

2024/25

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

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. YU Wu
(Chairman & 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.

FINANCIAL HIGHLIGHTS

		Year ended	
		28 February 2025	29 February 2024
Revenue	RMB million	27,012.9	28,933.2
Gross profit	RMB million	10,383.4	12,080.8
Operating profit	RMB million	1,592.7	2,786.5
Profit attributable to the Company's equity holders	RMB million	1,286.0	2,213.0
Gross profit margin	%	38.4	41.8
Operating profit margin	%	5.9	9.6
Profit margin attributable to the Company's equity holders	%	4.8	7.6
Earnings per share – basic and diluted	RMB cents	20.74	35.69
Dividend per share			
– interim, paid	RMB cents	14.00	16.00
– final, proposed	RMB cents	2.00	5.00
– special, proposed	RMB cents	12.00	15.00
Average trade receivables turnover period	days	14.1	15.1
Average trade payables turnover period	days	8.0	15.0
Average inventory turnover period	days	134.9	136.1
		As at	
		28 February 2025	29 February 2024
Gearing ratio	%	Net cash	Net cash
Current ratio	times	2.4	3.2

STATEMENT FROM CHAIRMAN

Dear Shareholders,

2024 marked the 25th anniversary of Topsports' deep-rooted presence in the Chinese sports retail market. Through a quarter-century of unwavering dedication and relentless pursuit of excellence, we have cultivated profound and enduring relationships with over 80 million passionate sports enthusiasts while building lasting partnerships with more leading sports brands that have spanned two decades to jointly spearhead market breakthroughs and foster growth. Overtime, we have observed global macroeconomic shifts, cyclical changes in domestic consumer needs, and evolving competitive landscapes. Over the past year, the combined impact of these challenges has unfolded in an increasingly intricate manner, raising the bar for industry players while impose a considerable pressure on the Group's results performance of this financial year. In this environment where change has become the new normal, "adapting to change" and "pursuing certainty" remain our strategic priorities. By establishing clear boundaries of what not to pursue, our path forward becomes more distinct. Integration and connectivity represent our internal focus as we deepen our Omni-channel approach in this new landscape. Meanwhile, breakthrough thinking and innovation drive our proactive external exploration as we seek longer-term development beyond traditional approaches. Undeniably, this financial year's challenges have been reflected in our overall financial performance. However, amid rapidly shifting market dynamics, we must remain anchored to our core development principles while resolutely embracing iterative innovation to face these challenges head-on. Looking back over Topsports' remarkable 25-year journey, we have consistently embraced change and woven adaptability into our organizational DNA. We stand ready to move forward with an open mindset and clear understanding of our strategic position. By continuously expanding our collaborative network, we aim to provide the one-stop Omni-operation solution for more partners in China under variety of sports formats.

While navigating the changes, we have consistently adhered to the principles of transparency, timeliness, and efficiency in communication, maintaining close interactions with shareholders and investors. Meanwhile, elevating shareholder value remains our core objective. We are committed to continuously optimizing our business strategies, charting a steadfast and dependable growth trajectory to deliver sustainable investment returns for our shareholders. During the year, profit attributable to equity holders of the Company decreased by 41.9% year-on-year to RMB1,286.0 million. However, our disciplined operating working capital management led to RMB3,755.3 million in net cash generated from operating activities, representing a 20.0% increase year-on-year and 2.9 times the profit attributable to equity holders of the Company for the same period. In view of such, the Board has recommended a final dividend of RMB2.00 cents per ordinary share and a special dividend of RMB12.00 cents per ordinary share for the financial year ended 28 February 2025, which, together with the interim dividend, representing an annual dividend payout ratio of 135.0%, higher by 34.1 percentage points compared to last year. Since our listing in 2019, we have returned a total of RMB12.96 billion to shareholders through dividends, demonstrating our unwavering commitment to creating shareholder value and fulfilling our promise of long-term returns.

Navigating Market Dynamics: Strengthening Our Basis, Networks, and Growth Drivers

As the cornerstone of our operations, inventory management remains the foundation for a retail company to endure and thrive. During the year, weak market demand coupled with declining offline foot traffic significantly complicated our inventory management challenges. To address these difficulties, we first eliminated barriers between online and offline channels, creating streamlined pathways for efficient product turnover while implementing targeted strategies to accelerate inventory clearance. These measures were crucial for capital return, securing our financial stability, and lay the foundation for moving forward in the face of adversity. Leveraging on the empowerment of technology, we developed dynamic forecasting models that enable intelligent allocation through comprehensive integration of Omni-channel inventory data. We expanded our shared inventory system across platforms, increasing online inventory utilization while implementing tiered management strategies for different product categories to build a more resilient inventory system. By the end of the financial year, our inventory had declined 4.5% from the previous year, in line with the trend of our revenue performance and resulting in improved inventory turnover days year-on-year and half-on half.

Our comprehensive Omni-channel operation serves as the backbone of our growth strategy. By systematically upgrading our Omni-channel matrix layouts, we have created efficient pathways for products and services to reach consumers, positioning ourselves as a central hub for industry-wide connectivity. In the midst of today's evolving retail landscape, the boundaries between offline and online continue to blur, accelerating the formation of an integrated ecosystem. Our physical stores now emphasize operational excellence, delivering immersive experiences through optimized spaces and enhanced service quality. Meanwhile, our online channels capture consumer needs with precision while leveraging each platform's unique advantages, enabling our innovative "one store, multiple channels" model that pioneers new approaches to channel integration. By the end of this financial year, we had established an offline and online store touchpoint matrix-comprising approximately 5,000 offline stores, more than 2,300 mini-program shops, and over 500 Douyin and WeChat video accounts. Through these channels, we have facilitated meaningful engagement with more than 80 million users while consistently delivering premium products, contents, services, and experiences.

Our teams are the driver and engine of our sustained growth. We firmly believe that mutual empowerment between individual growth and organizational development builds the foundation for our future. We have created an equitable, inclusive and diverse workplace that thrives on differences. Through tailored incentive programs and systematic development platforms, we continuously enhance our team's professional capabilities and competitive edge. Our ongoing HR digitalization initiatives provide robust talent support for high-quality business growth. During the financial year, we closely aligned with our strategic priorities, systematically strengthening our talent pipeline while optimizing our organizational structure. We established cross-department agile teams to create efficient, coordinated response mechanisms for navigating market uncertainties. In talent development, we delivered approximately 500 online learning programs and nearly 230 in-person training sessions in this year, achieving over 95% participation across our workforce. This comprehensive approach ensures our teams continuously update their knowledge base, enabling them to identify and capitalize on opportunities through market insight and effective execution.

STATEMENT FROM CHAIRMAN

Innovative Solutions: Engaging Consumers Across Amplified Dimensions

Looking back at this financial year, our actions were anchored by deep consumer insights that revealed four key market trends: rational consumption taking the lead, the rise of self-indulgent experiences, the intensification of demand polarization, and deep penetration of the concept of sustainability. In response, we strategically expanded our brand portfolio across recreational sports, leisure sports, performance sports, and IP culture. During the year, we broadened our offerings by onboarding a diverse portfolio of running and outdoor brands hailing from various global regions, each boasting distinctive styles and identities. We collaborated as their exclusive partner in the Chinese market, thereby presenting Chinese consumers with an enriched array of choices. Through these efforts, we remain committed to invigorating the Chinese sports market with sustained innovation and fresh impetus. By the end of the financial year, our strategic partnerships spanned to more than 20 brands, positioning us to jointly capitalize on emerging market opportunities.

This past financial year marked a significant milestone in our sustainability journey. We prioritized consumer interests at the core of our value system, reinforcing our commitment to product quality and safety while enhancing the consumer experience through personalized service and digital innovations. In green and environmental practices, our collaborative green store initiative with brand partner achieved prestigious Leadership in Energy and Environmental Design (LEED) Gold certification. Every aspect of these locations—from eco-friendly materials and energy-efficient systems to low-carbon construction methods—demonstrates our environmental commitment while providing consumers with shopping environments that blend quality with sustainability. Our public welfare IP “GREENBOX” initiative has served as a powerful platform for promoting environmental protection, carbon reduction, and circular economy principles, engaging consumers as partners in sustainable practices. This year, our ESG efforts received significant recognition from global institutes as our MSCI ESG rating soared two levels to AA, an achievement that keeps us ahead of the curve in China’s consumer goods sector.

Strategic Agility, Unwavering Execution

Looking back on our journey and forward to the road ahead, we maintain prudently optimistic in this era where change has become the new normal. Such prudence doesn’t equate to complacent stagnation, but in a proactive approach to reimagining our strategic landscape with bold determination. We stand ready to face challenges with courage and pursue opportunities with resolve, confident that through the collective efforts of our entire Topsports team, we will capture the opportunities of our time. Our mission goes beyond creating positive, healthy, and joyful sporting experiences for consumers and generating sustainable returns for investors: we remain deeply committed to our social responsibilities, contributing meaningfully to both industry advancement and community development. On behalf of the Board of Directors, I extend my sincere gratitude to our dedicated employees, trusted partners, and loyal shareholders whose unwavering support continues to fuel our success.

YU Wu

Chairman & Chief Executive Officer

Hong Kong, 21 May 2025

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

In 2024, amidst a complex and challenging external landscape and sluggish global economic recovery, the Chinese economy has steadfastly adhered to the principle of pursuing progress while maintaining stability, with its annual GDP registered a robust 5.0% year-on-year growth. Meanwhile, geopolitical conflicts, mounting pressure on exports, and flagging domestic demand have converged to impede the recovery momentum of consumption. The total retail sales of social consumer goods recorded year-on-year growth of 3.5%, falling short of the economic growth rate over the same period. Against this backdrop, the consumption landscape is experiencing imperceptible yet transformative shifts. Correspondingly, the sports industry market has entered a new phase characterized by intensified competition for market share alongside value enhancement. Amidst the growing rationality in consumer behavior, the market is witnessing a distinct trend of polarization, with divergent dynamics emerging across different segments: mass-market segments show heightened price sensitivity; while simultaneously, growing interest in diverse experiences and specialized athletic pursuits has fueled the expansion of formerly relatively niche activities such as trail running, skiing, and tennis. In parallel with evolving consumer preferences, the retail sector is rapidly transforming toward seamless Omni-channel integration, premiumized experience upgrade, and technology-enabled operations. Amidst the persistent strain on footfall in physical stores, the progressive integration and seamless convergence of online and offline operations have emerged as the new norm in the industry. In particular, social e-commerce and live-streaming channels are undergoing continuous expansion. Meanwhile, Omni-channel inventory management, along with in-depth product analysis have become imperative areas of focus. Additionally, emerging technologies, particularly artificial intelligence, are creating new opportunities to elevate shopping experiences and drive operational efficiencies.

