life and work, and organized several online fitness activities.



The Group actively raised supplies for employees

Case: Delivering Coolness under High Heat

In late August 2022, the extreme high temperatures in Sichuan and Chongqing worsened the working environment of the Group's local retail stores and increased the health risks faced by employees. The Group promptly sent 716 staff members who were on the front line with medicines such as Huo Xiang Zheng Qi Liquid, Ban Lan Gen and Medicated Oil, as well as cooling beverages such as sour plum juice and iced tea to ensure their health was not affected.

The Group distributed cooling products to employees

Staff Communication and Care

The Group attaches great importance to expression of opinions by each staff and has set up various communication channels such as face-to-face communication, online forums, staff post bar, social software and "Topsports Academy" cloud learning system to communicate on a regular basis, seriously listen to the opinions and suggestions from our staff, and better solve their problems.

In the financial year, the Group released 33 satisfaction surveys through the "Topsports Academy" online platform, covering various dimensions such as training courses, training programs, employee birthday parties, festive events and club activities, and collected a total of 1,154 valid questionnaires. From the analysis of survey results, employees were more satisfied with the training and corporate culture activities arranged by the Company. In response to the feedback from employees, we focused on the deliberation of feasible improvement plans through project review meetings in order to continuously improve the learning and activity experience of all employees.

In response to the feedback from employees, the Group added a number of non-statutory benefits for employees: flexible working hours are adopted for employees in some retail stores and functional departments; employees can apply to work from home under special circumstances; and employees can bring their children to the Company for care during summer and winter vacations. During important holidays, the Group also prepares additional benefits for employees, such as New Year's gifts, Spring Festival gift bags, lottery for commencement, Valentine's Day gifts and annual meeting lottery. On the eve of National Day and Chinese New Year, we send sympathy gifts and red packets to our retail store employees to thank them for their hard work and great efforts during the holidays.


Holiday gifts and New Year gift bags for employees

In addition, the Group regularly organizes a variety of employee activities to create a relaxing and enjoyable leisure time for our employees. We provide a gymnasium for our employees to exercise on a daily basis, and actively organize sports competitions such as basketball games, tug-of-war and cycling activities to encourage our employees to strengthen their sports exercise.


Sports meeting of employees

Case: Sports PK between Departments

In January 2023, the Group held a sports PK between different departments to encourage employees to actively exercise and strengthen their physical resistance after recovery from the COVID-19 infection. The winning team was given team building expenses to enhance their sense of department honor and strengthen the interaction and collaboration among employees.

5. Our Suppliers

The Group is committed to creating a fair and stable supply chain, taking social responsibilities together with partners, and building a harmonious business atmosphere. The Group has established and implemented a comprehensive supplier management system to standardize the supplier access process. The Group also regularly assesses and evaluates the performance of suppliers and eliminates those with substandard products or services to create a high-quality supply chain. During the financial year, we formulated the supplier access evaluation processes, established supplier qualification evaluation mechanism, and further strengthened the access management.

The Group focuses on the social responsibility performance of partners to promote the sustainable development of the supply chain. We include various management performances such as suppliers' environmental protection and anti-fraud practices in our assessment to strengthen the assessment of their environmental and social risks. Under the same conditions, we preferentially cooperate with suppliers who have received environmental protection-related qualification certifications, and we give priority to green and environmentally friendly products, in order to reduce the impacts caused by purchase on the environment. Meanwhile, we believe that raw materials are key elements of a sustainable supply chain. We will continue to pay attention to our suppliers' and partners' use of raw materials such as leather and cotton, and encourage them to promote raw material traceability and achieve responsible raw material procurement.

We have gradually optimized our supply chain anti-fraud monitoring system, and promoted the building of integrity supply chain in order to prevent fraud. We require our suppliers to sign Integrity Agreements and encourage them to develop anti-corruption systems. As of the end of the reporting period, the signing rate of Integrity Agreements reached 100%. In the financial year, we updated the anti-bribery clauses and breach of contract clauses in our suppliers' contracts and added a new reporting channel for suppliers to crack down upon unscrupulous competition. If suppliers are found to be in violation of laws and regulations, we will impose penalties or disqualify them from cooperation in accordance with relevant regulations.

In addition, the Group actively communicated with suppliers and establish benign cooperative relations with them. We make full use of various online platforms to conduct business with our partners in a convenient and diversified way. We hold regular communication meetings to jointly develop sales strategies and strategic goals, adjust strategies and coordinate resources according to the actual situation, and enhance the efficiency of cooperation to achieve a win-win situation and mutual progress.

6. Environment

The Group attaches great importance to environmental protection, and strictly complies with relevant laws and regulations such as the Environment Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), striving to apply the sustainable development concept in the daily office and business operation. We continue to promote our daily environmental protection work, we actively address the challenges brought by climate change through various management measures such as improving our internal environmental management system, carrying out energy saving and consumption reduction work in our stores, and increasing the proportion of resources recycling, and continuously strengthen the Group's green and low-carbon operation model, striving to live in harmony with the ecological environment while sustaining our business development. During the financial year, the Group did not have any incidents of violation of environmental protection laws and regulations.

6.1 Energy Conservation and Consumption Reduction

In order to effectively implement the green and low-carbon operation concept, the Group continuously improves the energy consumption management system in accordance with the actual situation of business development and operation, and strictly implements the management measures on the use of resources and energy such as electricity, water, office supplies, business vehicles and packaging materials. At the same time, the Group's human resources and administration department is responsible for inspecting the implementation of environmental management measures of each department, and arranging monthly inspections and random inspections by administrative staff to ensure that all departments are seriously implementing energy-saving and consumption reduction measures.

During the financial year, the Group continued to strengthen the tracking and monitoring of the environmental management performance, and further optimized the environmental management targets regarding energy conservation and emission reduction, reduction of waste and water conservation are as follows:

Energy conservation and emission reduction	Actively explore energy-saving technology and the operation mode of low-energy consuming and sustainability, and vigorously promote green operation and office; enhance energy efficiency, encourage green travelling and reduce greenhouse gas emissions.
Reduction of Waste	Actively advocate garbage sorting and promote paperless office; enhance the recycling rate of office consumables and packaging materials, strengthen the awareness of resource recycling and reduce waste generation.
Water conservation	Strengthen the daily maintenance and management of water facilities and equipment, and promote water conservation measures; raise employees' awareness of water conservation and make proper use of water resources.

Adhering to the above environmental management objectives, the Group continued to optimize management measures based on the previous financial year and actively promoted energy-saving and carbon reduction programs in offices, stores and logistics. In office premises, we focused on the use of water resources and office supplies, and promoted green travel to reduce environmental impact.

Key fields	Key measures
Water conservation	• Strengthen the daily maintenance and management of water equipment to avoid dripping, leaking and long-running; • No bottled water will be placed in the meeting room, and the water conservation awareness of the participants shall be enhanced and they shall be advised to bring their own cups and take water when necessary; • Post signs in pantry and rest rooms to urge employees to conserve water.
Office supplies management	• Strengthen the management of the use of office supplies, strictly regulate the equipment and procurement of office supplies, collect office supplies according to needs and improve the reuse rate of office supplies; • Promote a paperless office model where various application forms are processed online (such as OA system, EHR system, etc.), thereby reducing the use of paper; • Post a reminding board in front of the printer to actively encourage employees to print on both sides.
Green travel	• Establish and improve the management mechanism of official vehicles, and conduct strict management of the allocation, maintenance and replacement of official vehicles of the Group; • Promote online and telephone conferences to reduce the carbon emission caused by business trips; • Comprehensively promote low-carbon travel and encourage employees to travel by public transport.

We have implemented the environmental protection program to save energy and reduce carbon emissions in all the Group's retail stores, and we have taken a series of measures to strengthen control over packaging and materials, and to create low-carbon and energy-saving retail stores through energy-saving optimization of air-conditioning and lighting systems and the establishment of store carbon accounts.

Key fields	Key measures
Energy management	• Optimize and upgrade the lighting system of stores, take into account factors such as store hours and seasonal illumination; uniformly replace the lights in old stores with environmentally friendly and energy-saving LED lighting; • Formulate guidelines for electricity consumption in stores to guide stores to use electricity flexibly according to needs during the business period and improve the efficiency of electricity consumption; • The air-conditioning temperature of the stores will be set reasonably to eliminate the ineffective use of air-conditioning; in the future, big data algorithms will be used to control the real-time operation of air-conditioning according to the use of air-conditioning on different floors, the spatial distribution of store personnel, and the temperature difference between inside and outside areas, so as to achieve a balance between comfort and energy saving and reduce the overall energy consumption of air-conditioning.
Usage of packages and materials	• The self-developed online shopping bag management can accurately manage the order quantity of paper bags, and control the usage of paper bags from the source through prediction of usage quantity, in order to prevent the overstock of paper bags and waste of resources; • All directly operated stores nationwide adopt pure wood-pulp paper-made shopping bags, which are 100% environmentally friendly and can be degraded; • Adjust the size of packaging materials for online shipments and improve materials to match the packaging of goods through research and summary of the packaging size of each category of goods, effectively reducing material consumption and realizing packaging reduction.

Case: Adoption of electronic screen POP publicity in retail stores

While ensuring the standard and aesthetic of Point of Purchase (POP) in stores during the replacement and improving the efficiency and quality of POP updated in stores, the Group actively promoted the use of electronic screens for POP promotion in all stores to avoid repeated production and printing of promotional materials. The electronic screen promotion project was operated jointly by the Group's brand center, the marketing department, the engineering department and the technology service center. The first batch is expected to cover about 200 stores nationwide, which can effectively reduce the usage of POP materials, conserve resources, reduce the amount of waste generated, and further reduce carbon emissions.

Electronic screens in retail stores

In addition, the Group pays close attention to the environmental impact of transportation and logistics, and strives to assist logistics suppliers in realizing a low-carbon logistics model including low-carbon transportation, low-carbon package and low-carbon warehousing. We have worked with third-party logistics suppliers, and effectively save packaging materials and implement carbon reduction measures in product transportation and packaging by increasing the use of new energy vehicles and recycling logistics packaging boxes for several times. At the same time, we encourage and support suppliers to actively explore the application of clean energy, including installing solar panels on the roofs of some logistics warehouses in Shanghai, replacing traditional outsourced electricity with solar power to reduce carbon emissions from warehousing.

6.2 Waste Management

In strict accordance with the relevant laws and regulations such as the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), the Group actively implements waste sorting measures in offices and retail stores, and strengthens the ability to collect, sort and recycle waste. In addition, we publicize knowledge related to waste management to all employees to enhance their awareness of waste recovery and disposal and resource recycling.

In order to further strengthen waste management, the waste generated by the Group is categorized into non-hazardous waste and hazardous waste, and different modes of disposal are adopted for different types of waste, which can reduce the negative impacts on the environment. Our non-hazardous waste is mainly office waste. We set up trash bins in office areas, and supervise employees to throw the garbage in strict accordance with classification requirements. The non-hazardous waste after classification will be transported by the third party to the treatment organization for disposal, and the recyclable resources will be transported to the recycling plant for recycling. For hazardous waste such as ink cartridges and toner cartridges, we will give priority to reuse. Waste cartridges and toner cartridges that cannot be reused will be normatively put into hazardous waste bins, centralized collecting and disposing by professional organizations.

In addition, the Group also focuses on promoting the resource recycling and low-carbon life concept to consumers. In the financial year, the Group has launched a new public welfare sub-brand "GREENBOX" and plans to launch a series of innovative public welfare activities with this brand.

In January 2023, we launched the "Topsports Public-welfare Forest" on one of the largest comprehensive old clothes recycling platforms "Feimayi", initiated the "Textile Recycling for a Greener Planet", promising to plant 666 square meters of pike saplings in Minqin County, Gansu Province in case of every 5,000 kilograms of used clothes collected, in order to support local ecological protection. By encouraging consumers to recycle used clothes, the campaign hopes to lead the trend of green consumption and form a new trend of low-carbon life and public-welfare business.