As the most prominent retail operator in China's sporting goods industry, Topsports keenly appreciates the unwavering dedication in the adage of "sharpening a sword over twenty-five years" – a testament to the trials and triumphs of long-term commitment. During this financial year, fluctuations in macroeconomic demand and a decline in offline footfall have significantly affected the Group's overall performance, heightening operational challenges on multiple fronts. Fortunately, our twenty-five years of experience have given us the courage and strength to stay "fearless despite countless trials". Throughout the financial year, we refined our Omni-channel capabilities through increasingly granular and agile resource allocation, enabling real-time adaptation to emerging challenges. While our operating performance faced headwinds from macroeconomic conditions and industry cyclicity, the Company maintained robust cash generation-safeguarding the essential foundation of our retail operations and strengthening our platform for sustainable business development and long-term value creation. Concurrently, we enhanced the comprehensive and systematic nature of our integrated Omni-channel retail operations while actively expanding into emerging categories and innovative business models aligned with evolving consumer preferences. We remain steadfast in our belief that maintaining close consumer relationships-understanding their needs and aspirations while delivering enriched experiential value-constitutes the cornerstone of our long-term development strategy. The essence of retail excellence lies in precisely connecting and balancing market supply with consumer demand. By financial year-end, we established meaningful connections with over 80 million users in the demand side; On the supply side, we have continuously expanded our brand partnership matrix, covering four major categories: recreational sports, leisure sports, performance sports, and IP culture. We have particularly strengthened our presence in specialized segments such as professional running and outdoor experiences. By consistently leveraging detailed consumer insights and brand collaborations, we are committed to continuously deepening the emotional bonds and enhancing the value delivery to consumers. By doing so, we aim to offer a more diverse range of products and richer experiential value, catering to both the mass market and niche segments.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

In this financial year, affected by weakening consumer demand and continuous declining footfall of offline stores, the Group's revenue declined by 6.6% year-on-year to RMB27,012.9 million. To address inventory pressures stemming from sales declines, we collaborated with brand partners to counter these challenges, including accelerating the integration and turnover of Omni-channel inventory, ramping up overall promotional activities, making tactical optimization of online and offline sales mix. Notably, the pace and scale of these adjustments were amplified in the second half of the financial year. As a result of the above factors, the Group's gross profit margin declined by 3.4 percentage points year-on-year to 38.4%, while profit attributable to equity holders of the Company decreased by 41.9% year-on-year to RMB1,286.0 million. The profit margin attributable to equity holders of the Company decreased by 2.8 percentage points year-on-year to 4.8%. By the end of this financial year, our inventory control has yielded tangible results. As of 28 February 2025, inventory value decreased by 4.5% compared to 29 February 2024, and by 1.9% compared to 31 August 2024. The total inventory has been effectively controlled, with inventory turnover days showing improvement both year-on-year and half-on-half.

Cash stands as the immutable bedrock of sustainable business operations. Despite challenging market conditions, we maintained robust cash generation capabilities throughout this period of volatility. As of 28 February 2025, our cash and cash equivalents reached RMB2,587.4 million, increased 32.3% year-on-year. During the year, while profit before tax declined 43.5% year-on-year, due to effective operating working capital management, net cash generated from operating activities increased 20.0% to RMB3,755.3 million. Accordingly, the Board has recommended a final dividend of RMB2.00 cents per ordinary share and a special dividend of RMB12.00 cents per ordinary share for the financial year ended 28 February 2025, which, together with the interim dividend of RMB14.00 cents per ordinary share, amounts to a total dividend of RMB28.00 cents per ordinary share for the financial year ended 28 February 2025, representing a payout ratio of 135.0%. Since our listing in 2019, the Group has distributed cumulative dividends of RMB12.96 billion, with an aggregate payout ratio of 104.2%. In a volatile market environment, we maintain a dividend payout ratio that outpaces the industry average, this achievement serves as a powerful testament to our resolute dedication to generating robust, sustainable cash flows and our proactive strategy of delivering long-term value to shareholders.

BUSINESS REVIEW

Omni-channel Retail: Evolving to Be All-inclusive, Systematic, and Agile

This year, our Omni-channel strategy has been adhered to the principle of "efficiency first, ecosystem synergy", staying focused on the consumer while developing an all-inclusive, systematic, and agile retail network that provides consistent yet varied consumer experiences. We draw insights from consumers and detect subtle trends hidden within the surging market waves. We have consistently reinforced our retail foundation by expanding Omni-channel layouts while focusing on innovating retail occasions and elevating consumer experiences.

MANAGEMENT DISCUSSION AND ANALYSIS

More Streamlined and Focused Offline Network Integration

In formulating the store layout strategy, we have followed the principle of “Select + Optimize” with efficiency as our central focus. We have made “Each Brand with Unique Approach” adjustments to our retail store mix, taking into account the distinct brand characteristics of our partners, consumer profiles, and product attributes. This approach allows us to respond wisely to market demands and expedite the closure of underperforming stores to alleviate operational pressures caused by declining offline foot traffic. As of 28 February 2025, we operated 5,020 directly-operated stores, representing a year-on-year decrease of 18.3% in total store count and a 12.4% reduction in the gross selling area. Compared to 31 August 2024, the total number of stores decreased by 13.6%, with the gross selling area declining by 10.0%.

Changes in the number of stores, gross selling area, and selling area per store during the year:

	As at 28/29 February			
	2022	2023	2024	2025
Number of stores				
At the beginning of the year	8,006	7,695	6,565	6,144
Opening of new stores	906	429	526	258
Closure of stores	(1,217)	(1,559)	(947)	(1,382)
Net decrease in the number of stores	(311)	(1,130)	(421)	(1,124)
At the end of the year	7,695	6,565	6,144	5,020
YoY change in gross selling area	5.4%	(6.8%)	(0.8%)	(12.4%)
YoY change in selling area per store	9.6%	9.2%	6.0%	7.2%

For the new store openings and renovations, we enforce highly stringent screening criteria, meticulously manage store space, and prioritize on floor area efficiency. During this year, our new store openings mainly concentrated on establishing anchor stores of major brands and further enriching the existence of performance niche brands, highlighting the stores’ enhanced retail service capabilities throughout consumer shopping experiences. In renovating existing stores, the Group prioritized on efficiency improvements. Regarding our store closure strategy, we have combined market conditions with brand strategies to accelerate the closure of underperforming stores, thereby mitigating the negative impact of low foot traffic on the operation performance of our physical stores.

MANAGEMENT DISCUSSION AND ANALYSIS

We are relentlessly elevating the sports retail experience, strategically accelerating our market presence by aligning with the dynamic interests of young consumers. Our approach is designed to seamlessly fulfill their dual requirements for practical functionality and engaging social experiences, creating immersive and multifaceted shopping journeys that resonate with their lifestyle preferences. In collaboration with our brand partners, we have embarked on an exploration of next-generation store formats, innovatively crafting a diverse array of immersive offline retail experience spaces that redefine the shopping journey. These include adidas HALO concept stores and FUTURE OF STYLE concept stores, JORDAN WORLD OF FLIGHT store, HOKA brand retail stores specializing in runner services, and KAILAS mountaineering concept stores, which have transformed stores into vibrant hubs where urban culture seamlessly converges with dynamic sporty lifestyles.

This financial year, selling area per store grew 7.2% year-on-year, which is slightly higher than the same period last year but the overall trend remains consistent. This result further underscores our “Each Brand with Unique Approach” to store adjustments. Overall, we deeply recognize the fundamental role that physical stores play in the sports industry. We are committed to upgrading stores with untapped potential and meticulously refining their experiential value. By catering to the increasingly diverse preferences of consumers and precisely planning store areas, we aim to strike an ideal balance between delivering exceptional experiences and achieving optimal store performance.

Building a More Extensive and Systematic Online Matrix

During the financial year, we thrived to enhance on our all-inclusive online portfolio of “platform e-commerce, content e-commerce, and private domain operations”. During the year, the growth of our online business has served as a tactical countermeasure, amidst the inventory challenges and volatile offline footfall. Gazing ahead, we have tailored and refined a strategic matrix, aligning it with the unique attributes of diverse online channels and the nuanced preferences of distinct consumer segments.

In the domain of platform e-commerce, we adopted a multi-faceted approach, concentrating on cultivating a robust store cluster matrix. We expedite product rollouts and refine search functions, capitalizing on the extensive variety of our product portfolio offerings and the synergistic strengths of multiple brands to steadily reinforce our market presence and drive deeper penetration. In content e-commerce, interest-driven engagement is at the core. We focus on developing an account matrix, accelerating audience penetration through collaborative campaigns of best-selling product combinations, and scaling successful cases for widespread replication. For private domain operations, we focus on deepening user relationships, creating “service + sales” closed loops through community engagement, enhanced data insights, and accurate recommendation. At the same time, Topsports also leveraged social community marketing initiatives, partnerships with local lifestyle platforms, and strategic cross-industry partnerships with third parties to re-direct traffic to offline stores, helping to partially alleviate the pressure on in-store foot traffic.

By the end of the year, our Douyin and WeChat video accounts have exceeded 500, and our mini-program stores had surpassed 2,300. During the year, our sales performance on Douyin ranked No.1 in the platform’s sports and outdoor category. Moreover, we maintained seamless connections with users through over 100,000 WeCom groups, and our private domain mini-program consistently maintained the No.1 placement in WeChat mini-program’s sports-and-outdoor category ranking published by Tencent. This financial year, online retail sales, including public domain and private domain, experienced double-digit growth compared to the previous year and accounted for mid-30% of total retail sales.

MANAGEMENT DISCUSSION AND ANALYSIS

Comprehensive Inventory Circulation Support

The development of our Omni-channel ecosystem relies on efficient, full-spectrum merchandise management. Amid macroeconomic and consumer demand fluctuations, we prioritize merchandise efficiency, implementing “Omni-channel inventory sharing” to efficient circulation and precision management. Across channels, we enforce “targeted support within synergized channels”, ensuring full inventory sharing and elevating the effective utilization rate of inventory to online channel year-on-year. These measures have unlocked sales potential and operational efficiency. Meanwhile, we have partnered with brands to formulate strategies, and eased channel inventory pressures with steady improvements through execution of these targeted initiatives.

Our Omni-channel inventory integration and precise management achieved expected progress during the past financial year. The Group’s inventory at the financial year-end was effectively managed, with improved turnover efficiency.

Omni-channel Retail: Enhanced Digital Platform with Intelligent and Efficient Solutions

Throughout the financial year, technological advancements and the widespread adoption of artificial intelligence (AI) have injected new momentum into our retail operations, empowering operations. In light of this, Topsports’ digital transformation strategy centers on the core principles of “Precise + Efficient”, encompassing the entire retail ecosystem of “people + products + places”. We are advancing toward a vision of “seamless user connectivity, operational agility, and cross-occasional integration”. This strategy is built and executed upon a full coverage of Omni-channel user-engagement touch points while responding to the specific demands of each core business unit to ensure operational alignment. We drive platform capability upgrades through technological empowerment with the target of scale expansion and cost-effectiveness.

For example, on the customer engagement front, we successfully implemented cross-platform member data integration, resulting in a nearly 9 times year-on-year increase in new member acquisition on our newly expanded platforms, substantially scaling our user base. Additionally, by deploying sophisticated targeting tools, we diversified our sales channels to include gift cards and premium vouchers, driving a 15% year-on-year increase in average transaction value during the Chinese New Year Shopping Festival. On the product front, our AI-powered recommendation engine generated approximately 4 times the GMV compared to previous conventional methods. Following the upgrade of our product management platform, we achieved significant improvements in content management efficiency, expanding our product database by 50%. This enhancement establishes a solid foundation for agile inventory deployment across multiple retail occasions. Regarding our distribution channels, the Company strategically expanded into new business environments through external platforms such as the Taobao-Tmall ecosystem and Meituan’s flash delivery service. We also further upgraded online tools. These initiatives delivered impressive results, including a 17% year-on-year improvement in mini-program conversion rates and a 20% year-on-year increase in average session duration.

We have also intensified our efforts to harness AI across our retail ecosystem. Our in-house “Dolphin AI” platform is now embedded within key operational workflows throughout the business. Our smart recommendation engine has delivered impressive results, generating nearly RMB100 million in sales since launch and accounting for approximately 10% of our private domain revenue. AI-powered content generation now handles 40% of content-drafting for our private domain marketing channels, dramatically streamlining our content production pipeline. By automating several back-office functions, we have cut processing times by half and redirected these resources toward other key strategic business.

MANAGEMENT DISCUSSION AND ANALYSIS

Users: Operational Excellence, Enhanced Value

Evolving external conditions and fluctuations in consumer demands continue to heighten the challenge for businesses to gain precise user insights and strengthen user loyalty. In the face of traffic plateaus and rising user acquisition costs, Topsports has chosen to adopt a consumer-centric perspective, building a diversified user value system that taps into consumers' potential value and forming a healthy ecosystem with strengthening the bond and fostering deeper connections with users.

On the customer acquisition front, we diversified user acquisition methods to attain new user groups through contextualized marketing, engaging experiences, and cross-industry collaborations across all channels. During the year, Topsports user base continued to grow steadily, reaching nearly 86 million users. As Topsports achieves breakthrough presence in more scenarios and platforms, we have also integrated user data across multiple platforms, enabling users to enjoy more consistent rights and experiences across all Topsports' Omni-channel ecosystems.

While continuing to expand our customer base, we recognize that deepening engagement with existing users' needs is vital in today's existing market competition. To this end, we have implemented sophisticated customer segmentation and behavioral analysis to deliver personalized product recommendations and targeted marketing initiatives. During the year, Topsports published "White Paper on Sports Consumption Among China's Pan-Youth Population" offering comprehensive insights into emerging demographics, evolving demands, and new opportunities in the sports retail sector, enabling us to accurately track consumption patterns and preferences among youth.

We also hosted a variety of marketing initiatives and community events to enhance customer engagement, while driving increased activity and conversion rates through refreshed campaign formats, expanded membership benefits, and more tailored value propositions for our loyalty program participants. Beyond our established calendar of regular member events, such as the May Day card collection, 99 Member Month, Chinese New Year Shopping Festival, and themed events in popular tourist destinations, we launched collaborative collections with beloved characters IP like "DUCKYO FRIENDS" and "Teletubbies". Our brand identity continues to evolve through proprietary initiatives such as the IP "TOP Run Free" running platform, the IP "Ignite Your Sports Life" community program, and the public welfare IP "GREENBOX" sustainability project. Working with our brand partners, we facilitated in-store meet-and-greets with prominent NBA stars, engaging younger consumers through innovative marketing approaches that expand the "sports+" lifestyle concept and strengthen brand affinity.

As a result of these initiatives, members accounted for 93.2% of total in-store retail sales (including VAT). Repeat-purchase members contributed approximately 70% to overall member consumption, maintaining a substantial and stable contribution despite fluctuations in the broader consumer environment. Our focus on cultivating loyalty among high-value members continues to yield positive results. While these premium customers represent only a mid-single-digit percentage of our active membership base, they generate nearly 40% of total member sales. Their average transaction value consistently exceeds the membership average significantly, demonstrating substantially higher spending potential and retention compared to general members.

MANAGEMENT DISCUSSION AND ANALYSIS

	As at			
	31 August 2023	29 February 2024	31 August 2024	28 February 2025
Cumulative user base* (Million)	73.1	76.3	81.0	86.0
Percentage of in-store retail sales (including VAT) contributed by members during the period#	92.7%	93.4%	93.7%	93.2%

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

The Period refers to semi-annual data as of 31 August and annual data as of 28/29 February.

Pioneering New Business Models and Services: Tapping to the Expanded Arenas

In response to the prevailing macroeconomic climate and global uncertainties, Chinese consumers have adopted a more prudent consumption approach, with consumption potential remaining partially constrained in the near term. Nevertheless, the increasing segmentation within the sports retail market has created opportunities in specialized categories, as Generation Z and the emerging middle class – the driving forces of sports consumption – increasingly align their purchasing decisions with personal identity and self-fulfillment. Throughout the year, we continued to leverage our diverse category portfolio, further enriching our brand partnership matrix across four key segments, including recreational sports, leisure sports, performance sports, and IP culture.

Within this landscape, the growing runner population and increasing sophistication have driven demand for high-performance, personalized running equipment, while simultaneously raising expectations for aesthetic design and value proposition. Topsports has responded proactively to this trend by expanding our brand portfolio to include distinctive running brands from various global regions, offering Chinese consumers a more diverse and premium options.

Recently, we entered into the exclusive partnerships with SOAR Running in China, taking comprehensive responsibility for their local market development and expansion. SOAR Running, a premium running brand, distinguishes itself through cutting-edge design and innovative technical fabrics, delivering performance apparel that seamlessly integrates functionality with contemporary aesthetics. In the coming months, the brand will meet with Chinese consumers via online flagship stores and various offline formats. In addition, our collaboration with norda™, a Canadian high-end trail running brand, has continued to deepen in this financial year, with an online presence established on Tmall's flagship store and rednote; we have also entered sports fashion boutiques in multiple cities such as Shanghai and Beijing, so as to fully capture the development opportunities in trail running of the outdoor segment.

MANAGEMENT DISCUSSION AND ANALYSIS

In the outdoor vertical segment, we continue to elevate our brand portfolio, most recently through a partnership with Norrøna, a top-tier professional outdoor brand. As its exclusive operating partner in China, Topsports oversees end-to-end operations – including brand promotion, marketing, channel establishment, and consumer engagement – to jointly unlock the outdoor market’s potential with the brand. Our online strategy deploys flagship e-commerce stores and private domain channels, while offline initiatives integrate sporting events and community-driven activations to connect with core user groups. Guided by an “Omni-channel operation + precise engagement” approach, we forge meaningful brand-consumer linkages. Committed to providing the one-stop Omni-operation solution for more partners in China under variety of sports formats, we deliver diversified products and immersive experiences to mainstream and niche audiences alike, injecting fresh vitality into the market.

Sustainable Development: New Heights, New Goals

Throughout the year, Topsports has maintained its commitment to social responsibility, leveraging our sustainability strategy to encourage adoption of sustainable practices across our supply chain. Our comprehensive ESG management framework continues to earn recognition from leading assessment organizations. During the financial year, Topsports achieved a two-level improvement in our MSCI ESG rating to “AA”, placing us at the forefront of China’s consumer goods sector. We made substantial advancements in critical areas including privacy and data security, chemical safety, and corporate governance, achieving industry-leading standards across these dimensions. Our retail operations reached another milestone with the first Topsports store receiving Leadership in Energy and Environmental Design (LEED) Gold certification, highlighting our progress in sustainable retail development. We also introduced our public welfare IP “GREENBOX” sustainability initiative across our physical retail network, promoting environmental values and healthy, active lifestyles to our customers.

In alignment with the United Nations Sustainable Development Goals and China’s carbon peaking and neutrality targets, we have recently established a ten-year carbon reduction target focused on driving green transformation throughout our value chain. We have also collected our Scope 3 greenhouse gas emissions statistics for the first time. Looking ahead, we remain guided by our ESG vision “To become a promoter and leader of green consumption by jointly building a sustainable ecosystem and achieving win-win values”. We will continue integrating environmental considerations across all aspects of our Omni-channel retail operations, working with stakeholders to build a sustainable ecosystem while delivering premium sporting goods and services to our customers.

FUTURE OUTLOOK

Striving for Excellency, Surging Forward

As China has designated consumer spending as a key economic priority for 2025, the introduction of policies supporting sports consumption is expected to inject fresh momentum into the sporting goods retail sector. Meanwhile, the sporting goods market continues to evolve rapidly with emerging scenarios, brands, and product categories, intensifying competitive pressures across the industry. Nevertheless, we remain clear-eyed about these challenges while confident in our capabilities. Amid these opportunities and challenges, we will continue to refine our retail expertise. With forward-looking and agile strategic execution, we are dedicated to creating enduring value for consumers, shareholders, partners and society.

MANAGEMENT DISCUSSION AND ANALYSIS

Future Development Initiatives

- Focus on Omni-channel retail, users, innovative business formats and services, and lay out long-term growth.
- Continuously focus on consolidating efficiency and exploiting the fundamental resilience of the retail platform.
- Optimize and improve the “Precise + Efficient” digital empowerment support.
- Actively practice ESG concepts and build a sustainable path of ecological co-construction and value co-creation.

FINANCIAL ANALYSIS

For the year ended 28 February 2025, the Group recorded revenue of RMB27,012.9 million, a decrease of 6.6% compared with that of the year ended 29 February 2024. The Group recorded operating profit of RMB1,592.7 million, a decrease of 42.8% compared with that of the year ended 29 February 2024. The profit attributable to the Company’s equity holders during the year amounted to RMB1,286.0 million, a decrease of 41.9% compared with that of the year ended 29 February 2024.

REVENUE

The Group’s revenue decreased by 6.6%, from RMB28,933.2 million for the year ended 29 February 2024 to RMB27,012.9 million for the year ended 28 February 2025. The decline was mainly due to a weakening consumer demand and a continuous declining footfall of offline stores 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				Growth/ (Decline) rate
	28 February 2025		29 February 2024		
	Revenue	% of total	Revenue	% of total	
Principal brands*	23,310.7	86.3%	24,834.1	85.8%	(6.1%)
Other brands*	3,504.8	13.0%	3,890.3	13.5%	(9.9%)
Concessionaire fee income	145.9	0.5%	169.9	0.6%	(14.1%)
e-Sports income	51.5	0.2%	38.9	0.1%	32.4%
Total	27,012.9	100.0%	28,933.2	100.0%	(6.6%)

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, LI-NING, HOKA ONE ONE and KAILAS and norda™. Principal brands and other brands are classified according to the Group’s relative revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

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				Growth/ (Decline) rate
	28 February 2025		29 February 2024		
	Revenue	% of total	Revenue	% of total	
Retail operations	23,027.3	85.3%	24,702.7	85.4%	(6.8%)
Wholesales operations	3,788.2	14.0%	4,021.7	13.9%	(5.8%)
Concessionaire fee income	145.9	0.5%	169.9	0.6%	(14.1%)
e-Sports income	51.5	0.2%	38.9	0.1%	32.4%
Total	27,012.9	100.0%	28,933.2	100.0%	(6.6%)

Unit: RMB million

PROFITABILITY

The Group's operating profit decreased by 42.8% to RMB1,592.7 million for the year ended 28 February 2025. The profit attributable to the Company's equity holders decreased by 41.9% to RMB1,286.0 million for the year ended 28 February 2025.

	Year ended		Decline rate
	28 February 2025	29 February 2024	
Revenue	27,012.9	28,933.2	(6.6%)
Cost of sales	(16,629.5)	(16,852.4)	(1.3%)
Gross profit	10,383.4	12,080.8	(14.1%)
Gross profit margin	38.4%	41.8%	

Unit: RMB million

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales decreased by 1.3% from RMB16,852.4 million for the year ended 29 February 2024 to RMB16,629.5 million for the year ended 28 February 2025. Gross profit of the Group decreased by 14.1% to RMB10,383.4 million for the year ended 28 February 2025 from RMB12,080.8 million for the year ended 29 February 2024.

During the year, the gross profit margin of the Group was 38.4%, decreased by 3.4 percentage points, from 41.8% for the year ended 29 February 2024. Decrease in gross profit margin primarily resulted in accelerating the integration and turnover of Omni-channel inventory, ramping up overall promotional activities, making tactical optimization of online and offline sales mix, in collaborating with brand partners to counter the inventory pressures stemming from sales declines. As of 28 February 2025, the inventory decreased by 4.5% to RMB6,004.0 million as compared with RMB6,283.8 million as at 29 February 2024 and decreased by 1.9% half-on-half as compared with 31 August 2024.