Old Clothes Recycling of Topsports Public-welfare Forest

6.3 Tackling Climate Change

Climate changes have become one of the common challenges facing human society in the 21st century. Despite the increasing attention from all walks of life in recent years, the road to carbon emission reduction is still full of obstacles. In the face of a series of environmental crises and social problems caused by climate change, the Group focuses on the climate changes related to the daily operation in active response to the national "carbon peaking and carbon neutrality" policy, strives to identify and evaluate the climate risks and opportunities that will probably have impacts on the business, implements and optimizes countermeasures, in order to enhance the climate risk management.

Both physical risks arising from extreme weather and transition risks under the low carbon economy model will potentially affect the Group's business. In terms of physical risks, frequent extreme weather such as typhoons and rainstorms may affect the operation of our retail stores, logistics and distribution as well as the power safety in offices, resulting in asset losses or personnel injuries and increasing the Group's operating costs. In order to prevent such physical risks and effectively reduce the extent and scope of risk impact, the Group has been improving emergency plans for various types of extreme weather, educating employees and actively conducting emergency drills, and investing sufficient resources to strengthen the Group's ability to respond to climate-related physical risks.

In terms of transition risks, against the backdrop of the accelerated popularity of the low-carbon economy, the Group actively responds to the trend of green and low-carbon development, pays close attention to the industry, market and policy trends and formulates countermeasures to strengthen its carbon emission management in order to cope with the risks arising from policy and market changes. In order to better control the impact of transition risks and grasp the opportunities of low-carbon transition, the Group implements a series of internal energy-saving and carbon-reduction measures in its daily operation and store management, and enhance the climate resilience of the Group's business development and daily operation starting from the green office model, store energy saving and consumption reduction, and resource recycling.

7. Community

As a responsible corporate citizen, the Group pays close attention to the needs of the community and actively undertakes social responsibility while conducting business. We leverage our brand advantages to help protect the marine environment, support community volunteer work, and contribute to the development of rural economy and education. We consider it our responsibility to return to the public, and encourage and support every one of us to actively participate in public welfare, promote the charity culture, and spread love and warmth.

Case: Protect the marine with small acts of kindness

Traceable aquatic products are those that are recorded from the fishing activity to the consumption end and can be traced through the traceability code, which can crack down upon illegal fishing and protect the marine ecology. To call on the public to understand and support traceable aquatic products, WWF launched a public-welfare campaign called "Conservation Together: Protecting Oceans and Marine Life", leading participants to experience the whole process of online aquatic product traceability and jointly promote the sustainable development of the aquatic products industry.

On the "World Oceans Day 2022" and the 15th "Marine Publicity Day", the Group's Top eSports Club and its celebrity athletes joined WWF to promote the protection of marine environment and biodiversity, and promote the public-welfare activity of "Conservation Together: Protecting Oceans and Marine Life", bringing together the efforts of all people to protect the blue sea with small acts of kindness.

Poster of "Conservation Together: Protecting Oceans and Marine Life"

Case: Peach trees for great hope

Chaoyang County, Chaoyang City, Liaoning Province has a long history of peach tree planting. In order to improve the living standards of local farmers and boost the overall economic development of the Chaoyang area, in 2021, China Greening Foundation launched the "Happy Homeland – Ideal Peach Garden Project" to help farmers plant peach trees and provide them with training and support in management techniques. The Group's Top eSports Club actively participated in the public-welfare program. In December 2022, the Group planted 150 high-quality peach trees in Chaoyang City, Liaoning Province, contributing to the benign circulation of rural economy and local ecological restoration.

Donation certificate of "Ideal Peach Garden Project"

Case: Public welfare always on the way

In April 2022, the Group accumulatively donated millions of dollars of materials to Hongkou District and Xuhui District in Shanghai, and encouraged and supported employees to participate in community volunteer work, supporting frontline healthcare workers in the fight against COVID-19 with actual actions and displaying the corporate responsibilities in the tough time.

In November 2022, the Group donated shoes and clothing worth RMB384,800 to the Ethnic Vocational Senior High School of Maguan County, Wenshan Prefecture, Yunnan and No.1 Middle School of Xichao County, in order to send warmth to local students and support the development of rural education.

Donation site of anti-pandemic materials

Donation certificate of charity materials

Appendix I ESG Key Performance Data Sheet

Environmental Aspect

Key Performance Indicators		Unit	Consumption/Emission
A1.1 Emissions	Sulphur oxides emissions	kg	1.47
	Nitrogen oxides emissions	kg	392.45
	Particulate matter emissions	kg	36.63
A1.2 Greenhouse Gas Emissions	Greenhouse gas emissions (Scope 1)	tonne CO_2e	266.61
	Greenhouse gas emissions (Scope 2)	tonne CO_2e	1,276.89
	Total greenhouse gas emissions	tonne CO_2e	1,543.50
A1.3 Hazardous Waste	Total hazardous waste	kg	485.21
A1.4 Non-hazardous Waste	Total non-hazardous waste	tonne	17.05
A2.1 Energy Consumption	Total energy consumption	MWh	2,378.84
	Direct energy consumption	MWh	923.95
	Indirect energy consumption	MWh	1,454.89
	Energy consumption intensity	MWh/square meters	0.07
	Total electric consumption	MWh	1,454.89
	Petrol consumption	litre	100,231.70
A2.2 Water Consumption	Water consumption	m^3	16,853.49
	Water consumption intensity	m^3/square meters	0.53
A2.5 Packaging Material	Paper bags consumption	tonne	1,566.08

Environmental data and coefficient description

1. The scope of data collection covers the Company's administrative office areas at the Group's headquarters and all of its subordinate regions with the time span from 1 March 2022 to 28 February 2023.

2. Greenhouse gas emissions (Scope 1) are primarily generated from the petrol consumption of official vehicles. Greenhouse gas emissions (Scope 2) are generated from the consumption of purchased electricity. The data sources are from the bills of related expenses and administrative records. The greenhouse gas emission factors of electricity are based on the 2019 China Regional Power Grid Baseline Emission Factor (《2019年度中國區域電網基準線排放因子》) issued by the Ministry of Ecology and Environment. Other energy emission factors are based on the Reporting Guidelines for Environmental KPIs (《環境關鍵績效指標匯報指引》) issued by the Stock Exchange.

3. The types of energy consumed by the Group are fuel consumed by official vehicles and purchased electricity. The statistical basis of the data is the bills of related expense and administrative records. The conversion coefficients of each energy unit are based on the Greenhouse Gas Emissions Accounting Methodology and Reporting Guidelines for Other Industrial Enterprise (《工業其他行業企業溫室氣體排放核算方法和報告指南》) issued by the National Development and Reform Commission.

4. Hazardous wastes include waste ink cartridges and toner cartridges due to printing. Non-hazardous wastes are domestic wastes generated during the daily operation of office areas. The data sources are from printed records, property sanitation records, etc.

5. The Group sources water from the municipal water supply network. There is no problem in obtaining a suitable water source. The data sources are from water bills, financial and administrative records.

Social Aspect

KPIs		Key Performance data
Total workforce by gender, employment type, age group and geographical region		
		Number of employees (person)
By gender	Male	5,093
	Female	25,885
By employment type	Full-time	9,844
	Outsourced	21,134
By age group	Aged under 30	11,079
	Aged 31 to 40	16,090
	Aged 41 to 50	3,730
	Aged above 50	79
By geographical region	Mainland China	30,959
	Overseas and Hong Kong/Macau/Taiwan	19
Total workforce		30,978
Employee turnover rate by gender, age group and geographical region		
		Turnover rate (%)
By gender	Male	49.07%
	Female	39.39%
By age group	Aged under 30	49.96%
	Aged 31 to 40	35.30%
	Aged 41 to 50	32.06%
	Aged above 50	62.38%
By geographical region	Mainland China	41.24%
	Overseas and Hong Kong/Macau/Taiwan	9.52%
Total workforce turnover rate		41.23%
Diversified workforce structure		
		Number of employees (person)
Number of female employee	Senior management	31
	Middle management	189
	Management	220
Number of employees of ethnic minorities	Management	10
	General staff	1,568

Percentage of employee trained and average training hours per person by gender, ranking and age group			
		Percentage of employee trained (%)	Average training hours per person (hour/person)
By gender	Male	92.62%	79.14
	Female	95.78%	73.26
By ranking	Senior management	97.50%	35.74
	Middle management	97.30%	88.34
	General staff	95.22%	89.57
By age group	Aged under 30	92.79%	76.03
	Aged 31 to 40	96.78%	75.70
	Aged 41 to 50	96.95%	63.94
	Aged above 50	75.15%	47.60
Percentage of total employee trained and average training hours		95.25%	74.21

Supply chain management	
Number of suppliers in Mainland China	100
Number of suppliers signing the Integrity Agreement	100

Consumer service	
Number of complaints received (time)	199
Number of complaints dealt with (time)	199
Number of follow-up visits (time)	45,877
Consumer satisfaction (%)	85.37%
Coverage rate of online consumer satisfaction survey (%)	100%

Anti-corruption	
Number of concluded legal cases regarding corrupt practices	0

Appendix II Content Index of ESG Reporting Guidelines

ESG Indicators		Disclosures	Corresponding Sections
A1 General Disclosure	Information on the policies and 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.	Disclosed	Environment
A1.1	The types of emissions and respective emissions data.	Disclosed	Appendix I ESG Key Performance Data Sheet
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I ESG Key Performance Data Sheet
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I ESG Key Performance Data Sheet
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I ESG Key Performance Data Sheet
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Disclosed	Environment
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Disclosed	Environment
A2 General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Disclosed	Environment
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).	Disclosed	Appendix I ESG Key Performance Data Sheet
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I ESG Key Performance Data Sheet
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed	Environment

ESG Indicators		Disclosures	Corresponding Sections
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.	Disclosed	Environment
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Disclosed	Appendix I ESG Key Performance Data Sheet
A3 General Disclosure	Policies on minimising the issuer 's significant impact on the environment and natural resources.	Disclosed	Environment
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	Environment
A4 General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact the issuer.	Disclosed	Environment
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Disclosed	Environment
B1 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hour, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare.	Disclosed	Our Employees
B1.1	Total workforce by gender, employment type, age group and geographical region.	Disclosed	Appendix I ESG Key Performance Data Sheet
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	Appendix I ESG Key Performance Data Sheet
B2 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employee from occupational hazards.	Disclosed	Our Employees
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed	Our Employees

ESG Indicators		Disclosures	Corresponding Sections
B2.2	Lost days due to work injury.	Disclosed	Our Employees
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosed	Our Employees
B3 General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description for training activities.	Disclosed	Our Employees
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	Appendix I ESG Key Performance Data Sheet
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	Appendix I ESG Key Performance Data Sheet
B4 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Disclosed	Our Employees
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Disclosed	Our Employees
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	Our Employees
B5 General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	Our Suppliers
B5.1	Number of suppliers by geographical region.	Disclosed	Appendix I ESG Key Performance Data Sheet
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.	Disclosed	Our Suppliers
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	Our Suppliers
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	Our Suppliers

ESG Indicators		Disclosures	Corresponding Sections
B6 General Disclosure	Information on the policies and 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.	Disclosed	Our Services Compliance Operations
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	–
B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	Our Services Appendix I ESG Key Performance Data Sheet
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	Compliance Operations
B6.4	Description of quality assurance process and recall procedures.	Disclosed	Our Services
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	Our Services
B7 General Disclosure	Information on the policies and compliance with relevant laws and regulations that they have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	Compliance Operations
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees for the reporting period and the outcome of the cases.	Disclosed	Compliance Operations Appendix I ESG Key Performance Data Sheet
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Disclosed	Compliance Operations
B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed	Compliance Operations
B8 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.	Disclosed	Community
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Disclosed	Community
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	Community

pwc

羅兵咸永道

TO THE SHAREHOLDERS OF TOPSPORTS INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Topsports International Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 88 to 147, comprise:

- the consolidated balance sheet as at 28 February 2023;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 28 February 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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

Independence

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

KEY AUDIT MATTERS

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

The key audit matter identified in our audit is related to net realizable value of inventories.

Key Audit Matter

Net realizable value of inventories

Refer to Notes 4(a) and 20 to the consolidated financial statements.

At 28 February 2023, inventories of the Group amounted to RMB6,247.3 million. As described in the Summary of Significant Accounting Policies in Note 2.9 to the consolidated financial statements, inventories are carried at the lower of cost and net realizable value.