Selling and distribution expenses for the year ended 28 February 2025 were RMB7,943.8 million (2024: RMB8,356.0 million), accounting for 29.4% of the Group's revenue (2024: 28.9%). 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 due to sales decline during the year resulting in a decrease in concessionaire and lease expenses, depreciation of right-of-use assets in relation to the stores and sales personnel salaries and commissions, partly offset by making tactical optimization of higher online sales mix which resulting in an increase in online platforms service fee and logistics service fee.

In the position of declining revenue, selling and distribution expenses as a percentage of the Group's revenue slightly increased by 0.5 percentage points which was mainly due to the decline in offline traffic negatively impacted the offline stores' operating leverage during the year.

General and administrative expenses for the year ended 28 February 2025 were RMB995.5 million (2024: RMB1,115.4 million), accounting for 3.7% of the Group's revenue (2024: 3.9%). 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 attributable to continuing optimization of organizational structure resulting in a decrease in staff costs and decrease in other tax expenses during the year.

Finance income decreased from RMB120.0 million for the year ended 29 February 2024 to RMB84.6 million for the year ended 28 February 2025. Decrease in finance income was mainly due to less interest income of bank deposits incurred, as the average balance of bank deposits and weighted average interest rate for the year ended 28 February 2025 was lower than last year.

Finance costs decreased from RMB147.3 million for the year ended 29 February 2024 to RMB117.7 million for the year ended 28 February 2025, primarily as a result of decrease in interest expenses on lease liabilities for the year ended 28 February 2025, partly offset by more interest expenses of short-term borrowings incurred, as the average balance of short-term borrowings was higher than last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expense for the year ended 28 February 2025 amounted to RMB274.9 million (2024: RMB547.9 million). The effective income tax rate decreased by 2.3 percentage points to 17.6% for the year ended 28 February 2025 from 19.9% for the year ended 29 February 2024 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 2025 amounted to RMB150.2 million (2024: RMB175.9 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 2025, the total capital expenditure was RMB376.9 million (2024: RMB407.7 million).

BASIC EARNINGS PER SHARE

Basic earnings per share for the year ended 28 February 2025 decreased by 41.9% to RMB20.74 cents from RMB35.69 cents for the year ended 29 February 2024.

Basic earnings per share is calculated by dividing profit attributable to the Company's equity holders of RMB1,286.0 million for the year ended 28 February 2025 (2024: RMB2,213.0 million) by the weighted average number of ordinary shares of the Company in issue of 6,201,222,024 shares (2024: 6,201,222,024 shares).

		Year ended	
		28 February 2025	29 February 2024
Profit attributable to the Company's equity holders	RMB million	1,286.0	2,213.0
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	20.74	35.69

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

During the year, net cash generated from operations increased by RMB369.9 million to RMB4,099.3 million for the year ended 28 February 2025 from RMB3,729.4 million for the year ended 29 February 2024.

Net cash used in investing activities for the year ended 28 February 2025 was RMB297.5 million (2024: net cash used in RMB198.1 million). During the year, the Group invested RMB372.8 million on payments for purchases of property, plant and equipment and intangible assets, partly offset by proceeds from disposals of property, plant and equipment of RMB0.6 million and interest received of RMB74.7 million.

During the year, net cash used in financing activities was RMB2,826.4 million (2024: net cash used in RMB3,332.3 million), mainly due to the repayments of short-term borrowings of RMB2,670.1 million, placement of short-term pledged bank deposits of RMB1,146.7 million, payments for lease liabilities (including interest) of RMB1,241.3 million, payments of the 2023/24 final dividend of RMB310.1 million and special dividend of RMB930.2 million and payments of the 2024/25 interim dividend of RMB868.2 million by the Group during the year, partly offset by proceeds from short-term borrowings of RMB4,080.0 million and withdrawal of short-term pledged bank deposits of RMB276.1 million.

As at 28 February 2025, the Group held short-term pledged bank deposits and cash and cash equivalents totaling RMB3,584.1 million (2024: RMB2,082.1 million), after netting off the short-term borrowings of RMB2,130.0 million (2024: RMB720.1 million), it was in a net cash position of RMB1,454.1 million (2024: net cash position of RMB1,362.0 million).

GEARING RATIO

As at 28 February 2025, the gearing ratio (net debt (short-term borrowings less bank deposits, cash and cash equivalents) divided by total capital (total equity plus net debt)) of the Group had a net cash position (2024: net cash position) and the aggregate balances of short-term pledged bank deposits and cash and cash equivalents exceeded the total balance of short-term borrowings by RMB1,454.1 million (2024: RMB1,362.0 million).

PLEDGE OF ASSETS

As at 28 February 2025, except for the short-term pledged bank deposits of RMB996.7 million, no assets were pledged as security for banking facilities available to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

As at 28 February 2025, 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 2025.

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 2025.

MATERIAL ACQUISITIONS AND DISPOSALS

For the year ended 28 February 2025, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

HUMAN RESOURCES

As at 28 February 2025, the Group had a total of 27,279 employees (2024: 29,458 employees). For the year ended 28 February 2025, total staff cost was RMB2,746.4 million (2024: RMB2,931.1 million), accounting for 10.2% (2024: 10.1%) 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 2025 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 2025.

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 33 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 “Management Discussion and Analysis” section on pages 7 to 20 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 “Management Discussion and Analysis” on pages 7 to 20 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 2025 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 55 to 115.

The Board declared on 23 October 2024 an interim dividend for the year ended 28 February 2025 of RMB14.00 cents or equivalent to HK\$15.07 cents per ordinary share, totaling RMB868.2 million. The interim dividend was paid on 19 December 2024.

The Board recommended the payment of a final dividend for the year ended 28 February 2025 of RMB2.00 cents or equivalent to HK\$2.15 cents per ordinary share (the “Final Dividend”), totaling RMB124.0 million and a special dividend for the year ended 28 February 2025 of RMB12.00 cents or equivalent to HK\$12.88 cents per ordinary share (the “Special Dividend”, together with the Final Dividend, the “Dividends”), totaling RMB744.1 million.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the “AGM”) will be held on Friday, 18 July 2025. The notice of the AGM will be sent to shareholders on Tuesday, 17 June 2025.

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, 15 July 2025 to Friday, 18 July 2025 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, 14 July 2025.

REPORT OF THE DIRECTORS

- (b) Subject to approval of the shareholders of the Company at the AGM, the Dividends will be payable on or about Wednesday, 27 August 2025 to the shareholders whose names appear on the register of members of the Company on Friday, 8 August 2025. For the purpose of ascertaining shareholder's eligibility for the Dividends, the register of members of the Company will be closed from Tuesday, 5 August 2025 to Friday, 8 August 2025, 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 Monday, 4 August 2025.

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 116 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 2025. Details of the movements in the share capital of the Company during the year are set out in note 27 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 28 February 2025, distributable reserves of the Company amounted to RMB20,799.0 million (2024: RMB20,494.4 million). The movements in distributable reserves during the year are set out in note 32 to the consolidated financial statements.

CHARITABLE DONATIONS

The Group's did not make any charitable donations for the year ended 28 February 2025 (2024: RMB2,000).

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment of RMB369.3 million (2024: RMB403.3 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 2025 are set out in note 26 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for less than 3.2% of the Group's total sales for the year.

Purchases from the Group's five largest suppliers accounted for approximately 94.7% of the Group's total purchases for the year and purchases from the largest supplier included therein accounted for approximately 66.6% 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:

Executive Directors

Mr. YU Wu (*Chairman & 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.

REPORT OF THE DIRECTORS

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. YU Wu, Ms. HU Xiaoling and Mr. HUANG Victor will retire from office at the AGM and, being eligible, offer themselves for re-election.

CHANGE IN DIRECTORS' INFORMATION

Save as disclosed below, there has been no change to the information of the Directors subsequent to the publication of the 2024/25 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").

- Mr. HUANG Victor ("Mr. Huang") ceased to serve as an independent non-executive director of Qingdao Haier Biomedical Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 688139) in July 2024; and
- Mr. Huang ceased to serve as an independent non-executive director of Scholar Education Group (a company listed on the Main Board of the Stock Exchange, stock code: 1769) in May 2025; and
- Ms. HU Xiaoling ceased to serve as a director of Hangzhou Beika Industrial Co., Limited in November 2024.

The biographical details of the Directors and senior management of the Company as at the date of this report are set out on pages 31 to 35 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 are 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 the sub-sections headed "Related Party Transactions" and "Connected Transactions and Continuing Connected Transactions" and note 14 to the consolidated financial statements", 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 2025.

Particulars of Directors' interests in transactions, arrangements or contracts of the Group as at 28 February 2025 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 C3 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.

REPORT OF THE DIRECTORS

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 Capital 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	426,436,356	6.88%

Notes:

- (1) As at the date of this report, the total number of issued shares of the Company was 6,201,222,024.
- (2) According to the corporate substantial shareholder notice last filed by Hillhouse HHBH, Hillhouse HHBH is wholly-owned by Hillhouse HHBH Limited, which is wholly-owned by HHBH Investment, L.P. and the investment manager of HHBH Investment, L.P. is Hillhouse Capital Management, Ltd.
- (3) According to the corporate substantial shareholder notice last 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, the Keen Source Trust and the Sola Fortune Trust and TMF was deemed to be interested in an aggregate of 426,436,356 shares in its capacity as the trustee of these trusts.

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 31 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”) entered into a property leasing framework agreement on 28 February 2022 which was effective from 1 March 2022 until 31 May 2024, and subsequently renewed the property leasing framework agreement on 22 May 2024 (the “Property Leasing Framework Agreement”), effective from 1 June 2024 until 31 August 2026.

Belle International and/or its subsidiaries have been leasing to the Group (a) twelve properties located in seven cities in the PRC and two properties located in Hong Kong with an aggregate gross area of over 16,300 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 400 square meters under the Property Leasing Framework Agreement during the year ended 28 February 2025. 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 (i) lease payment payable by the Group under the Property Leasing Framework Agreement for the year ended 28 February 2025 was RMB27.1 million; and (ii) total value of right-of-use assets relating to the leases to be entered into under the Property Leasing Framework Agreement for the year ended 28 February 2025 was RMB90.0 million.

The total amount of lease payments incurred by the Group relating to the transactions under the Property Leasing Framework Agreement for the year ended 28 February 2025 was approximately RMB24.9 million. The total value of right-of-use assets relating to the leases entered into under the Property Leasing Framework Agreement for the year ended 28 February 2025 was approximately RMB39.1 million.

Belle International is an associate of Hillhouse HHBH and WMVL 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 investment manager of Hillhouse Fund III, L.P. is Hillhouse Capital 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.

REPORT OF THE DIRECTORS

(2) Logistics Services Framework Agreement

The Company entered into a logistics services framework agreement with Li Xun Corporate Development (Shanghai) Company Ltd. ("Li Xun") on 28 February 2022 which was effective from 1 March 2022 until 31 May 2024 and subsequently renewed the logistics services framework agreement with Li Xun on 22 May 2024 (the "Logistics Services Framework Agreement"), effective from 1 June 2024 until 31 August 2026. The Logistics Services Framework Agreement was further amended on 21 May 2025 to revise the annual caps for the years ending 28 February 2026 and 2027.

Under the Logistics Services Framework Agreement, Li Xun will provide to the Group (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 annual cap for the logistics service fee payable by the Group under the Logistics Services Framework Agreement for the year ended 28 February 2025 was RMB465.9 million.

The total amount of logistics service fee incurred by the Group under the Logistics Services Framework Agreement for the year ended 28 February 2025 was approximately RMB465.3 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 and the renewal of such agreements, please refer to the announcements of the Company dated 28 February 2022, 22 May 2024 and 21 May 2025.

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 (including sale of treasury shares).

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 36 to 48 of this report.

REPORT OF THE DIRECTORS

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 of the Company for the reporting period published on the Company's website and the website of the Stock Exchange in accordance with the Listing Rules (the "Environmental, Social and Governance 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.

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 in the Environmental, Social and Governance Report.

SUBSEQUENT EVENT

There are no significant events subsequent to 28 February 2025 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 2025 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

YU Wu

Chairman & Chief Executive Officer

Hong Kong, 21 May 2025

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. YU Wu (于武) (“Mr. Yu”), aged 58, 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. He was further appointed as the chairman of the Board on 21 July 2023. 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 61, 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 Fang (盛放), aged 52, 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.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Ms. YUNG Josephine Yuen Ching (翁婉菁) (“Ms. Yung”), aged 41, 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 55, 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 previously served as a non-executive director of Baroque Japan Limited (a company listed on the Tokyo Stock Exchange, stock code: 3548) from August 2013 to July 2023, and a director of each of Belle International (which was formerly listed on the Main Board of the Stock Exchange) from September 2005 to December 2023, Dali Foods Group Company Limited (which was formerly listed on the Main Board of the Stock Exchange) from May 2015 to October 2023, 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, Sunac China Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1918) from November 2007 to August 2014, and Hangzhou Beika Industrial Co., Limited from December 2020 to November 2024. 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 in June 1992 and master’s degree in economics and accounting in March 1995. 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 70, 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 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.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

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) since August 2015, 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 Flydoo Technology Holding Limited (a company listed on the Growth Enterprise Market of the Stock Exchange, stock code: 8069, previously known as WWPKG Holdings Company Limited) 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 53, 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 54, 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 2014 to 2017 and a partner of PricewaterhouseCoopers Limited from 2005 to 2014, with over 30 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.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

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) since May 2022; New Times Corporation Limited (a company listed on the Main Board of the Stock Exchange, stock code: 166, previously known as New Times Energy Corporation Limited) and COSCO SHIPPING Energy Transportation Co., Ltd. (a company dual listed on the Shanghai Stock Exchange, stock code: 600026, and the Main Board of the Stock Exchange, stock code: 1138) since June 2020; ManpowerGroup Greater China Limited (a company listed on the Main Board of the Stock Exchange, stock code: 2180) since March 2019 and Giordano International Limited (a company listed on the Main Board of the Stock Exchange, stock code: 709) since April 2024. Mr. Huang previously served as an independent non-executive director of 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) from February 2018 to February 2024 and Qingdao Haier Biomedical Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 688139) from August 2018 to July 2024 and Scholar Education Group (a company listed on the Main Board of the Stock Exchange, stock code: 1769) from June 2019 to May 2025.

SENIOR MANAGEMENT

Mr. ZHANG Qiang (張強) (“Mr. Zhang”), aged 52, 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. DING Chao (丁超) (“Mr. Ding”), aged 38, 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.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Zhang Huijing (張慧靜) ("Ms. Zhang"), aged 48, joined the Group in April 2007 and was appointed as a vice president of the Company on 1 March 2024. Ms. Zhang is primarily responsible for managing the user operation center, digital intelligence innovation center, customer services center, marketing center and human resources and administration center of the Group.

Ms. Zhang has more than 20 years of experience in the sportswear business. Ms. Zhang joined the Belle International Group in April 2005 as director of human resources and legal affairs of Greater Shandong and Henan Region. She subsequently joined the sportswear business division of Belle International which now forms part of the Group in 2007, and since July 2020 was responsible for the national retail operation center and the overall business of the Greater Shandong and Henan Region, after which she also took charge of the management of the smart retail center, digital intelligence innovation center and customer services center of the Group. Prior to joining the Belle International Group, Ms. Zhang worked as human resources manager in different divisions of Haier Group Limited from 1998 to March 2005.

Ms. Zhang graduated from Shandong University of Finance and Economics (formerly known as Shandong Institute of Economics) in July 1997. She obtained a bachelor's degree in Law from School of Continuing Education, Tsinghua University in July 2005, and a postgraduate diploma in Shopper Marketing and Retail Management from the University of Hong Kong in November 2020.

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 C1 to the Listing Rules (the "CG Code"), and the Company has adopted the CG Code as its own corporate governance 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 2025, save for code provision C.2.1 of the CG Code as disclosed in this report.

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 2025, the Board comprised two Executive Directors, three 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 (<i>Chairman & Chief Executive Officer</i>)	N/A	✓	✓
Mr. LEUNG Kam Kwan	N/A	N/A	N/A
Non-executive Directors			
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	✓

CORPORATE GOVERNANCE REPORT

The Board sets the Group's overall objectives and strategies, develops and reviews its policies and practices on corporate governance, monitors and evaluates its operating and financial performance and reviews policies and practices on their 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, training and continuous professional development of directors and senior management, and 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 2025, details of attendance of the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee meetings are as follows:

	Board	Meetings attended/held		
		Audit Committee	Remuneration Committee	Nomination Committee
Mr. YU Wu [#] (Chairman & 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 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	2/2	1/1	1/1
Mr. HUA Bin [@]	5/5	2/2	1/1	N/A
Mr. HUANG Victor [@]	5/5	2/2	N/A	1/1

[#] Executive Director

[^] Non-executive Director

[@] Independent Non-executive Director

For the year ended 28 February 2025, the Company convened one general meeting, being the annual general meeting held on 19 July 2024 which all Directors 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 2025, 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.

For the year ended 28 February 2025, the Board members have no financial, business, family or other material/relevant relationships with each other. Additionally, the Non-executive Directors and the Independent Non-executive Directors bring a variety of experience and expertise to the Company.

CORPORATE GOVERNANCE REPORT

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 31 to 35 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.

MECHANISM FOR DIRECTORS TO OBTAIN INDEPENDENT VIEWS AND OPINIONS

The Company has established a mechanism to ensure independent views and input are available to the Board. The Board has a majority of non-executive Directors (including independent non-executive Directors) and no less than one-third of independent non-executive Directors to ensure that there is a strong independent element on the Board. The Company has established various channels for the independent non-executive Directors to express their opinions, and secured sufficient time for Board meetings and Board committee meetings to ensure that the Directors have sufficient time and channels to express their opinions. Directors may seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently. The Board will review the implementation and effectiveness of the above mechanism annually.

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 each of the Directors named under the sub-heading "Board" in this report during the year ended 28 February 2025, 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. YU Wu, Ms. HU Xiaoling and Mr. HUANG Victor 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

Code provision C.2.1 of the CG Code states that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. YU Wu has assumed the role of chairman of the Company in addition to his role as the chief executive officer of the Company. Considering the present composition of the Board and Mr. Yu's extensive experience in the footwear and sportswear businesses, the Board is of the view that vesting the roles of both chairman and chief executive in Mr. Yu provides the Group with continuous leadership and effective implementation of long term business strategies. As all major decisions are made in consultation with members of the Board and relevant Board committees, and there are independent non-executive Directors on the Board offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board to protect the interests of the Company and its shareholders.

CORPORATE GOVERNANCE REPORT

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 two times during the year ended 28 February 2025. 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 2025 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 2025 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;
- making recommendations to the Board on the terms of specific remuneration packages 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 2025 to, among others, review the Company's policy and structure for all directors' and senior management's remuneration, and make recommendations to the Board on the remuneration packages of individual Directors and senior management. 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 2025 to, among others, review the structure, size and composition of the Board, the implementation of the director nomination and board diversity policies, and consider the contributions required from and the suitability of Directors and senior management to perform their responsibilities. 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.

CORPORATE GOVERNANCE REPORT

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 2025, 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 six males (75.0%) and two females (25.0%), 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). Considering that the objective of the Board Diversity Policy had been met, the Board considered that no measurable objective for the implementation of the Board Diversity Policy is required to be set.

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 2025, the Group had a total workforce (including senior management) of approximately 27,279 employees, of which 17.0% are males, and 83.0% 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 49 and 54.

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 31 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 2025 in compliance with Rule 3.29 of the Listing Rules.

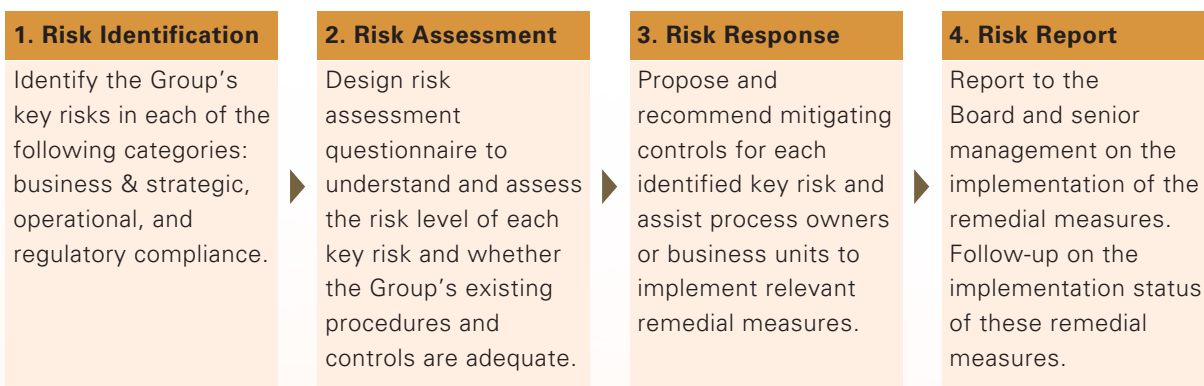
In response to specific enquiries made, the Company Secretary confirmed that he has complied with all the required qualifications, experience and training requirements of the Listing Rules.

CORPORATE GOVERNANCE REPORT

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 sufficiency and 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.



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 2025, 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 2024 to 28 February 2025 and all material controls, including financial control, operational control and compliance controls, and considered the changes in the nature and extent of significant risks (including ESG 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 resources related to ESG (Environmental, Social, and Governance) performance and reporting, 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.

CORPORATE GOVERNANCE REPORT

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 2025, 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 2025 were RMB5.5 million and RMB0.9 million, respectively. Non-audit services including tax and other advisory services.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code contained in Appendix C3 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 2025.

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 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.

MATERIAL CHANGE IN THE ARTICLES OF ASSOCIATION

During the year ended 28 February 2025, there was no material change in the Articles of Association of the Company.

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>.

CORPORATE GOVERNANCE REPORT

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.

INDEPENDENT AUDITOR'S REPORT



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 55 to 115, comprise:

- the consolidated balance sheet as at 28 February 2025;
- 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, comprising material accounting policy information 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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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 International Ethics Standards Board for Accountants ("the IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- Net realizable value of inventories
- Impairment assessment of right-of-use assets and property, plant and equipment

Key Audit Matter

Net realizable value of inventories

Refer to Notes 4(a) and 21 to the consolidated financial statements.

At 28 February 2025, the Group had inventories net amount of RMB6,004.0 million. The inventories are carried at the lower of cost and net realizable value. Accumulated provision for impairment of RMB218.6 million was made to write down the carrying amount of inventories to their estimated net realizable value as at 28 February 2025 and a provision for impairment of RMB47.2 million has charged to consolidated statement of profit or loss for the year ended 28 February 2025.

Management estimates the provision for impairment of inventories based on an analysis of the aging profile and saleability of the inventories and makes provision for those inventories with carrying amounts higher than their respective net realizable values. Net realizable values are determined by management based on the current marketability and latest selling prices of the respective inventories, the current retail market conditions and the Group's sales strategy existing at the end of the year.