Management applied judgment in determining the net realizable value of inventories. Net realizable value is determined by management based upon a detailed analysis of the aging profile of the inventories, with reference to the current marketability and latest selling prices of the respective inventories and the current retail market conditions existing at the end of the year. For the year ended 28 February 2023, provision for impairment of inventories of RMB15.8 million was made to write down the carrying amount of certain inventories to their estimated net realizable value as at 28 February 2023.

We focused on this area due to the size of the balances and the judgment exercised by management in determining the net realizable value of the inventories.

How our audit addressed the Key Audit Matter

Our procedures in relation to management's assessment of net realizable value of inventories included:

- We understood, evaluated and validated, on a sample basis, the key controls on inventories operating across the Group, including the procedures on periodic review of inventories impairment, and assessed the inherent risk of misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors;
- We tested the accuracy of the system generated inventories aging analysis used by the management in its determination of the inventories provision and tested, on a sample basis, to the relevant supporting documents;
- We performed analyses on inventories holding and movement data to identify inventories with indication of slow moving or obsolescence which may require a specific provision;
- We assessed the net realizable value of the inventories by considering actual sales data post year-end and the assumptions used by the management to assess whether inventories are valued at the lower of cost and net realizable value; and
- We assessed the effectiveness of management's estimation process by performing a retrospective review of management's estimation.

Based on procedures performed, we found the assumptions of management in relation to the assessment of the net realizable value of inventories to be supportable by available evidence.

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Yeung Yee Mau.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 May 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 28 February 2023

	Note	Year ended 28 February 2023 RMB million	28 February 2022 RMB million
Revenue	6	**27,073.2**	31,876.5
Cost of sales	8	**(15,789.0)**	(18,052.1)
Gross profit		**11,284.2**	13,824.4
Selling and distribution expenses	8	**(8,051.9)**	(9,438.5)
General and administrative expenses	8	**(1,101.4)**	(1,293.3)
Reversal of impairment of trade receivables	21	**1.5**	10.2
Other income	7	**298.5**	327.3
Operating profit		**2,430.9**	3,430.1
Finance income	9	**104.0**	113.8
Finance costs	9	**(212.5)**	(217.8)
Finance costs, net		**(108.5)**	(104.0)
Profit before income tax		**2,322.4**	3,326.1
Income tax expense	10	**(485.8)**	(879.6)
Profit for the year attributable to equity holders of the Company		**1,836.6**	2,446.5
		RMB cents	RMB cents
Earnings per share for profit attributable to equity holders of the Company for the year			
Basic and diluted earnings per share	11	**29.62**	39.45

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 28 February 2023

	Year ended 28 February 2023 RMB million	28 February 2022 RMB million
Profit for the year attributable to equity holders of the Company	**1,836.6**	2,446.5
Other comprehensive income/(loss)		
Items that may be subsequently reclassified to profit or loss		
Exchange differences	**82.1**	(20.5)
	82.1	(20.5)
Total comprehensive income for the year attributable to equity holders of the Company	**1,918.7**	2,426.0

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

As at 28 February 2023

	Note	As at 28 February 2023 RMB million	28 February 2022 RMB million
ASSETS			
Non-current assets			
Property, plant and equipment	15	**733.2**	1,009.1
Right-of-use assets	16(a)	**2,424.6**	3,099.7
Intangible assets	17	**1,073.4**	1,092.9
Long-term deposits, prepayments and other receivables	18	**249.3**	309.4
Long-term pledged bank deposits	22	**–**	1,000.0
Deferred income tax assets	19	**238.9**	305.0
		4,719.4	6,816.1
Current assets			
Inventories	20	**6,247.3**	6,686.2
Trade receivables	21	**1,054.9**	1,106.9
Deposits, prepayments and other receivables	18	**1,135.7**	1,434.5
Financial assets at fair value though profit or loss		**20.0**	–
Short-term pledged bank deposits	22	**1,286.0**	–
Bank balances and cash	22	**2,357.4**	1,752.6
		12,101.3	10,980.2
Total assets		**16,820.7**	17,796.3

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

	Note	As at 28 February 2023 RMB million	28 February 2022 RMB million
LIABILITIES			
Non-current liabilities			
Lease liabilities	16(b)	**1,481.4**	1,970.2
Deferred income tax liabilities	19	**237.4**	372.1
		1,718.8	2,342.3
Current liabilities			
Trade payables	23	**991.0**	926.7
Other payables, accruals and other liabilities	24	**1,191.5**	1,644.9
Short-term borrowings	25	**1,545.0**	518.2
Lease liabilities	16(b)	**1,180.7**	1,086.2
Current income tax liabilities		**360.1**	696.5
		5,268.3	4,872.5
Total liabilities		**6,987.1**	7,214.8
Net assets		**9,833.6**	10,581.5
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	26	**–**	–
Other reserves	27	**1,741.7**	3,511.5
Retained earnings		**8,091.9**	7,070.0
Total equity		**9,833.6**	10,581.5

The consolidated financial statements on pages 88 to 147 were approved by the Board of Directors on 23 May 2023 and were signed on its behalf by:

SHENG Baijiao
Director

YU Wu
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 28 February 2023

	Attributable to equity holders of the Company			
	Share capital RMB million (Note 26)	Other reserves RMB million (Note 27)	Retained earnings RMB million	Total equity RMB million
As at 1 March 2022	**–**	**3,511.5**	**7,070.0**	**10,581.5**
Comprehensive income:				
Profit for the year	**–**	**–**	**1,836.6**	**1,836.6**
Other comprehensive income:				
Exchange difference	**–**	**82.1**	**–**	**82.1**
Total comprehensive income for the year	**–**	**82.1**	**1,836.6**	**1,918.7**
Appropriation to statutory reserves	**–**	**8.5**	**(8.5)**	**–**
Dividends (Note 12)	**–**	**(1,860.4)**	**(806.2)**	**(2,666.6)**
Total transactions with equity holders	**–**	**(1,851.9)**	**(814.7)**	**(2,666.6)**
As at 28 February 2023	**–**	**1,741.7**	**8,091.9**	**9,833.6**
As at 1 March 2021	–	5,039.7	4,666.1	9,705.8
Comprehensive income:				
Profit for the year	–	–	2,446.5	2,446.5
Other comprehensive loss:				
Exchange difference	–	(20.5)	–	(20.5)
Total comprehensive (loss)/income for the year	–	(20.5)	2,446.5	2,426.0
Appropriation to statutory reserves	–	42.6	(42.6)	–
Dividends (Note 12)	–	(1,550.3)	–	(1,550.3)
Total transactions with equity holders	–	(1,507.7)	(42.6)	(1,550.3)
As at 28 February 2022	–	3,511.5	7,070.0	10,581.5

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 28 February 2023

	Note	Year ended 28 February 2023 RMB million	28 February 2022 RMB million
Cash flows from operating activities			
Net cash generated from operations	28(a)	**5,241.5**	6,592.3
Income tax paid		**(890.8)**	(902.8)
Net cash generated from operating activities		**4,350.7**	5,689.5
Cash flows from investing activities			
Payments for purchases of property, plant and equipment and intangible assets	28(b)	**(357.0)**	(716.4)
Proceeds from disposals of property, plant and equipment	28(c)	**5.4**	3.2
Payment for purchase of financial assets at fair value through profit or loss		**(20.0)**	–
Placement of other bank deposits		**(551.0)**	(1,000.0)
Withdrawal of other bank deposits		**551.0**	1,000.0
Interest received		**66.0**	41.9
Net cash used in investing activities		**(305.6)**	(671.3)
Cash flows from financing activities			
Proceeds from bank borrowings	28(d)	**2,595.0**	4,347.6
Repayments of bank borrowings	28(d)	**(1,571.0)**	(5,152.1)
Placement of short-term pledged bank deposits		**(864.1)**	–
Withdrawal of short-term pledged bank deposits		**578.1**	–
Payments for lease liabilities (including interest)	28(d)	**(1,480.6)**	(2,117.2)
Interest paid for bank borrowings		**(31.1)**	(22.4)
Dividends paid		**(2,666.6)**	(1,550.3)
Net cash used in financing activities		**(3,440.3)**	(4,494.4)
Net increase in cash and cash equivalents		**604.8**	523.8
Cash and cash equivalents at beginning of the year		**1,752.6**	1,228.8
Cash and cash equivalents at end of the year	22	**2,357.4**	1,752.6

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

1 General information

Topsports International Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") are principally engaged in the sales of sportswear products and leasing commercial spaces to other retailers for concessionaire sales in the People's Republic of China (the "PRC"). The address of the Company's registered office is P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

The Company was incorporated in the Cayman Islands on 5 September 2018 as an exempted company with limited liability under the Companies Law (2018 Revision) of the Cayman Islands, Cap.22, (Law 3 of 1961), as amended or supplemented or otherwise modified from time to time. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 10 October 2019. As at 28 February 2023, no entity holds more than 50% equity interest in the Company and the directors of the Company considered there is no controlling party of the Company.

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

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention except for financial asset at fair value through profit and loss, which is measured at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(a) Amended standards adopted by the Group

The Group has applied the following amendments to standards for the first time for the annual reporting period commencing 1 March 2022:

- Narrow-scope amendments – Amendments to IFRS 3, IAS 16 and IAS 37

- Annual Improvements to IFRSs 2018 – 2020 Cycle – Annual Improvements

The adoption of these amended standards does not have significant impact on the consolidated financial statements of the Group.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(b) New standards, amendments to standards and interpretations that have been issued but are not yet effective

A number of new standards, amendments to standards and interpretations have been issued but are not effective for the year beginning on or after 1 March 2023 and have not been early adopted by the Group. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 1	Non-current Liabilities with Covenants[2]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 16	Leases on Sale and Leaseback[2]
IFRS 17	Insurance Contracts[1]
Amendments to IFRIC – Int 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]

(1) Effective for the Group for annual period beginning on 1 March 2023.
(2) Effective for the Group for annual period beginning on 1 March 2024.
(3) Effective date to be determined.

The Group considers the lease as a single transaction in which the assets and liabilities are integrally linked. There is no net temporary difference at inception. Subsequently, when differences on settlement of the liabilities and the depreciation of right-of-use assets arise, there will be a net temporary difference on which deferred income tax is recognised. From the effective date of Amendments to IAS 12 on 1 March 2023, the Group will need to recognise a deferred income tax asset and a deferred income tax liability for the temporary differences arising on a lease on initial recognition.

2 Summary of significant accounting policies (Continued)

2.2 Subsidiaries

(a) Consolidation

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

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

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

(i) Business combinations

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

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

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

2 Summary of significant accounting policies (Continued)

2.2 Subsidiaries (Continued)

(a) Consolidation (Continued)

(i) Business combinations (Continued)

Acquisition-related costs are expensed as incurred. The excess of the:

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

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

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

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

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions—that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2 Summary of significant accounting policies (Continued)

2.2 Subsidiaries (Continued)

(a) Consolidation (Continued)

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, a joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less any impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is HK$. As the major operations of the Group are within the PRC, the Group determined to present its consolidated financial statements in RMB.

2 Summary of significant accounting policies (Continued)

2.4 Foreign currency translation (Continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

(c) Group companies

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

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

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

(iii) all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognized in other comprehensive income.

2.5 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings	20-40 years
Leasehold improvements	Shorter of 1-3 years and the lease terms
Furniture and fixtures and other equipment	3-5 years
Motor vehicles	5 years

2 Summary of significant accounting policies (Continued)

2.5 Property, plant and equipment (Continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gains or losses on disposals of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant assets and are recognized in profit or loss.

2.6 Accounting for leases

(a) The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the lease payments are recognized on a straight-line basis as an expense in profit or loss over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate specific to the country, term and currency of the contract. In addition, the Group considers its recent borrowings as well as publicly available data for instruments with similar characteristics when calculating the incremental borrowing rates.

Lease payments included in the measurement of the lease liability comprise fixed lease payments, less any lease incentives; variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; the amount expected to be payable by the lessee under residual value guarantees; and purchase option or extension option payments if the Group has enforceable rights and is reasonably certain to exercise these options.

The lease liability is presented as a separate line in the consolidated balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon a change in the lease term, changes in an index or rate used to determine the lease payments or reassessment of exercise of a purchase or extension option. The corresponding adjustment is made to the related right-of-use asset.