We focused on this area due to significant judgments and assumptions applied by management in determining the net realizable value of the inventories.

How our audit addressed the Key Audit Matter

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

- We obtained an understanding of the management's internal control and assessment process of net realizable value of inventories;
- We checked the system generated inventories aging analysis used by the management, on a sample basis, to the relevant supporting documents;
- We evaluated the provision for impairment made by management by performing 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 the current marketability and latest selling prices of the respective inventories with reference to the actual sales data post year-end and the assumptions used by the management, current retail market conditions and the Group's sales strategy, 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 our procedures performed, we found the judgments and assumptions of management applied in the assessment of the net realizable value of inventories were supported by evidence obtained.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter

Impairment assessment of right-of-use assets and property, plant and equipment

Refer to Notes 4(b) and 16(a) to the consolidated financial statements.

As at 28 February 2025, right-of-use assets and property, plant and equipment of the Group of RMB1,818.5 million and RMB541.4 million, respectively are stated at historical cost, less impairment. Majority of the Group's right-of-use assets and property, plant and equipment are related to the retail stores operated by the Group, which are subject to impairment assessment when there is an impairment indicator.

Provision for impairment on right-of-use assets and property, plant and equipment of RMB105.0 million and RMB14.3 million, respectively had been recognized in the consolidated statement of profit or loss during the year ended 28 February 2025.

Management regards each individual retail store as a cash generating units ("CGU") and reviews the performance of individual store to identify if any impairment indicator exists. Management performed an impairment assessment of each retail store with impairment indicator identified by comparing its carrying value with its recoverable amount, which is the higher of fair value less costs of disposal and value in use. The value in use of the right-of-use assets and property, plant and equipment in those retail store is determined by management based on a discounted cash flow forecast.

Significant management's assumptions are required in applying the discount cash flow forecast, including forecasted revenue, gross margin, operational cost and discount rates.

We focused on this area due to the significant judgments and assumptions applied by management.

How our audit addressed the Key Audit Matter

Our procedures in relation to impairment assessment of right-of-use assets and property, plant and equipment included:

- We obtained an understanding of the management's internal control over the Group's process in the identification of impairment indicators of retail stores and performance of impairment assessment, when necessary;
- We evaluated the identification of impairment indicators by management by assessing the assumptions adopted by corroborating with management explanations and available supporting evidence;
- For individual retail stores with impairment indicator identified, we evaluated the discounted cash flow forecast as follows:
 - We assessed, on a sample basis, the key assumptions adopted by management including forecasted revenue, gross margin and operational cost, by challenging the appropriateness with reference to the applicable historical financial data, available industry and market information and business plans, we also assessed the applicable discount rates adopted, by comparing them with costs of capital of comparable companies;
 - We tested the mathematical accuracy of the calculations of the discounted cash flow forecast; and
 - We also assessed the appropriateness of management's historical estimation by compared the key assumptions included in the discounted cash flow calculation prepared by management in the prior year with the current year's performance.

Based on our procedures performed, we found the judgments and assumptions of management applied in the impairment assessment of right-of-use assets and property, plant and equipment were supported by evidence obtained.

INDEPENDENT AUDITOR'S REPORT

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 IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

INDEPENDENT AUDITOR'S REPORT

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, 21 May 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 28 February 2025

	Note	Year ended	
		28 February 2025 RMB million	29 February 2024 RMB million
Revenue	6	27,012.9	28,933.2
Cost of sales	8	(16,629.5)	(16,852.4)
Gross profit		10,383.4	12,080.8
Selling and distribution expenses	8	(7,943.8)	(8,356.0)
General and administrative expenses	8	(995.5)	(1,115.4)
Other income	7	150.2	175.9
(Provision for)/reversal of impairment of trade receivables	22	(1.6)	1.2
Operating profit		1,592.7	2,786.5
Finance income	9	84.6	120.0
Finance costs	9	(117.7)	(147.3)
Finance costs, net		(33.1)	(27.3)
Profit before income tax		1,559.6	2,759.2
Income tax expense	10	(274.9)	(547.9)
Profit for the year		1,284.7	2,211.3
Attributable to:			
Equity holders of the Company		1,286.0	2,213.0
Non-controlling interests		(1.3)	(1.7)
		1,284.7	2,211.3
		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	20.74	35.69

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 2025

	Year ended	
	28 February 2025	29 February 2024
	RMB million	RMB million
Profit for the year	1,284.7	2,211.3
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Exchange differences	–	0.1
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences	32.4	34.7
Total comprehensive income for the year	1,317.1	2,246.1
Attributable to:		
Equity holders of the Company	1,318.4	2,247.8
Non-controlling interests	(1.3)	(1.7)
	1,317.1	2,246.1

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

CONSOLIDATED BALANCE SHEET

As at 28 February 2025

		As at	
		28 February 2025	29 February 2024
	Note	RMB million	RMB million
ASSETS			
Non-current assets			
Property, plant and equipment	15	541.4	638.7
Right-of-use assets	16(a)	1,818.5	1,821.4
Intangible assets	17	1,045.8	1,059.4
Long-term deposits, prepayments and other receivables	18	207.3	214.9
Financial assets at fair value through profit or loss	19	45.9	45.9
Deferred income tax assets	20	257.2	204.6
		3,916.1	3,984.9
Current assets			
Inventories	21	6,004.0	6,283.8
Trade receivables	22	751.9	1,329.6
Deposits, prepayments and other receivables	18	646.4	863.6
Short-term pledged bank deposits	23	996.7	126.1
Cash and cash equivalents	23	2,587.4	1,956.0
		10,986.4	10,559.1
Total assets		14,902.5	14,544.0

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

CONSOLIDATED BALANCE SHEET

As at 28 February 2025

		As at	
		28 February 2025	29 February 2024
	Note	RMB million	RMB million
LIABILITIES			
Non-current liabilities			
Lease liabilities	16(b)	1,121.4	1,098.1
Deferred income tax liabilities	20	226.0	249.0
		<u>1,347.4</u>	<u>1,347.1</u>
Current liabilities			
Trade payables	24	343.4	387.1
Other payables, accruals and other liabilities	25	941.0	1,087.6
Short-term borrowings	26	2,130.0	720.1
Lease liabilities	16(b)	813.5	890.0
Current income tax liabilities		268.2	261.7
		<u>4,496.1</u>	<u>3,346.5</u>
Total liabilities		<u>5,843.5</u>	<u>4,693.6</u>
Net assets		<u>9,059.0</u>	<u>9,850.4</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	27	–	–
Other reserves	28	1,886.5	1,804.9
Retained earnings		7,172.3	8,044.0
		<u>9,058.8</u>	<u>9,848.9</u>
Non-controlling interests		<u>0.2</u>	<u>1.5</u>
Total equity		<u>9,059.0</u>	<u>9,850.4</u>

The consolidated financial statements on pages 55 to 115 were approved by the Board of Directors on 21 May 2025 and were signed on its behalf by:

YU Wu
Director

LEUNG Kam Kwan
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 2025

	Attributable to equity holders of the Company				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
	RMB million (Note 27)	RMB million (Note 28)	RMB million	RMB million	RMB million	RMB million
As at 1 March 2024	–	1,804.9	8,044.0	9,848.9	1.5	9,850.4
Comprehensive income:						
Profit/(loss) for the year	–	–	1,286.0	1,286.0	(1.3)	1,284.7
Other comprehensive income:						
Exchange difference	–	32.4	–	32.4	–	32.4
Total comprehensive income/(loss) for the year	–	32.4	1,286.0	1,318.4	(1.3)	1,317.1
Appropriation to statutory reserves	–	49.2	(49.2)	–	–	–
Dividends (Note 12)	–	–	(2,108.5)	(2,108.5)	–	(2,108.5)
Total transactions with equity holders	–	49.2	(2,157.7)	(2,108.5)	–	(2,108.5)
As at 28 February 2025	–	1,886.5	7,172.3	9,058.8	0.2	9,059.0
As at 1 March 2023	–	1,741.7	8,091.9	9,833.6	–	9,833.6
Comprehensive income:						
Profit/(loss) for the year	–	–	2,213.0	2,213.0	(1.7)	2,211.3
Other comprehensive income:						
Exchange difference	–	34.8	–	34.8	–	34.8
Total comprehensive income/(loss) for the year	–	34.8	2,213.0	2,247.8	(1.7)	2,246.1
Appropriation to statutory reserves	–	28.4	(28.4)	–	–	–
Dividends (Note 12)	–	–	(2,232.5)	(2,232.5)	–	(2,232.5)
Acquisition of a subsidiary	–	–	–	–	3.2	3.2
Total transactions with equity holders	–	28.4	(2,260.9)	(2,232.5)	3.2	(2,229.3)
As at 29 February 2024	–	1,804.9	8,044.0	9,848.9	1.5	9,850.4

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 2025

		Year ended	
		28 February 2025	29 February 2024
	Note	RMB million	RMB million
Cash flows from operating activities			
Net cash generated from operations	29(a)	4,099.3	3,729.4
Income tax paid		(344.0)	(600.4)
Net cash generated from operating activities		3,755.3	3,129.0
Cash flows from investing activities			
Payments for purchases of property, plant and equipment and intangible assets	29(b)	(372.8)	(396.9)
Payments for acquisition a subsidiary, net of cash acquired		–	(2.5)
Proceeds from disposals of property, plant and equipment	29(c)	0.6	2.4
Payment for purchase of financial assets at fair value through profit or loss		–	(45.9)
Proceeds from disposal of financial assets at fair value through profit or loss		–	20.0
Interest received		74.7	224.8
Net cash used in investing activities		(297.5)	(198.1)
Cash flows from financing activities			
Proceeds from short-term borrowings	29(d)	4,080.0	1,710.1
Repayments of short-term borrowings	29(d)	(2,670.1)	(2,535.0)
Placement of short-term pledged bank deposits		(1,146.7)	(372.1)
Withdrawal of short-term pledged bank deposits		276.1	1,532.0
Payments for lease liabilities (including interest)	29(d)	(1,241.3)	(1,421.6)
Interest paid for short-term borrowings		(15.9)	(13.2)
Dividends paid		(2,108.5)	(2,232.5)
Net cash used in financing activities		(2,826.4)	(3,332.3)
Net increase/(decrease) in cash and cash equivalents		631.4	(401.4)
Cash and cash equivalents at beginning of the year		1,956.0	2,357.4
Cash and cash equivalents at end of the year	23	2,587.4	1,956.0

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Act of the Cayman Islands, 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 2025 and 29 February 2024, 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 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 IFRS Accounting Standards 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 assets at fair value through profit and loss, which is measured at fair value.

IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards
- Interpretations developed by the IFRS Interpretations Committee

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards 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 2024:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.1 Basis of preparation (Continued)

(b) **Amendments to standards and interpretations that have been issued but are not yet effective**

A number of amendments to standards and interpretations have been issued but are not effective for the year beginning on or after 1 March 2025 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 21	Lack of Exchangeability ⁽¹⁾
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments ⁽²⁾
IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 (Amendments)	Annual Improvement to IFRS Accounting Standards – Volume 11 ⁽²⁾
IFRS 18 (New Standard)	Presentation and Disclosure in Financial Statements ⁽³⁾
IFRS 19 (New Standard)	Disclosures for Subsidiaries without Public Accountability ⁽³⁾
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽⁴⁾

⁽¹⁾ Effective for the Group for annual period beginning on 1 March 2025.

⁽²⁾ Effective for the Group for annual period beginning on 1 March 2026.

⁽³⁾ Effective for the Group for annual period beginning on 1 March 2027.

⁽⁴⁾ Effective date to be determined.

The directors have performed assessment on the new standards, and amendments, and has concluded on a preliminary basis that these new standards and amendments would not have a significant impact on the Group's consolidated financial statements when they become effective, except for IFRS 18 which will impact the presentation of profit and loss. The Group is still in the process of evaluating the impact of adoption of IFRS 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.2 Summary of material accounting policies

2.2.1 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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.2 Summary of material accounting policies (Continued)

2.2.2 Accounting for leases – 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 without extension option (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.

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 2.2.4.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.2 Summary of material accounting policies (Continued)

2.2.3 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.

(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.

2.2.4 Impairment of non-financial assets

The impairment of goodwill, please refer to Note 2.2.3(a). 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. Other non-financial 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.2 Summary of material accounting policies (Continued)

2.2.5 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.

2.2.6 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 and does not give rise to equal amounts of taxable and deductible temporary differences. 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.2 Summary of material accounting policies (Continued)

2.2.7 Employee benefits

(a) *Short-term obligations*

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

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.

2.2.8 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.2 Summary of material accounting policies (Continued)

2.2.9 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. Concessionaire fee income are recognised upon the sale of merchandise by the relevant concessionaires, which is taken to be the point in time when the control of the asset is transferred to the customer.

(c) *Interest income*

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

2.2.10 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.3 Summary of other accounting policies

2.3.1 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.3 Summary of other accounting policies (Continued)

2.3.1 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.3 Summary of other accounting policies (Continued)

2.3.1 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 Accounting Standard.

(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.

2.3.2 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.

2.3.3 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.3 Summary of other accounting policies (Continued)

2.3.3 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.

2.3.4 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").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.3 Summary of other accounting policies (Continued)

2.3.4 Financial assets (Continued)

(a) **Classification (Continued)**

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.3 Summary of other accounting policies (Continued)

2.3.4 Financial assets (Continued)

(c) *Measurement (Continued)*

Debt instruments (Continued)

- 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.

2.3.5 Accounting for lease – 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.3 Summary of other accounting policies (Continued)

2.3.6 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.

2.3.7 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 2.3.4(c) for further information about the Group's accounting for trade receivables and Note 2.3.4(d) for a description of the Group's impairment policies.

2.3.8 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.

2.3.9 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.

2.3.10 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of accounting policies (Continued)

2.3 Summary of other accounting policies (Continued)

2.3.11 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.

2.3.12 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2025 and 29 February 2024, no forward foreign exchange contracts had been entered into by the Group.

As at 28 February 2025 and 29 February 2024, 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 23, Note 26 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 expose the Group to fair value interest rate risk.

As at 28 February 2025, the impact of any potential change in interest rates is not expected to have material impact on the Group's financial performance and therefore no sensitivity analysis is presented for interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 wholesale customers and sales through the e-commerce platforms are generally on credit terms within 30 days. Normally the Group does not require collaterals from trade debtors.

Impairment on other financial assets at amortized cost are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

Trade receivables

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.

For trade receivables relating to accounts in which there are objective evidence that the debtor faces significant financial difficulties or significant doubt on the collectability, they are assessed individually for impairment allowance. No loss allowances were provided on individual basis on those trade receivables during the years ended 28 February 2025 and 29 February 2024. 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.

Given the track record of regular repayment of trade receivables, the directors are of the opinion that the risk of default by these counterparties is not significant, taking into account forward-looking information on macroeconomics factors. Therefore, expected credit loss rate of trade receivables is assessed to be insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Credit risk (Continued)

Trade receivables (Continued)

As at 28 February 2025, total loss allowance of RMB6.7 million (2024: RMB5.1 million) has been made on the Group's trade receivables on collective basis and was determined as follows for trade receivables:

Provision on collective basis	0–30 days	31–60 days	61–90 days	Over 90 days	Total
28 February 2025					
Gross carrying amount (RMB million)	730.8	9.6	7.0	11.2	758.6
Expected credit loss rate	0.1%	0.1%	3.1%	55.4%	0.9%
Loss allowance (RMB million)	0.3	—*	0.2	6.2	6.7
29 February 2024					
Gross carrying amount (RMB million)	1,300.9	22.2	2.5	9.1	1,334.7
Expected credit loss rate	0.0% [^]	0.1%	1.1%	50.5%	0.4%
Loss allowance (RMB million)	0.5	—*	—*	4.6	5.1

[^] 0–30 days and 31–60 days expected credit loss rate is less than 0.1%

* 31–60 days and 61–90 days loss allowance are less than RMB0.1 million

Other receivables and deposits

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.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment/repayable demanded.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Credit risk (Continued)

Other receivables and deposits (Continued)

The Group makes deposits (current and non-current) for rental of certain of its retail outlets with landlords and others. The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss information for each category of receivables and deposits and any available financial position of the counterparties and adjusts for forward looking macroeconomic data, such as Consumer Price Index ("CPI") inflation and Nominal Gross Domestic Product ("GDP").

As at 28 February 2025 and 29 February 2024, all of the other receivables and deposits of the Group are considered at stage 1 in accordance with IFRS 9 and there are no significant increase in credit risk of the counterparties, accordingly, the loss allowance provision were minimal.

Bank balances and term deposits

As at 28 February 2025 and 29 February 2024, substantially all the bank balances as disclosed in Note 23 are held in major financial institutions located in the PRC and Hong Kong, which management believes are of high credit quality and there was no significant increase in credit risk of these counterparties. The Group considered that there was no significant credit risk associated with the bank balances and term deposits and did not expect that there would be any significant losses from non-performance by these financial institutions.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents 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 lease liabilities, 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 2025 and 29 February 2024, 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 2025 and 29 February 2024 payable in the next twelve months calculated in accordance with the relevant borrowing agreements amounted to RMB3.5 million and RMB1.3 million respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(d) Liquidity risk (Continued)

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 2025 RMB million	29 February 2024 RMB million
Carrying amount of lease liabilities	1,934.9	1,988.1
Within 1 year	882.9	911.9
More than 1 year and within 2 years	635.9	661.3
More than 2 years and within 5 years	523.6	588.1
More than 5 years	13.6	37.0
Total contractual undiscounted cash outflow	2,056.0	2,198.3

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).

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

3.2 Fair value estimation (Continued)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other techniques, such as discounted cash flow analysis and recent comparable transaction, are used to determine fair value for the remaining financial instruments.

As at 28 February 2025 and 29 February 2024, the Group's financial assets at fair value through profit or loss of RMB45.9 million represented the investment in an unlisted company, which were measured at level 3 fair value.

The Group adopted market approach to measure the fair value of its unlisted investments and is determined based on the recent transaction price, which is the significant unobservable input. This unobservable input is directly linked to the fair value measured.

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 borrowings less short-term pledged bank deposits and cash and cash equivalents. Total capital is calculated as "Total equity", as shown in the consolidated balance sheet plus net debt or minus net cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

3.3 Capital risk management (Continued)

As at 28 February 2025 and 29 February 2024, the gearing ratio is not applicable as the Group was at net cash position as follows:

	As at	
	28 February 2025	29 February 2024
	RMB million	RMB million
Short-term borrowings (Note 26)	2,130.0	720.1
Less: Short-term pledged bank deposits and cash and cash equivalents (Note 23)	(3,584.1)	(2,082.1)
Net cash	(1,454.1)	(1,362.0)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Critical accounting estimates and judgments (Continued)

(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.

(c) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Critical accounting estimates and judgments (Continued)

(d) 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.

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

As at 28 February 2025 and 29 February 2024, substantially all of the non-current assets of the Group were located in the PRC.

6 Revenue

	Year ended	
	28 February 2025 RMB million	29 February 2024 RMB million
Sale of goods	26,815.5	28,724.4
Concessionaire fee income	145.9	169.9
Others	51.5	38.9
	<u>27,012.9</u>	<u>28,933.2</u>

The Group derived its revenue from the transfer of goods at point in time.

For the year ended 28 February 2025 and 29 February 2024, no revenue derived from transactions with any single customer represent 10% or more of the Group's total revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 Other income

	Year ended	
	28 February 2025 RMB million	29 February 2024 RMB million
Government incentives (note)	150.1	159.3
Others	0.1	16.6
	150.2	175.9

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

8 Expenses by nature

	Year ended	
	28 February 2025 RMB million	29 February 2024 RMB million
Cost of inventories recognized as expenses included in cost of sales	16,582.3	16,816.2
Staff costs (Note 13)	2,746.4	2,931.1
Lease expenses (mainly including concessionaire fee expenses)	2,304.3	2,741.8
Depreciation on right-of-use assets (Note 16(a))	989.7	1,166.8
Depreciation on property, plant and equipment (Note 15)	449.5	484.0
Amortization of intangible assets (Note 17)	21.2	21.0
Write-off of property, plant and equipment (Note 15)	1.3	2.7
Write-off of intangible assets (Note 17)	–	0.5
Losses on disposal of property, plant and equipment (Note 29(c))	0.9	0.1
Impairment of inventories recognized as expenses included in cost of sales	47.2	36.2
Impairment of property, plant and equipment included in selling and distribution expenses (Note 15)	14.3	8.6
Impairment of right-of-use assets included in selling and distribution expenses (Note 16(a))	105.0	88.1
Other tax expenses	73.5	100.2
Auditors' remuneration	5.5	6.3
Others	2,227.7	1,920.2
Total cost of sales, selling and distribution expenses and general and administrative expenses	25,568.8	26,323.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 Finance costs, net

	Year ended	
	28 February 2025	29 February 2024
	RMB million	RMB million
Interest income from bank deposits	84.6	119.9
Exchange gains	—	0.1
Finance income	84.6	120.0
Interest expense on bank borrowings	(19.4)	(17.0)
Interest expense on lease liabilities (Note 16(b))	(98.3)	(130.3)
Finance costs	(117.7)	(147.3)
Finance costs, net	(33.1)	(27.3)

10 Income tax expense

	Year ended	
	28 February 2025	29 February 2024
	RMB million	RMB million
Current income tax – PRC corporate income tax		
– Current year	242.1	394.1
– Under-provision in prior years	17.7	3.1
– Withholding tax	90.7	104.8
Deferred income taxes (Note 20)	(75.6)	45.9
Income tax expense	274.9	547.9

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% (2024: 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% (2024: 25%) except that certain subsidiaries are subject to various preferential tax treatments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 Income tax expense (Continued)

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.