2 Summary of significant accounting policies (Continued)

2.6 Accounting for leases (Continued)

(a) The Group as lessee (Continued)

A right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, initial direct costs, if any, and restoration costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

A right-of-use asset is depreciated over the shorter period of lease term and useful life of the underlying asset. The right-of-use assets are presented as a separate line in the consolidated balance sheet.

The Group applies IAS 36 "Impairment of Assets" to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.8.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included under "Lease expenses" within the consolidated statement of profit or loss.

The group has adopted Amendment to IFRS 16 – COVID-19-Related Rent Concessions retrospectively from 1 March 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (b) any reduction in lease payments affects only payments due on or before 30 June 2022; and (c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19 related rent concessions. Rent concessions totaling RMB68.5 million (2022: RMB69.8 million) have been accounted for as negative variable lease payments and recognized in the consolidated statement of profit or loss for the year ended 28 February 2023, with a corresponding adjustment to the lease liabilities. There is also no material impact on the Group's opening balance of equity at 1 March 2022 and 2021.

2 Summary of significant accounting policies (Continued)

2.6 Accounting for leases (Continued)

(b) The Group as lessor

The Group enters into lease agreements as a lessor with respect to its sports complex operations.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to reporting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

2.7 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

2 Summary of significant accounting policies (Continued)

2.7 Intangible assets (Continued)

(b) Acquired distribution and license contracts

Distribution and license contracts acquired in a business combination are recognized initially at fair value at the acquisition date and subsequently carried at the amount initially recognized less accumulated amortization and impairment losses, if any. Amortization is calculated using the straight-line method to allocate the costs of acquired distribution and license contracts over their estimated useful lives of 7 years.

(c) Other intangible assets

Intangible assets other than goodwill and acquired distribution and license contracts are measured initially at cost or, if acquired in a business combination, fair value at the acquisition date. An intangible asset with a finite useful life is amortized on a straight-line basis over its useful life and carried at cost less accumulated amortization and accumulated impairment losses. e-Sports licenses and contracts are amortized over their estimated useful lives ranging from 3 to 10 years.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life or are not yet ready for use are not subject to amortization and are tested at least annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9 Inventories

Inventories, representing merchandise for sale, are stated at the lower of cost and net realizable value. Cost is determined by the weighted average method. The cost of finished goods comprises purchase cost from suppliers. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

2 Summary of significant accounting policies (Continued)

2.10 Financial assets

(a) Classification

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

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

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

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

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

(b) Recognition and derecognition

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

(c) Measurement

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

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

2 Summary of significant accounting policies (Continued)

2.10 Financial assets (Continued)

(c) Measurement (Continued)

Debt instruments

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

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

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

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

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

2 Summary of significant accounting policies (Continued)

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or its subsidiaries or the counterparty.

2.12 Trade receivables

Trade receivables are amounts due from sale of goods or services performed in the ordinary course of business. If collection of trade receivables is expected in one year or less (or any in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 2.10(c) for further information about the Group's accounting for trade receivables and Note 2.10(d) for a description of the Group's impairment policies.

2.13 Cash and cash equivalents

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

2.14 Share capital

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

2.15 Trade and other payables

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

2 Summary of significant accounting policies (Continued)

2.16 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

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

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

2.17 Current and deferred income tax

The income tax expense for the year comprises current and deferred income tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the places where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the relevant tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

2 Summary of significant accounting policies (Continued)

2.17 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

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

(c) Offsetting

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

2.18 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

(b) Pension obligations

The Group participates in various defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by governments or trustee-administered funds. A defined contribution plan is a pension plan under which the Group pays contributions on a mandatory, contractual or voluntary basis into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

(c) Bonus entitlements

The expected cost of bonus payments is recognized as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2 Summary of significant accounting policies (Continued)

2.19 Provisions

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

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

Provisions are measured at the present value of management's best estimate of the expenditures required to settle the obligations using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.20 Government incentives

Incentives from the government are recognized at their fair value where there is a reasonable assurance that the incentives will be received and the Group will comply with all attached conditions.

Government incentives relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.21 Contract assets and contract liabilities

A contract asset is recognized when the Group recognizes revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses in accordance with the policy set out in Note 2.10 and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognized when the customer pays consideration before the Group recognizes the related revenue. A contract liability would also be recognized if the Group has an unconditional right to receive consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

2.22 Customer loyalty programme

The Group operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to redeem award points for gifts and cash discount in the future which provides a material right to the customers and gives rise to a separate performance obligation. The transaction price is allocated to the product and the award points, taking into account for the expected likelihood of redemption, on a relative stand-alone selling price basis. Revenue from the award points is recognized when the award points are redeemed. Contract liabilities are recognized until the award points are redeemed. Revenue for points that are not expected to be redeemed is recognized in proportion to the pattern of rights exercised by customers.

2 Summary of significant accounting policies (Continued)

2.23 Revenue and income recognition

(a) Sale of goods

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Revenue from the sale of goods is recognized when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been delivered to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group's sale of goods to the retail customers is recognized when control of the goods is transferred, being at the point the customer purchases the goods at the retail outlet; Group's sale of goods to end customer through e-commerce platforms and to wholesalers are recognized when control of the products is transferred, being when the products are delivered to the customers.

Revenue from sales is recognized based on the price specified in the contract, net of discounts, returns and value added taxes. Accumulative experience is used to estimate returns at the time of sale at a portfolio level (expected value method), which was relatively insignificant based on past experience.

(b) Concessionaire fee income

The Group grants other retailers the right to operate business within the Group's commercial spaces under a concessionaire arrangement. The Group recognizes concessionaire fee income upon sale of goods by the relevant retailers. The Group receives the gross proceeds of concessionaire sales from retail customers on behalf of these retailers and subsequently transfers the proceeds to them after deducting the commission income according to the terms of the relevant concessionaire arrangements.

(c) Interest income

Interest income calculated using the effective interest method is recognized in the consolidated statement of profit or loss.

2.24 Dividend distribution

Dividend distribution to the equity holders is recognized as a liability in the Company's and the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including foreign exchange risk, cash flow and fair value interest rate risks, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The use of financial derivatives to manage certain risk exposures is governed by the Group's policies approved by the board of directors of the Company.

(a) Foreign exchange risk

The Group mainly operates in the PRC with most of the transactions originally denominated and settled in RMB. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the functional currency of a group entity. The Group is exposed to foreign exchange risk from various currencies, primarily with respect to Hong Kong Dollars ("HK$").

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and may enter into certain forward foreign exchange contracts, when necessary, to manage its exposure against HK$ and to mitigate the impact on exchange rate fluctuations. During the years ended 28 February 2023 and 2022, no forward foreign exchange contracts had been entered into by the Group.

As at 28 February 2023 and 2022, the impact of foreign exchange fluctuations of HK$ is not material as the Group's entities had no material financial assets or financial liabilities denominated in a currency that different from its functional currency and therefore no sensitivity analysis is presented for foreign exchange risk.

(b) Cash flow and fair value interest rate risks

The Group's exposure to changes in interest rates is mainly attributable to its cash at banks, pledged bank deposits, borrowings and lease liabilities, details of which have been disclosed in Note 22, Note 25 and Note 16(b) respectively. Assets and liabilities carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk. The Group's cash at banks were carried at floating rates and expose the Group to cash flow interest rate risk and all of its pledged bank deposits, borrowings and lease liabilities were carried at fixed rates which does not expose the Group to cash flow interest rate risk.

If interest rates on cash at banks, pledged bank deposits, borrowings and lease liabilities had been 25 basis points lower/higher with all variables held constant, the profit before income tax would have been approximately RMB1.4 million (2022: RMB4.6 million) lower/higher for the years ended 28 February 2023.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of trade receivables, other receivables, cash at banks, pledged bank deposits, and rental deposits included in the consolidated balance sheet approximate the Group's maximum exposure to credit risk in relation to its financial assets.

The Group has policies in place to ensure that sales on credit terms are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. The Group's concessionaire sales through department stores are generally collectible within 30 days from the invoice date while sales to corporate customers are generally on credit terms within 30 days. Normally the Group does not require collaterals from trade debtors.

As at 28 February 2023 and 2022, substantially all the bank balances, and pledged bank deposits as detailed in Note 22 are held in major financial institutions located either in Hong Kong or the mainland China, which management believes are of high credit quality. The Group has a policy to limit the amount of credit exposure to any financial institution and management does not expect any loss arising from non-performance by these counterparties.

The Group makes deposits (current and non-current) for rental of certain of its retail outlets with landlords. The credit quality of deposits and other receivables has been assessed with reference to historical information about the counterparties default rates and financial position of the counterparties. The directors of the Company consider that credit risk associated with deposits and other receivables is low with reference to historical information about the counterparties default rates.

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped with similar risk characteristics and, collectively or individually, assessing them for likelihood of recovery. The Group categorizes its trade receivables, except those individually assessed, based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 12 months before the financial reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Credit risk (Continued)

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) of the trade receivables. Expected credit losses on trade receivables are calculated by using the provision matrix approach. Trade receivables are categorized by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The provision matrix is determined based on historical observed default rates over the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. For trade receivables relating to accounts in which there are objective evidence that the debtor faces significant financial difficulties, they are assessed individually for impairment allowance. As at 28 February 2023, total loss allowance of RMB6.3 million (2022: RMB7.8 million) has been made on the Group's trade receivables.

Provision on collective basis	0-30 days	31-60 days	61-90 days	Over 90 days	Total
28 February 2023					
Gross carrying amount (RMB million)	**999.4**	**49.2**	**3.3**	**9.3**	**1,061.2**
Expected credit loss rate	**0.1%**	**0.2%**	**3.0%**	**54.8%**	**0.6%**
Loss allowance (RMB million)	**1.0**	**0.1**	**0.1**	**5.1**	**6.3**
28 February 2022					
Gross carrying amount (RMB million)	1,064.3	40.0	1.4	9.0	1,114.7
Expected credit loss rate	0.2%	0.3%	2.1%	62.2%	0.7%
Loss allowance (RMB million)	2.1	0.1	0.0	5.6	7.8

For other financial assets measured at amortised cost, the directors of the Group consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at each reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

- Internal credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty;
- significant changes in the expected performance and behavior of the counterparty, including changes in the payment status of the counterparty.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Credit risk (Continued)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making a contractual payment/repayable demanded. The loss allowance for other financial assets is minimal during the year.

Impairment losses on trade receivables and other financial assets at amortized cost are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient bank balances and cash and the availability of funding through an adequate amount of committed credit facilities. The Group's primary cash requirements have been for additions of and upgrades on property, plant and equipment, repayment of borrowings and payment for purchases and operating expenses. The Group finances its acquisitions and working capital requirements through a combination of internal resources and bank borrowings, as necessary.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure it maintains sufficient cash and cash equivalents and has available funding through adequate amount of committed credit facilities to meet its working capital requirements.

As at 28 February 2023 and 2022, the Group's financial liabilities are all due for settlement contractually within 12 months and the contractual undiscounted cash outflow of the Group's financial liabilities approximates their carrying amounts included in the consolidated balance sheet, except for the lease liabilities (see below). Interest element in connection with the Group's short-term borrowings as at 28 February 2023 and 2022 payable in the next twelve months calculated in accordance with the relevant borrowing agreements amounted to RMB5.1 million and RMB2.5 million respectively.

The following table analyzes the maturities at the end of the reporting periods of the Group's lease liabilities based on the contractual undiscounted cash flows:

	As at	
	28 February 2023 RMB million	28 February 2022 RMB million
Carrying amount of lease liabilities	**2,662.1**	3,056.4
Within 1 year	**1,211.4**	1,118.0
More than 1 year and within 2 years	**773.9**	1,031.8
More than 2 years and within 5 years	**887.7**	1,088.7
More than 5 years	**80.7**	114.7
Total contractual undiscounted cash outflow	**2,953.7**	3,353.2

3 Financial risk management (Continued)

3.2 Fair value estimation

The Group's financial instruments are measured in the balance sheet at the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 28 February 2023 and 2022, the Group did not have any significant financial assets or financial liabilities in the consolidated balance sheet (except for the financial assets at fair value through profit or loss which is immaterial) which is measured at fair value.

3.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders or obtain new bank borrowings. The Group's strategy is to maintain a solid capital base to support the operations and development of its business in the long term.

The Group also monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as short-term bank borrowings less bank balances and cash and pledged bank deposits. Total capital is calculated as "Total equity", as shown in the consolidated balance sheet plus net debt or minus net cash.

As at 28 February 2023 and 2022, the gearing ratio is not applicable as the Group was at net cash position as follows:

	As at	
	28 February 2023 RMB million	28 February 2022 RMB million
Short-term borrowings (Note 25)	**1,545.0**	518.2
Less: Pledged bank deposits and bank balances and cash	**(3,643.4)**	(2,752.6)
Net cash	**(2,098.4)**	(2,234.4)

4 Critical accounting estimates and judgments

Estimates and judgments used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycle. Management reassesses these estimates at each balance sheet date.

(b) Impairment of non-financial assets

The Group tests at least annually whether goodwill has suffered any impairment (Note 17). Other non-financial assets including property, plant and equipment, right-of-use assets and other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgments and estimates.

Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; (iii) the selection of the most appropriate valuation technique, e.g. the market approach, the income approach, as well as a combination of approaches, including the adjusted net asset method; and (iv) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant change in the projected performance and resulting future cash flow projections, it may be necessary to make further/reverse impairment charge to profit or loss.

4 Critical accounting estimates and judgments (Continued)

(c) Lease term and discount rate determination

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the Group has enforceable right to extend the lease term and the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

In determining the discount rate, the Group is required to exercise considerable judgement in relation to determine the discount rate taking into account the nature of the underlying assets and the terms and conditions of the leases, at both the commencement date and the effective date of the modification.

(d) Useful lives, residual values and depreciation charges of property, plant and equipment/useful lives and amortization of intangible assets

The Group's management determines the estimated useful lives, residual values and related depreciation/amortization charges for the Group's property, plant and equipment and intangible assets with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the depreciation and amortization charges where useful lives are different to that of previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation/amortization expense in future periods.

(e) Current and deferred income tax

The Group is subject to income taxes in the PRC and other jurisdictions. Judgment is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

5 Segment information

The Group is principally engaged in sales of sportswear products and leasing commercial spaces to retailers and distributors for concessionaire sales.

CODM has been identified as the executive directors and senior management of the Company. CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on the internal reports provided for review by the CODM. The CODM assesses the performance of the Group's business activities as a whole on a regular basis and the directors of the Company consider that the Group has only one reportable segment. Accordingly, no segment information is presented.

All of the Group's revenues are derived from external customers located in the PRC.

As at 28 February 2023 and 2022, substantially all of the non-current assets of the Group were located in the PRC.

6 Revenue

	Year ended	
	28 February 2023 RMB million	28 February 2022 RMB million
Sale of goods	**26,844.3**	31,574.5
Concessionaire fee income	**174.9**	236.0
Others	**54.0**	66.0
	27,073.2	31,876.5

7 Other income

	Year ended	
	28 February 2023 RMB million	28 February 2022 RMB million
Government incentives (note)	**298.1**	326.1
Others	**0.4**	1.2
	298.5	327.3

Note: Government incentives comprise subsidies received from various local governments in the PRC.

8 Expenses by nature

	Year ended 28 February 2023 RMB million	28 February 2022 RMB million
Cost of inventories recognized as expenses included in cost of sales	**15,773.2**	18,003.4
Staff costs (Note 13)	**2,890.5**	3,463.7
Lease expenses (mainly including concessionaire fee expenses)	**2,001.0**	2,614.1
Depreciation on right-of-use assets (Note 16(a))	**1,581.9**	1,830.2
Depreciation on property, plant and equipment (Note 15)	**609.1**	667.2
Amortization of intangible assets (Note 17)	**24.7**	30.7
Write-off of intangible assets (Note 17)	**1.9**	–
Write-off of property, plant and equipment (Note 15)	**4.9**	6.3
(Gain)/loss on disposal of property, plant and equipment (Note 28(c))	**(3.7)**	1.3
Impairment of inventories recognized as expenses included in cost of sales	**15.8**	48.7
Impairment of property, plant and equipment included in selling and distribution expenses (Note 15)	**8.3**	–
Impairment of right-of-use assets included in selling and distribution expenses (Note 16(a))	**69.8**	39.0
Other tax expenses	**88.5**	115.9
Auditors' remuneration	**5.9**	5.2
Others	**1,870.5**	1,958.2
Total cost of sales, selling and distribution expenses and general and administrative expenses	**24,942.3**	28,783.9

9 Finance costs, net

	Year ended 28 February 2023 RMB million	28 February 2022 RMB million
Interest income from bank deposits	**104.0**	78.9
Exchange gains	**–**	34.9
Finance income	**104.0**	113.8
Interest expense on bank borrowings	**(31.1)**	(18.4)
Interest expense on lease liabilities (Note 16(b))	**(180.1)**	(199.4)
Exchange losses	**(1.3)**	–
Finance costs	**(212.5)**	(217.8)
Finance costs, net	**(108.5)**	(104.0)

10 Income tax expense

	Year ended 28 February 2023 RMB million	28 February 2022 RMB million
Current income tax – PRC corporate income tax		
– Current year	**319.7**	749.6
– Under/(over)-provision in prior years	**3.3**	(3.3)
– Withholding tax	**231.4**	45.8
Deferred income taxes (Note 19)	**(68.6)**	87.5
Income tax expense	**485.8**	879.6

Income tax expense has been provided for at the tax rates prevailing in the tax jurisdictions in which the Group operates.

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. Subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% (2022: 16.5%). No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profit in Hong Kong.

During the year, most of the PRC established subsidiaries of the Company are subject to the PRC corporate income tax rate of 25% (2022: 25%) except that certain subsidiaries are subject to various preferential tax treatments.

According to applicable tax regulations prevailing in the PRC, dividends distributed by a company established in the PRC to a foreign investor are generally subject to a 10% withholding tax. If a foreign investor is incorporated in Hong Kong, under the double taxation arrangement between the Mainland China and Hong Kong, the relevant withholding tax rate applicable will be reduced from 10% to 5% subject to the fulfilment of certain conditions.

10 Income tax expense (Continued)

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rates applicable to the consolidated entities as follows:

	Year ended	
	28 February 2023 RMB million	28 February 2022 RMB million
Profit before income tax	**2,322.4**	3,326.1
Tax calculated at the applicable tax rate of respective companies (note)	**385.5**	714.4
Tax losses for which no deferred income tax assets were recognized	**0.4**	2.8
Utilization of previously unrecognized tax losses	**(0.1)**	(6.6)
Under/(over)-provision in prior years	**3.3**	(3.3)
Withholding tax	**96.7**	172.3
	485.8	879.6

Note: The weighted average applicable corporate income tax rate is 16.6% (2022: 21.5%). The fluctuation in the weighted average applicable corporate income tax rate arose mainly from the change in the relative profitability of the companies within the Group.

11 Earnings per share

(a) Basic

The basic earnings per share is calculated by dividing profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

		Year ended	
		28 February 2023	28 February 2022
Profit attributable to equity holders of the Company	RMB million	**1,836.6**	2,446.5
Weighted average number of ordinary shares for the purpose of basic earnings per share	thousand of shares	**6,201,222**	6,201,222
Basic earnings per share	RMB cents	**29.62**	39.45

(b) Diluted

Diluted earnings per share presented is the same as the basic earnings per share as there was no potentially dilutive ordinary share outstanding as at 28 February 2023 and 2022.

12 Dividends

	Year ended 28 February 2023 RMB million	28 February 2022 RMB million
Interim dividend, paid, of RMB13.00 cents (or equivalent to HK$13.78 cents) (2022: RMB13.00 cents (or equivalent to HK$15.65 cents)) per ordinary share (note (a, b))	**806.2**	806.2
Final dividend, proposed, of RMB5.00 cents (or equivalent to HK$5.50 cents) (2022: RMB7.00 cents (or equivalent to HK$8.09 cents)) per ordinary share (note (c, d))	**310.1**	434.1
Special dividend, proposed, of RMB15.00 cents (or equivalent to HK$16.49 cents) (2022: RMB23.00 cents (or equivalent to HK$ 26.58 cents)) per ordinary share (note (c, d))	**930.2**	1,426.3
	2,046.5	2,666.6

Notes:

(a) At a meeting held on 28 October 2021, the directors declared an interim dividend of RMB13.00 cents or equivalent to HK$15.65 cents per ordinary share (totaling RMB806.2 million) for the six months ended 31 August 2021, which was paid and has been reflected as an appropriation of retained earnings for the year ended 28 February 2022.

(b) At a meeting held on 25 October 2022, the directors declared an interim dividend of RMB13.00 cents or equivalent to HK$13.78 cents per ordinary share (totaling RMB806.2 million) for the six months ended 31 August 2022, which was paid during the year ended 28 February 2023.

(c) At a meeting held on 30 May 2022, the directors recommended a final dividend of RMB7.00 cents or equivalent to HK$8.09 cents per ordinary share (totaling RMB434.1 million) and a special dividend of RMB23.00 cents or equivalent to HK$26.58 cents per ordinary share (totaling RMB1,426.3 million) for the year ended 28 February 2022, which were paid during the year ended 28 February 2023.

(d) At a meeting held on 23 May 2023, the directors recommended a final dividend of RMB5.00 cents or equivalent to HK$5.50 cents per ordinary share (totaling RMB310.1 million) and a special dividend of RMB15.00 cents or equivalent to HK$16.49 cents per ordinary share (totaling RMB930.2 million) for the year ended 28 February 2023. These proposed dividends are not reflected as dividend payable in the financial statements, but will be reflected in the year ending 28 February 2024.

13 Staff costs (including directors' remunerations)

	Year ended 28 February 2023 RMB million	28 February 2022 RMB million
Wages, salaries and bonuses	**2,415.7**	2,866.1
Pensions costs – defined contribution plans (note (a))	**402.2**	512.6
Welfare and other expenses	**72.6**	85.0
	2,890.5	3,463.7

(a) The PRC defined contribution plans

As stipulated by rules and regulations in the PRC, the Group contributes to state-sponsored retirement schemes for its relevant employees in the PRC. The Group's relevant employees make monthly contributions to the schemes at 8% to 11% of the relevant income (comprising wages, salaries, allowances and bonuses), while the Group contributes 10% to 35% of such income and has no further obligations for the actual payment of post-retirement benefits beyond the contributions. The state-sponsored retirement schemes are responsible for the entire post-retirement benefit obligations payable to the retired employees.

(b) Five highest paid individuals

The remunerations of the five highest paid individuals in the Group are as follows:

	Year ended 28 February 2023 RMB thousand	28 February 2022 RMB thousand
Director	**6,690**	6,473
Employees	**67,357**	80,865
	74,047	87,338

The five individuals whose remunerations were the highest in the Group include 1 (2022: 1) director, whose remuneration have been disclosed in Note 14.

13 Staff costs (including directors' remunerations) (Continued)

(b) Five highest paid individuals (Continued)

Details of the remunerations of the remaining highest paid non-director individuals during the year are set out below:

	Year ended 28 February 2023 RMB thousand	Year ended 28 February 2022 RMB thousand
Basic salaries and bonuses	**67,057**	80,698
Pension costs – defined contribution plans	**300**	167
	67,357	80,865

The remunerations of the highest paid non-director individuals during the year fell within the following bands:

	Year ended 28 February 2023	Year ended 28 February 2022
Emolument band		
HK$5,000,001 to HK$9,000,000	**1**	1
HK$10,000,001 to HK$11,000,000	**1**	–
HK$16,000,001 to HK$17,000,000	**–**	1
HK$25,000,001 to HK$30,000,000	**1**	–
HK$30,000,001 to HK$35,000,000	**1**	1
HK$41,000,001 to HK$42,000,000	**–**	1
	4	4

During the year, no emoluments have been paid to the five highest individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office (2022: Nil).

14 Benefits and interests of directors

(a) Directors and chief executive's emoluments

The remunerations of each director and chief executive are set out below:

	Fee RMB thousand	Salaries RMB thousand	Discretionary bonuses RMB thousand	Employer's contribution to pension scheme RMB thousand	Other benefit RMB thousand	Total RMB thousand
For the year ended 28 February 2023						
Executive directors						
Yu Wu *(Chief Executive Officer)*	**–**	**2,450**	**4,117**	**123**	**–**	**6,690**
Leung Kam Kwan	**–**	**2,086**	**521**	**16**	**–**	**2,623**
Non-executive directors						
Sheng Baijiao	**–**	**–**	**–**	**–**	**–**	**–**
Sheng Fang	**–**	**–**	**–**	**–**	**–**	**–**
Hu Xiaoling	**–**	**–**	**–**	**–**	**–**	**–**
Yung Josephine Yuen Ching	**–**	**–**	**–**	**–**	**–**	**–**
Independent Non-executive directors						
Lam Yiu Kin	**300**	**–**	**–**	**–**	**–**	**300**
Hua Bin	**300**	**–**	**–**	**–**	**–**	**300**
Huang Victor	**300**	**–**	**–**	**–**	**–**	**300**
	900	**4,536**	**4,638**	**139**	**–**	**10,213**
For the year ended 28 February 2022						
Executive directors						
Yu Wu *(Chief Executive Officer)*	–	2,393	3,985	95	–	6,473
Leung Kam Kwan	–	1,991	497	15	–	2,503
Non-executive directors						
Sheng Baijiao	–	–	–	–	–	–
Sheng Fang	–	–	–	–	–	–
Hu Xiaoling	–	–	–	–	–	–
Yung Josephine Yuen Ching	–	–	–	–	–	–
Independent Non-executive directors						
Lam Yiu Kin	300	–	–	–	–	300
Hua Bin	300	–	–	–	–	300
Huang Victor	300	–	–	–	–	300
	900	4,384	4,482	110	–	9,876

During the year, none of the directors waived or agreed to waive any emoluments (2022: Nil).

14 Benefits and interests of directors (Continued)

(b) Directors' retirement and termination benefits

None of the directors received or will receive any retirement and termination benefits during the year (2022: Nil).

(c) Consideration provided to third parties for making available directors' services

No consideration was provided to or receivable by any third parties for making available directors' services during the year (2022: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled bodies corporate by and connected entities with such directors subsisted at the end of the year or at any time during the year.

(e) Directors' material interests in transactions, arrangements or contracts

Save as disclosed elsewhere in these consolidated financial statements, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

15 Property, plant and equipment

	Leasehold improvements RMB million	Furniture and fixtures and other equipment RMB million	Motor vehicles RMB million	Total RMB million
Cost				
As at 1 March 2021	2,958.9	253.8	42.9	3,255.6
Additions	604.5	60.9	2.2	667.6
Disposals	(10.3)	(12.4)	(0.5)	(23.2)
Written-off	(532.7)	(11.8)	(2.7)	(547.2)
As at 28 February 2022 and 1 March 2022	**3,020.4**	**290.5**	**41.9**	**3,352.8**
Additions	**319.3**	**28.3**	**0.5**	**348.1**
Disposals	**–**	**(8.3)**	**(1.0)**	**(9.3)**
Written-off	**(328.6)**	**(16.5)**	**(1.6)**	**(346.7)**
As at 28 February 2023	**3,011.1**	**294.0**	**39.8**	**3,344.9**
Accumulated depreciation and impairment				
As at 1 March 2021	2,051.1	156.0	29.0	2,236.1
Disposals	(10.0)	(8.3)	(0.4)	(18.7)
Written-off	(528.6)	(9.7)	(2.6)	(540.9)
Depreciation charges	626.0	37.0	4.2	667.2
As at 28 February 2022 and 1 March 2022	**2,138.5**	**175.0**	**30.2**	**2,343.7**
Disposals	**–**	**(6.7)**	**(0.9)**	**(7.6)**
Written-off	**(327.0)**	**(13.3)**	**(1.5)**	**(341.8)**
Depreciation charges	**568.0**	**36.9**	**4.2**	**609.1**
Impairment loss	**7.9**	**0.4**	**–**	**8.3**
As at 28 February 2023	**2,387.4**	**192.3**	**32.0**	**2,611.7**
Net book value				
As at 28 February 2022	881.9	115.5	11.7	1,009.1
As at 28 February 2023	**623.7**	**101.7**	**7.8**	**733.2**

15 Property, plant and equipment (Continued)

During the year, depreciation of property, plant and equipment has been charged to the consolidated statement of profit or loss as follows:

	Year ended 28 February 2023 RMB million	28 February 2022 RMB million
Selling and distribution expenses	**582.4**	644.9
General and administrative expenses	**26.7**	22.3
	609.1	667.2

16 Lease

(a) Right-of-use assets

	Year ended 28 February 2023 RMB million	28 February 2022 RMB million
As at 1 March	**3,099.7**	3,624.6
Inception of lease contracts	**1,224.5**	1,710.4
Depreciation (Note 8)	**(1,581.9)**	(1,830.2)
Termination and remeasurement	**(247.9)**	(366.1)
Impairment (Note 8)	**(69.8)**	(39.0)
As at 28 February	**2,424.6**	3,099.7

The Group obtains rights to control the use of various retail outlets and other properties for a period of time through lease arrangements. Lease arrangements are negotiated on an individual basis and contain a wide range of different terms and conditions including lease payments and lease terms ranging from 1 to 15 years.

16 Lease (Continued)

(a) Right-of-use assets (Continued)

During the year, depreciation of right-of-use assets has been charged to the consolidated statement of profit or loss as follows:

	Year ended 28 February 2023 RMB million	28 February 2022 RMB million
Selling and distribution expenses	**1,549.6**	1,780.6
General and administrative expenses	**32.3**	49.6
	1,581.9	1,830.2

During the year, the impairment on right-of-use assets has been charged to the consolidated statement of profit or loss under selling and distribution expenses.

Some of the property leases in which the Group is the lessee contain variable lease payment terms that are linked to sales generated from the leased stores. Variable payment terms are used to link lease payments to store cash flows and reduce fixed cost.

The Group's lease expenses (see Note 8) are primarily for variable lease payments; expenses relating to short-term leases are insignificant (also see note (c) below). The Group's right-of-use assets included a number of the lease arrangements that carried fixed payments plus variable payments and their respective variable payments portion are generally insignificant. The Group expects this pattern to remain stable in future years. The variable lease payments depend on sales and consequently on the overall economic development over the next few years. The overall financial effect of using variable payment terms is that higher rental costs are incurred by stores with higher sales value. Taking into account the development of sales expected over the next few years, variable lease payments are expected to continue to present a similar proportion of store sales in future years.

Extension and termination options are included in a number of property leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(b) Lease liabilities

	Year ended 28 February 2023 RMB million	28 February 2022 RMB million
As at 1 March	**3,056.4**	3,649.1
Inception of lease contracts	**1,224.5**	1,710.4
Interest expense on lease liabilities (Note 9)	**180.1**	199.4
Payment for lease liabilities (including interest)	**(1,480.6)**	(2,117.2)
Termination and remeasurement	**(318.3)**	(385.3)
As at 28 February	**2,662.1**	3,056.4

16 Lease (Continued)

(b) Lease liabilities (Continued)

Maturity analysis of lease liabilities is as follows:

	As at 28 February 2023 RMB million	28 February 2022 RMB million
Current:		
Not later than 1 year	**1,180.7**	1,086.2
Non-current:		
Later than 1 year and not later than 5 years	**1,427.8**	1,886.0
Later than 5 years	**53.6**	84.2
	1,481.4	1,970.2
	2,662.1	3,056.4

During the year ended 28 February 2023, lease liabilities of RMB318.3 million (2022: RMB385.3 million) was derecognized as a result of termination of lease. Interest on lease liabilities during the year have been disclosed in Note 9.

As discussed in Note 2.6(a), the Group has applied the practical expedient to all qualifying COVID-19 related rent concessions. Rent concessions totaling RMB68.5 million and RMB69.8 million have been accounted for as negative variable lease payments and recognized in the consolidated statement of profit or loss for the year ended 28 February 2023 and 2022, with a corresponding adjustment to the lease liabilities.

Total cash outflow in relation to leases comprised the payments in relation to the lease liabilities of RMB1,480.6 million (2022: RMB2,117.2 million) and short-term lease payments, which are immaterial to the Group, for the year ended 28 February 2023, but not including the variable lease payments. In respect of the variable lease payments, substantially all of them are related to retail outlets under concessionaire arrangements with department stores, of which the department stores receive sales proceeds from retail customers and remit the net proceeds to the Group after deducting relevant variable lease payments and therefore there would be no direct cash outflow in relation to the variable lease payments.

(c) Short-term leases and not yet commenced leases

As at 28 February 2023, the total future lease payments for short-term leases amounted to RMB342.0 million (2022: RMB281.3 million). As at 28 February 2023 and 2022, leases committed but not yet commenced are insignificant.

17 Intangible assets

	Goodwill RMB million	Distribution and licenses contracts RMB million	e-Sports licenses and contracts RMB million	Others RMB million	Total RMB million
Cost					
As at 1 March 2021	1,002.4	249.0	128.1	10.0	1,389.5
Additions	–	–	20.8	13.2	34.0
As at 28 February 2022 and 1 March 2022	**1,002.4**	**249.0**	**148.9**	**23.2**	**1,423.5**
Additions	**–**	**–**	**1.6**	**5.5**	**7.1**
Written-off	**–**	**–**	**(47.4)**	**–**	**(47.4)**
As at 28 February 2023	**1,002.4**	**249.0**	**103.1**	**28.7**	**1,383.2**
Accumulated amortization					
As at 1 March 2021	–	249.0	48.2	2.7	299.9
Amortization for the year	–	–	24.5	6.2	30.7
As at 28 February 2022 and 1 March 2022	**–**	**249.0**	**72.7**	**8.9**	**330.6**
Amortization for the year	**–**	**–**	**18.1**	**6.6**	**24.7**
Written-off	**–**	**–**	**(45.5)**	**–**	**(45.5)**
As at 28 February 2023	**–**	**249.0**	**45.3**	**15.5**	**309.8**
Net book value					
As at 28 February 2022	1,002.4	–	76.2	14.3	1,092.9
As at 28 February 2023	**1,002.4**	**–**	**57.8**	**13.2**	**1,073.4**

During the year, amortization expense of RMB24.7 million (2022: RMB30.7 million) has been included in general and administrative expenses.

Impairment review on goodwill of the Group has been conducted by management as at 28 February 2023 and 2022 according to IAS 36 "Impairment of assets". For the purposes of impairment review, the recoverable amount of goodwill is determined based on the higher amount of the fair value less cost of disposal ("FVLCD") and value-in-use calculations.

Goodwill of the Group arose from acquisition of sportswear businesses is attributable to the acquired market share and economies of scale expected to be derived from combining with the operations of the Group and therefore, the CGU to which the goodwill is allocated to the Group as a whole.

17 Intangible assets (Continued)

The recoverable amount of the Group's goodwill was determined based on FVLCD, which was estimated by management with reference to the transaction price of the Company's listed shares. Management considered the recoverable amount of the Group was higher than the carrying amount of its net assets as at 28 February 2023 and 2022 with significant headroom.

18 Deposits, prepayments and other receivables

	As at	
	28 February 2023 RMB million	28 February 2022 RMB million
Non-current		
Rental deposits	**234.2**	294.9
Prepayments for capital expenditures	**15.1**	14.5
	249.3	309.4
Current		
Rental deposits	**271.0**	294.2
Value-added tax recoverable	**134.3**	297.4
Prepayments for purchase	**324.3**	422.8
Other receivables and prepayments	**406.1**	420.1
	1,135.7	1,434.5

The carrying amounts of deposits and other receivables approximate their fair values. The recoverability was assessed with reference to the credit status of the recipients and, as there is no significant increase in credit risk since initial recognition, the 12-month expected credit loss is considered minimal.

19 Deferred income taxes

Deferred income taxes are calculated in respect of temporary differences under the liability method using the tax rates enacted or substantively enacted by the balance sheet date.

The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	As at 28 February 2023 RMB million	28 February 2022 RMB million
Net deferred income tax assets recognized	**238.9**	305.0
Net deferred income tax liabilities recognized	**(237.4)**	(372.1)
	1.5	(67.1)

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

	Inventories RMB million	Tax losses RMB million	Others RMB million	Total RMB million
As at 1 March 2021	107.5	73.5	85.0	266.0
(Charged)/credited to profit or loss (Note 10)	(25.4)	59.6	4.8	39.0
As at 28 February 2022 and 1 March 2022	**82.1**	**133.1**	**89.8**	**305.0**
Credited/(charged) to profit or loss (Note 10)	**18.1**	**(84.3)**	**0.1**	**(66.1)**
As at 28 February 2023	**100.2**	**48.8**	**89.9**	**238.9**

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

	Undistributed profits RMB million	Total RMB million
As at 1 March 2021	245.6	245.6
Charged to profit or loss (Note 10)	126.5	126.5
As at 28 February 2022 and 1 March 2022	**372.1**	**372.1**
Credited to profit or loss (Note 10)	**(134.7)**	**(134.7)**
As at 28 February 2023	**237.4**	**237.4**

19 Deferred income taxes (Continued)

As at 28 February 2023 and 2022, except that the deferred income tax assets on unrealized profit and impairment losses on closing inventories were expected to be recoverable within 12 months, other deferred income tax assets and liabilities were mainly expected to be recovered or settled after more than 12 months.

Deferred income tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefit through future taxable profits is probable. As at 28 February 2023, the Group had unrecognized tax losses to be carried forward against future taxable income amounting to RMB23.1 million (2022: RMB121.3 million). All of these unrecognized tax losses will expire within 5 years.

As at 28 February 2023, the potential deferred income tax assets in respect of the above unrecognized tax losses amounted to RMB4.1 million (2022: RMB27.6 million).

20 Inventories

	As at	
	28 February 2023 RMB million	28 February 2022 RMB million
Merchandise for sale	**6,382.5**	6,805.6
Less: provision for impairment losses	**(135.2)**	(119.4)
	6,247.3	6,686.2

The cost of inventories amounting to RMB15,773.2 million (2022: RMB18,003.4 million) and the additional provision for impairment of inventories amounting to RMB15.8 million (2022: RMB48.7 million) were included in cost of sales during the year ended 28 February 2023.

21 Trade receivables

	As at 28 February 2023 RMB million	28 February 2022 RMB million
Trade receivables	**1,061.2**	1,114.7
Loss allowance	**(6.3)**	(7.8)
	1,054.9	1,106.9

The Group's concessionaire sales through department stores and sales through e-commerce platforms are generally collectible within 30 days and 15 days from the invoice date respectively. As at 28 February 2023, the aging analysis of trade receivables, based on invoice date, is as follows:

	As at 28 February 2023 RMB million	28 February 2022 RMB million
0 to 30 days	**999.4**	1,064.3
31 to 60 days	**49.2**	40.0
61 to 90 days	**3.3**	1.4
Over 90 days	**9.3**	9.0
	1,061.2	1,114.7
Loss allowance	**(6.3)**	(7.8)
	1,054.9	1,106.9

The carrying amounts of trade receivables approximate their fair values and are denominated in RMB.

Movements on the Group's loss allowance for trade receivables are as follows:

	Year ended 28 February 2023 RMB million	28 February 2022 RMB million
At the beginning of the year	**7.8**	18.0
Decrease in loss allowance	**(1.5)**	(10.2)
At the end of the year	**6.3**	7.8

21 Trade receivables (Continued)

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Information about the impairment of trade receivables and the Group's exposure to credit risk are detailed in Note 3.1(c).

22 Bank deposits, balances and cash

	As at 28 February 2023 RMB million	28 February 2022 RMB million
Pledged bank deposits		
Non-current (note a)	**–**	1,000.0
Current (note a,b)	**1,286.0**	–
	1,286.0	1,000.0
Bank balances and cash	**2,357.4**	1,752.6
Cash and cash equivalents	**2,357.4**	1,752.6
	3,643.4	2,752.6
Denominated in the following currencies:		
RMB	**2,253.6**	2,732.7
HK$	**1,389.6**	19.7
US$	**0.2**	0.2
	3,643.4	2,752.6

Note:

(a) As at 28 February 2023 and 2022, bank deposits of RMB1,000.0 million were pledged to bank against bank facility amounting to RMB1,000.0 million which was not utilised by the Group. The pledged bank deposits were denominated in RMB and carried interest at 3.7% per annum. The carrying amounts of these deposits approximate their fair values.

(b) As at 28 February 2023, bank deposits of RMB286.0 million were pledged to bank against the bank borrowings of RMB1,545.0 million (Note 25). The pledged bank deposits were denominated in RMB and carried interest at weighted average interest rate of 1.6% per annum. The carrying amounts of these deposits approximate their fair values.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The conversion of the RMB denominated balances maintained in the PRC into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

23 Trade payables

The credit periods granted by suppliers generally range from 0 to 60 days. As at 28 February 2023, the aging analysis of trade payables, based on invoice date, is as follows:

	As at	
	28 February 2023 RMB million	28 February 2022 RMB million
0 to 30 days	**990.3**	921.3
31 to 60 days	**0.6**	3.9
Over 60 days	**0.1**	1.5
	991.0	926.7

The carrying amounts of trade payables are denominated in RMB. The carrying amounts approximate their fair values due to their short-term nature.

24 Other payables, accruals and other liabilities

	As at	
	28 February 2023 RMB million	28 February 2022 RMB million
Accrued wages, salaries, bonuses and staff welfare	**325.5**	449.8
Value-added tax, business tax and other taxes payables	**112.5**	337.1
Customers' deposits	**148.1**	141.2
Other payables and accruals	**364.4**	398.8
Contract liabilities (note)	**241.0**	318.0
	1,191.5	1,644.9

Note: Substantially all the contract liabilities at the beginning of the years ended 28 February 2023 and 2022 have been recognized as revenue during the respective financial reporting period as the Group normally delivers the goods to satisfy the remaining performance obligations of the relevant contract liabilities within one year or less.

25 Short-term borrowings

	As at 28 February 2023 RMB million	28 February 2022 RMB million
Unsecured bank borrowings (note (a))	**–**	518.2
Secured bank borrowing (note (b))	**1,545.0**	–
	1,545.0	518.2

Notes:

(a) As at 28 February 2022, the Group's unsecured bank borrowings carried interest at floating rates with weighted average interest rate of 1.2% per annum. The carrying amounts of the Group's short-term bank borrowings are denominated in HKD which approximate their fair values.

(b) As at 28 February 2023, RMB1,545.0 million borrowing was secured by the short-term pledged bank deposits of RMB286.0 million as detailed in Note 22. The carrying amount is denominated in RMB which approximates its fair value. The borrowing carried interest at fixed rate of 1.6% per annum.

26 Share capital

	Number of ordinary shares	Nominal value of ordinary shares
Authorized:		
As at 1 March 2021, 28 February 2022, 1 March 2022 and 28 February 2023	20,000,000,000	HK$20,000
Issued and fully paid:		
As at 1 March 2021, 28 February 2022, 1 March 2022 and 28 February 2023	6,201,222,024	HK$6,201

27 Other reserves

Other reserves of the Group

	Share premium RMB million (note (a))	Capital reserve RMB million (note (b))	Exchange reserve RMB million	Statutory reserve RMB million (note (c))	Total RMB million
At 1 March 2021	22,736.8	(18,437.6)	11.3	729.2	5,039.7
Exchange difference	–	–	(20.5)	–	(20.5)
Appropriation to statutory reserves	–	–	–	42.6	42.6
Dividends (Note 12)	(1,550.3)	–	–	–	(1,550.3)
At 28 February 2022 and 1 March 2022	**21,186.5**	**(18,437.6)**	**(9.2)**	**771.8**	**3,511.5**
Exchange difference	**–**	**–**	**82.1**	**–**	**82.1**
Appropriation to statutory reserves	**–**	**–**	**–**	**8.5**	**8.5**
Dividends (Note 12)	**(1,860.4)**	**–**	**–**	**–**	**(1,860.4)**
At 28 February 2023	**19,326.1**	**(18,437.6)**	**72.9**	**780.3**	**1,741.7**

Notes:

(a) Share premium

The share premium represents the difference between the par value of the share issued and the deemed consideration for the reorganization of the Group that took place in 2018 (the "Reorganization"). It also includes the share premium arising from issuance of shares upon listing of the Company, net of share issuance costs.

(b) Capital reserve

Capital reserve comprises of a merger reserve arising from the Reorganization, representing the excess of the fair value of the Company's share issued for Reorganization over the share capital of the subsidiaries transferred to the Company after elimination of inter-company investments, if any, immediately before the Reorganization. Capital reserve also included other contributions from equity holders of the Company.

(c) Statutory reserve

Statutory reserves are non-distributable and the transfers of these funds are determined by the Board of Directors of the relevant PRC subsidiaries in accordance with the relevant laws and regulations in the PRC.

28 Notes to consolidated statement of cash flows

(a) Reconciliation of profit before income tax to net cash generated from operations:

	Note	Year ended 28 February 2023 RMB million	28 February 2022 RMB million
Profit before income tax		**2,322.4**	3,326.1
Adjustments for:			
Depreciation on property, plant and equipment	15	**609.1**	667.2
Depreciation on right-of-use assets	16(a)	**1,581.9**	1,830.2
Amortization of intangible assets	17	**24.7**	30.7
(Gain)/loss on disposal of property, plant and equipment	28(c)	**(3.7)**	1.3
Write-off of property, plant and equipment	15	**4.9**	6.3
Write-off of intangible assets	17	**1.9**	–
Provision for/(reversal of) impairment of trade receivables	21	**1.5**	(10.2)
Impairment of property, plant and equipment	15	**8.3**	–
Impairment of right-of-use assets	16(a)	**69.8**	39.0
Impairment of inventories	20	**15.8**	48.7
Interest income	9	**(104.0)**	(78.9)
Interest expense	9	**211.2**	217.8
Others		**14.5**	(54.2)
Operating profit before changes in working capital		**4,758.3**	6,024.0
Changes in working capital:			
Decrease/(increase) in long-term deposits, prepayments and other receivables		**60.7**	(36.3)
Decrease/(increase) in inventories		**423.1**	(523.6)
Decrease in trade receivables		**50.5**	1,080.6
Decrease/(increase) in deposits, prepayments and other receivables		**336.8**	(570.6)
Increase in trade payables		**26.6**	481.3
(Decrease)/increase in other payables, accruals and other liabilities		**(414.5)**	136.9
Net cash generated from operations		**5,241.5**	6,592.3

28 Notes to consolidated statement of cash flows (Continued)

(b) In the consolidated statement of cash flows, payments for purchases of property, plant and equipment and intangible assets are analyzed as follows:

	Year ended 28 February 2023 RMB million	28 February 2022 RMB million
Additions to:		
Property, plant and equipment	**348.1**	667.6
Intangible assets	**7.1**	34.0
Increase in prepayments	**0.6**	6.7
Decrease in other payables	**1.2**	8.1
	357.0	716.4

(c) In the consolidated statement of cash flows, proceeds from disposals of property, plant and equipment comprise:

	Year ended 28 February 2023 RMB million	28 February 2022 RMB million
Net book value	**1.7**	4.5
Gain/(loss) on disposal	**3.7**	(1.3)
Proceeds from disposals	**5.4**	3.2

(d) Reconciliation of liabilities arising from financing activities:

	Bank borrowings RMB million	Lease liabilities RMB million
As at 1 March 2021	1,337.2	3,649.1
Non-cash movements	(14.5)	1,524.5
Cash flows	(804.5)	(2,117.2)
As at 28 February 2022 and 1 March 2022	**518.2**	**3,056.4**
Non-cash movements	**2.8**	**1,086.3**
Cash flows	**1,024.0**	**(1,480.6)**
As at 28 February 2023	**1,545.0**	**2,662.1**

29 Future minimum lease payments receivables

As at 28 February 2023, the future aggregate minimum lease payments receivable in respect of land and buildings under non-cancellable operating leases were as follows:

	As at 28 February 2023 RMB million	28 February 2022 RMB million
Not later than 1 year	**23.3**	42.5
Later than 1 year and not later than 5 years	**1.6**	2.4
	24.9	44.9

30 Related party transactions

Belle International Holdings Limited ("Belle International") is an associate of Hillhouse HHBH Holdings Limited ("Hillhouse HHBH") and Wisdom Man Ventures Limited ("WMVL"), which indirectly hold 44.48% and 46.36% of Belle International, respectively, as of the date of this report. Each of Hillhouse HHBH and WMVL is a substantial shareholder of the group and therefore Belle International and its subsidiaries are the related parties of the group.

The following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties and the balances arising from related party transactions in addition to the related party information shown elsewhere in these consolidated financial statements:

	Year ended 28 February 2023 RMB million	28 February 2022 RMB million
Transactions with companies controlled by Belle International (note (a))		
– Service income	**0.4**	0.3
– Logistics services fees	**359.6**	355.9
– E-commerce services fees	**–**	61.2
– Rental expenses	**21.7**	32.3
Key management compensation		
– Salaries, bonuses and other welfare (note (b))	**14.8**	14.1

Notes:

(a) Transactions with related companies are carried out based on terms mutually agreed between the relevant parties.

(b) Key management includes directors and certain executives who have important roles in making operational and financial decisions.

31 Balance Sheet of the Company

	As at 28 February 2023 RMB million	28 February 2022 RMB million
ASSETS		
Non-current assets		
Property, plant and equipment	**0.5**	0.6
Investments in subsidiaries	**18,846.5**	17,151.2
	18,847.0	17,151.8
Current assets		
Prepayments	**0.8**	0.8
Amounts due from subsidiaries	**885.9**	2,011.2
Bank balances and cash	**5.7**	2.7
	892.4	2,014.7
Total assets	**19,739.4**	19,166.5
LIABILITIES		
Current liabilities		
Short-term borrowings	**–**	161.9
Accruals	**2.5**	0.8
Total liabilities	**2.5**	162.7
Net assets	**19,736.9**	19,003.8
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	**–**	–
Other reserves (note)	**18,631.9**	18,521.7
Retained earnings (note)	**1,105.0**	482.1
Total equity	**19,736.9**	19,003.8

31 Balance Sheet of the Company (Continued)

Note: Reserves of the Company

	Share premium RMB million	Exchange reserve RMB million	Retained earnings RMB million	Total RMB million
At 1 March 2021	22,736.8	(1,997.5)	499.1	21,238.4
Loss for the year	–	–	(17.0)	(17.0)
Dividends (Note 12)	(1,550.3)	–	–	(1,550.3)
Exchange differences	–	(667.3)	–	(667.3)
At 28 February 2022 and 1 March 2022	**21,186.5**	**(2,664.8)**	**482.1**	**19,003.8**
Profit for the year	**–**	**–**	**1,429.1**	**1,429.1**
Dividends (Note 12)	**(1,860.4)**	**–**	**(806.2)**	**(2,666.6)**
Exchange differences	**–**	**1,970.6**	**–**	**1,970.6**
At 28 February 2023	**19,326.1**	**(694.2)**	**1,105.0**	**19,736.9**

32 Particulars of Principal Subsidiaries

Name of subsidiaries	Place of incorporation/ establishment/	Issued and fully paid up capital	Principal activities	Effective interest held by the Group As at 28 February 2023	As at 28 February 2022
Directly held:					
Topsports Group Limited	BVI	1 ordinary share of US$0.10	Investment holding	**100%**	100%
Indirectly held:					
Fullbest Investments Limited	BVI	20,000 ordinary shares of US$1 each	Investment holding	**100%**	100%
Synergy Eagle Limited	BVI	10,000 ordinary shares of US$1 each	Investment holding	**100%**	100%
Full State Corporation Limited	Hong Kong	HK$10,000,002 for 10,000,002 ordinary shares issued	Investment holding and trading of sportswear products	**100%**	100%
Main Success Enterprises Limited	Hong Kong	HK$8,000,000 for 8,000,000 ordinary shares issued	Investment holding	**100%**	100%
Rich Advance Limited	Hong Kong	HK$8,000,000 for 8,000,000 ordinary shares issued	Investment holding	**100%**	100%

32 Particulars of Principal Subsidiaries (Continued)

Name of subsidiaries	Place of incorporation/ establishment/	Issued and fully paid up capital	Principal activities	Effective interest held by the Group As at 28 February 2023	As at 28 February 2022
Indirectly held: (Continued)					
Hongkong Full Wealth Holdings Limited	Hong Kong	HK$8,000,000 for 8,000,000 ordinary shares issued	Investment holding	**100%**	100%
Sino Group Development Limited	Hong Kong	HK$8,000,000 for 8,000,000 ordinary shares issued	Investment holding	**100%**	100%
陝西滔搏體育商貿有限公司 (Shaanxi Taobo Sports Commerce and Trade Co.,Ltd.) ^#	The PRC	RMB240,000,000	Trading of sportswear products	**100%**	100%
成都市滔搏商貿有限公司 (Chengdu Taobo Trading Company Limited) ^#	The PRC	RMB242,000,000	Trading of sportswear products	**100%**	100%
雲南立鋭體育用品有限公司 (Yunnan Lirui Sports Products Co., Ltd.) ^#	The PRC	RMB220,750,000	Trading of sportswear products	**100%**	100%
百朗商貿(深圳)有限公司 (Bailang Commerce and Trade (Shenzhen) Co., Ltd.) ^#	The PRC	US$5,000,000	Trading of sportswear products	**100%**	100%
北京崇德商貿有限公司 (Beijing Chongde Trading Co., Ltd.) ^#	The PRC	US$12,000,000	Trading of sportswear products	**100%**	100%
青島傳承國際商貿有限公司 (Qingdao Chuancheng International Trading Company Limited) ^#	The PRC	US$32,000,000	Trading of sportswear products	**100%**	100%
天津十力崇德運動服飾有限公司 (Tianjin Shili Chongde Sports Clothing Co., Ltd.) @#	The PRC	RMB2,000,000	Trading of sportswear products	**100%**	100%
領聘貿易(上海)有限公司 (Lingpin Trading Shanghai Company Limited) ^#	The PRC	US$1,000,000	Operation of sports cities business and investment holding	**100%**	100%
河南頤和國際商貿有限公司 (Henan Yihe International Trading Company Limited) ^#	The PRC	US$1,000,000	Operation of sports cities business	**100%**	100%

32 Particulars of Principal Subsidiaries (Continued)

Name of subsidiaries	Place of incorporation/ establishment/	Issued and fully paid up capital	Principal activities	Effective interest held by the Group As at 28 February 2023	As at 28 February 2022
Indirectly held: (Continued)					
滔搏商貿(沈陽)有限公司 (Taobo Commerce and Trade (Shenyang) Co., Ltd.) ^#	The PRC	US$5,000,000	Operation of sports cities business and investment holding	**100%**	100%
湖北競速商貿有限公司 (Hubei Jingsu Commerce and Trade Co., Ltd.) ^#	The PRC	US$1,000,000	Trading of sportswear products	**100%**	100%
貴州滔搏體育用品有限公司 (Guizhou Taobo Sports Company Limited) @#	The PRC	RMB5,000,000	Trading of sportswear products	**100%**	100%
河南智華商貿有限公司 (Henan Zhihua Commerce and Trade Co., Ltd.) @#	The PRC	RMB5,000,000	Operation of sports cities business	**100%**	100%
北京滔捷商貿有限公司 (Beijing Taojie Commerce and Trade Co., Ltd.) ^#	The PRC	US$1,000,000	Operation of sports cities business and investment holding	**100%**	100%
重慶市滔搏商貿有限公司 (Chongqing Taobo Commerce and Trade Co., Ltd.) ^#	The PRC	US$2,000,000	Trading of sportswear products	**100%**	100%
石家莊滔搏商貿有限公司 (Shijiazhuang Taobo Trading Company Limited) ^#	The PRC	RMB27,277,100	Trading of sportswear products	**100%**	100%
山西滔搏商貿有限公司 (Shanxi Taobo Commerce and Trade Co., Ltd.) ^#	The PRC	RMB37,118,000	Trading of sportswear products	**100%**	100%
廣西百朗體育用品有限公司 (Guangxi Bailang Sports Products Co., Ltd.) @#	The PRC	RMB5,000,000	Trading of sportswear products	**100%**	100%
滔搏投資(上海)有限公司 (Taobo Investment (Shanghai) Co., Ltd.) ^#	The PRC	US$30,000,000	Trading of sportswear products	**100%**	100%

32 Particulars of Principal Subsidiaries (Continued)

Name of subsidiaries	Place of incorporation/ establishment/	Issued and fully paid up capital	Principal activities	Effective interest held by the Group As at 28 February 2023	As at 28 February 2022
Indirectly held: (Continued)					
湖南滔搏商貿有限公司 (Hunan Taobo Trading Company Limited) @#	The PRC	RMB15,000,000	Trading of sportswear products	**100%**	100%
雲盛海宏信息技術(深圳)有限公司 (Wonhigh Information Technology (Shenzhen) Co., Ltd.) ^#	The PRC	HK$60,000,000	Provision of information technology services	**100%**	100%
廈門永朗商貿有限公司 (Xiamen Yonglang Trading Company Limited) @#	The PRC	RMB5,000,000	Trading of sportswear products	**100%**	100%
滔搏企業發展(上海)有限公司 (Topsports Enterprise Development (Shanghai) Company Limited) ^#	The PRC	RMB100,000,000	Trading of sportswear products	**100%**	100%
滔搏運動服飾(天津)有限公司 (Taobo Sports (Tianjin) Company Limited) @#	The PRC	RMB50,000,000	Trading of sportswear products	**100%**	100%
大連傳承滔搏商貿有限公司 (Dalian Chuancheng Taobo Trading Company Limited) @#	The PRC	RMB2,000,000	Trading of sportswear products	**100%**	100%
黑龍江省滔搏商貿有限公司 (Heilongjiang Taobo Trading Company Limited) @#	The PRC	RMB2,000,000	Trading of sportswear products	**100%**	100%
吉林省傳承滔搏商貿有限公司 (Jilin Chuancheng Taobo Trading Company Limited) @#	The PRC	RMB2,000,000	Trading of sportswear products	**100%**	100%

^ The Company is established as a wholly foreign-owned enterprise in the PRC.

@ The Company is a limited liability company in the PRC.

English translation is for identification purpose only. The English names of the group companies incorporated in the PRC represent the best effort by the management of the Group in translating its Chinese name as they do not have official English names.

The place of operations of BVI and Hong Kong incorporate companies is Hong Kong. The place of operations of PRC incorporate companies is the PRC.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out as follows:

		Year ended				
		28 February 2023	28 February 2022	28 February 2021	29 February 2020	28 February 2019
Operating results:						
Revenue	RMB million	**27,073.2**	31,876.5	36,009.0	33,690.2	32,564.4
Gross profit	RMB million	**11,284.2**	13,824.4	14,681.1	14,187.5	13,607.3
Operating profit	RMB million	**2,430.9**	3,430.1	3,989.4	3,302.9	3,236.8
Profit attributable to the Company's equity holders	RMB million	**1,836.6**	2,446.5	2,770.1	2,303.4	2,199.8
Assets and liabilities:						
Bank deposits, balances and cash	RMB million	**3,643.4**	2,752.6	2,228.8	6,418.6	650.5
Short-term borrowings	RMB million	**1,545.0**	518.2	1,337.2	2,400.0	1,300.0
Total assets	RMB million	**16,820.7**	17,796.3	17,706.4	22,035.2	16,216.4
Total liabilities	RMB million	**6,987.1**	7,214.8	8,000.6	11,492.2	14,267.6
Total equity	RMB million	**9,833.6**	10,581.5	9,705.8	10,543.0	1,948.8
Key financial indicators:						
Gross profit margin	%	**41.7**	43.4	40.8	42.1	41.8
Operating profit margin	%	**9.0**	10.8	11.1	9.8	9.9
Profit margin attributable to the Company's equity holders	%	**6.8**	7.7	7.7	6.8	6.8
Earnings per share – basic and diluted	RMB cents	**29.62**	39.45	44.67	40.88	41.73
Average trade receivables turnover period	days	**14.6**	18.8	18.6	21.8	28.9
Average trade payables turnover period	days	**22.2**	13.9	13.3	16.4	9.9
Average inventory turnover period	days	**149.5**	130.4	110.0	120.0	103.5
Gearing ratio	%	**Net cash**	Net cash	Net cash	Net cash	25.0
Current ratio	times	**2.3**	2.3	1.9	1.7	0.9