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 2025 RMB million	29 February 2024 RMB million
Profit before income tax	1,559.6	2,759.2
Tax calculated at the applicable tax rate of respective companies (note)	188.3	428.3
Tax losses for which no deferred income tax assets were recognized	1.2	0.1
Under-provision in prior years	17.7	3.1
Withholding tax	67.7	116.4
	274.9	547.9

Note: The weighted average applicable corporate income tax rate is 12.1% (2024: 15.5%). 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2025	29 February 2024
Profit attributable to equity holders of the Company	RMB million	1,286.0	2,213.0
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	20.74	35.69

(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 for the respective years ended 28 February 2025 and 29 February 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 Dividends

	Year ended	
	28 February 2025	29 February 2024
	RMB million	RMB million
Interim dividend, paid, of RMB14.00 cents (or equivalent to HK\$15.07 cents) (2024: RMB16.00 cents (or equivalent to HK\$16.89 cents)) per ordinary share (note (a, b))	868.2	992.2
Final dividend, proposed, of RMB2.00 cents (or equivalent to HK\$2.15 cents) (2024: RMB5.00 cents (or equivalent to HK\$5.32 cents)) per ordinary share (note (c, d))	124.0	310.1
Special dividend, proposed, of RMB12.00 cents (or equivalent to HK\$12.88 cents) (2024: RMB15.00 cents (or equivalent to HK\$15.97 cents)) per ordinary share (note (c, d))	744.1	930.2
	1,736.3	2,232.5

Notes:

- (a) At a meeting held on 18 October 2023, the directors declared an interim dividend of RMB16.00 cents or equivalent to HK\$16.89 cents per ordinary share (totaling RMB992.2 million) for the six months ended 31 August 2023, which was paid and has been reflected as an appropriation of retained earnings for the year ended 29 February 2024.
- (b) At a meeting held on 23 October 2024, the directors declared an interim dividend of RMB14.00 cents or equivalent to HK\$15.07 cents per ordinary share (totaling RMB868.2 million) for the six months ended 31 August 2024, which was paid and has been reflected as an appropriation of retained earnings for the year ended 28 February 2025.
- (c) At a meeting held on 22 May 2024, the directors recommended a final dividend of RMB5.00 cents or equivalent to HK\$5.32 cents per ordinary share (totaling RMB310.1 million) and a special dividend of RMB15.00 cents or equivalent to HK\$15.97 cents per ordinary share (totaling RMB930.2 million) for the year ended 29 February 2024. These dividends have been approved on AGM held on 19 July 2024, which were paid and have been reflected as an appropriation of retained earnings during the year ended 28 February 2025.
- (d) At a meeting held on 21 May 2025, the directors recommended a final dividend of RMB2.00 cents or equivalent to HK\$2.15 cents per ordinary share (totaling RMB124.0 million) and a special dividend of RMB12.00 cents or equivalent to HK\$12.88 cents per ordinary share (totaling RMB744.1 million) for the year ended 28 February 2025. These proposed dividends are not reflected as dividend payable in the financial statements, but will be reflected in the year ending 28 February 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 Staff costs (including directors' remunerations)

	Year ended	
	28 February	29 February
	2025	2024
	RMB million	RMB million
Wages, salaries and bonuses	2,230.5	2,431.8
Pensions costs – defined contribution plans (note (a))	448.1	433.0
Welfare and other expenses	67.8	66.3
	2,746.4	2,931.1

(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	29 February
	2025	2024
	RMB thousand	RMB thousand
Director	6,967	6,909
Employees	31,286	37,898
	38,253	44,807

The five individuals whose remunerations were the highest in the Group include 1 (2024: 1) director, whose remuneration have been disclosed in Note 14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2025 RMB thousand	29 February 2024 RMB thousand
Basic salaries	30,173	37,136
Bonuses	1,000	600
Pension costs – defined contribution plans	113	162
	<u>31,286</u>	<u>37,898</u>

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

	Year ended	
	28 February 2025	29 February 2024
Emolument band		
HK\$3,500,001 to HK\$4,000,000	–	1
HK\$4,500,001 to HK\$5,000,000	1	–
HK\$6,500,001 to HK\$7,000,000	1	–
HK\$7,500,001 to HK\$8,000,000	1	–
HK\$8,500,001 to HK\$9,000,000	–	1
HK\$13,000,001 to HK\$13,500,000	–	1
HK\$14,500,001 to HK\$15,000,000	1	–
HK\$15,000,001 to HK\$15,500,000	–	1
	<u>4</u>	<u>4</u>

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 (2024: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Salaries	Discretionary bonuses	Employer's contribution to pension scheme	Other benefit	Total
	RMB thousand	RMB thousand	RMB thousand	RMB thousand	RMB thousand	RMB thousand
For the year ended 28 February 2025						
Executive directors						
Yu Wu (<i>Chief Executive Officer</i>)	-	2,531	4,305	131	-	6,967
Leung Kam Kwan	-	2,220	554	17	-	2,791
Non-executive directors						
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	4,751	4,859	148	-	10,658
For the year ended 29 February 2024						
Executive directors						
Yu Wu (<i>Chief Executive Officer</i>)	-	2,514	4,264	131	-	6,909
Leung Kam Kwan	-	2,191	547	16	-	2,754
Non-executive directors						
Sheng Baijiao ⁽¹⁾	-	-	-	-	-	-
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	4,705	4,811	147	-	10,563

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 Benefits and interests of directors (Continued)

(a) Directors and chief executive's emoluments (Continued)

Notes:

(1) Retired as non-executive director effective from 21 July 2023.

During the year, none of the directors waived or agreed to waive any emoluments (2024: Nil).

(b) Directors' retirement and termination benefits

None of the directors received or will receive any retirement and termination benefits during the year (2024: Nil).

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

No consideration was provided to or payable to any third parties for making available directors' services during the year (2024: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2023	3,011.1	294.0	39.8	3,344.9
Additions	376.7	25.5	1.1	403.3
Disposals	–	(12.2)	(8.5)	(20.7)
Written-off	(147.8)	(14.4)	(0.5)	(162.7)
As at 29 February 2024 and 1 March 2024	3,240.0	292.9	31.9	3,564.8
Additions	345.3	24.0	–	369.3
Disposals	–	(13.1)	(6.8)	(19.9)
Written-off	(344.5)	(6.8)	–	(351.3)
As at 28 February 2025	3,240.8	297.0	25.1	3,562.9
Accumulated depreciation and impairment				
As at 1 March 2023	2,387.4	192.3	32.0	2,611.7
Disposals	–	(10.6)	(7.6)	(18.2)
Written-off	(147.3)	(12.2)	(0.5)	(160.0)
Depreciation charges	446.2	34.4	3.4	484.0
Impairment loss	8.6	–	–	8.6
As at 29 February 2024 and 1 March 2024	2,694.9	203.9	27.3	2,926.1
Disposals	–	(12.0)	(6.4)	(18.4)
Written-off	(344.5)	(5.5)	–	(350.0)
Depreciation charges	413.9	33.8	1.8	449.5
Impairment loss	14.3	–	–	14.3
As at 28 February 2025	2,778.6	220.2	22.7	3,021.5
Net book value				
As at 29 February 2024	545.1	89.0	4.6	638.7
As at 28 February 2025	462.2	76.8	2.4	541.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2025 RMB million	29 February 2024 RMB million
Selling and distribution expenses	435.5	457.8
General and administrative expenses	14.0	26.2
	449.5	484.0

16 Lease

(a) Right-of-use assets

	Year ended	
	28 February 2025 RMB million	29 February 2024 RMB million
At the beginning of the year	1,821.4	2,424.6
Inception of lease contracts	1,218.4	919.6
Depreciation (Note 8)	(989.7)	(1,166.8)
Termination and remeasurement	(126.6)	(267.9)
Impairment (Note 8)	(105.0)	(88.1)
At the end of the year	1,818.5	1,821.4

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 7 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2025	29 February 2024
	RMB million	RMB million
Selling and distribution expenses	956.7	1,139.8
General and administrative expenses	33.0	27.0
	989.7	1,166.8

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 2025	29 February 2024
	RMB million	RMB million
At the beginning of the year	1,988.1	2,662.1
Inception of lease contracts	1,218.4	919.6
Interest expense on lease liabilities (Note 9)	98.3	130.3
Payment for lease liabilities (including interest)	(1,241.3)	(1,421.6)
Termination and remeasurement	(128.6)	(302.3)
At the end of the year	1,934.9	1,988.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 Lease (Continued)

(b) Lease liabilities (Continued)

Maturity analysis of lease liabilities is as follows:

	As at	
	28 February 2025 RMB million	29 February 2024 RMB million
Current:		
Not later than 1 year	813.5	890.0
Non-current:		
Later than 1 year and not later than 5 years	1,108.1	1,070.3
Later than 5 years	13.3	27.8
	1,121.4	1,098.1
	1,934.9	1,988.1

During the year ended 28 February 2025, lease liabilities of RMB128.6 million (2024: RMB302.3 million) was derecognized as a result of termination of lease. Interest on lease liabilities during the year have been disclosed in Note 9.

Total cash outflow in relation to leases comprised the payments in relation to the lease liabilities of RMB1,241.3 million (2024: RMB1,421.6 million) and short-term lease payments, which are immaterial to the Group, for the year ended 28 February 2025, 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 2025, the total future lease payments for short-term leases amounted to RMB241.8 million (2024: RMB390.0 million). As at 28 February 2025 and 29 February 2024, leases committed but not yet commenced are insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2023	1,002.4	249.0	103.1	28.7	1,383.2
Additions	–	–	3.0	1.4	4.4
Acquisition of a subsidiary	3.1	–	–	–	3.1
Written-off	–	–	(0.5)	(0.6)	(1.1)
As at 29 February 2024 and 1 March 2024	1,005.5	249.0	105.6	29.5	1,389.6
Additions	–	–	4.8	2.8	7.6
Written-off	–	–	(22.2)	–	(22.2)
As at 28 February 2025	1,005.5	249.0	88.2	32.3	1,375.0
Accumulated amortization					
As at 1 March 2023	–	249.0	45.3	15.5	309.8
Amortization for the year	–	–	15.8	5.2	21.0
Written-off	–	–	(0.5)	(0.1)	(0.6)
As at 29 February 2024 and 1 March 2024	–	249.0	60.6	20.6	330.2
Amortization for the year	–	–	16.6	4.6	21.2
Written-off	–	–	(22.2)	–	(22.2)
As at 28 February 2025	–	249.0	55.0	25.2	329.2
Net book value					
As at 29 February 2024	1,005.5	–	45.0	8.9	1,059.4
As at 28 February 2025	1,005.5	–	33.2	7.1	1,045.8

During the year, amortization expense of RMB21.2 million (2024: RMB21.0 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 2025 and 29 February 2024 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 market 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 2025 and 29 February 2024 with significant headroom.

18 Deposits, prepayments and other receivables

	As at	
	28 February 2025	29 February 2024
	RMB million	RMB million
Non-current		
Rental deposits	202.7	209.6
Prepayments for capital expenditures	4.6	5.3
	207.3	214.9
Current		
Rental deposits	266.2	269.9
Value-added tax recoverable	154.2	191.5
Prepayments for purchase	62.7	146.9
Other receivables and prepayments	163.3	255.3
	646.4	863.6

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 Financial assets at fair value through profit or loss

	As at	
	28 February 2025	29 February 2024
	RMB million	RMB million
Unlisted investment		
At the beginning of the year	45.9	—
Addition	—	45.9
	45.9	45.9

The Group's unlisted investment represented investments in redeemable preferred shares of certain private entity and it is principally operating fashion business in the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 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 date of consolidated balance sheets and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

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

	As at	
	28 February 2025	29 February 2024
	RMB million	RMB million
Gross deferred income tax assets	711.8	660.0
Set-off of deferred income tax liabilities	(454.6)	(455.4)
Net deferred income tax assets	257.2	204.6
Gross deferred income tax liabilities	(680.6)	(704.4)
Set-off of deferred income tax assets	454.6	455.4
Net deferred income tax liabilities	(226.0)	(249.0)

The movements of deferred income tax assets before offsetting are as follows:

	Inventories	Tax losses	Lease liabilities	Others	Total
	RMB million	RMB million	RMB million	RMB million	RMB million
As at 1 March 2023	100.2	48.8	688.3	7.8	845.1
Charged to profit or loss (Note 10)	(7.2)	(17.9)	(159.8)	(0.2)	(185.1)
As at 29 February 2024 and 1 March 2024	93.0	30.9	528.5	7.6	660.0
Credited/(charged) to profit or loss (Note 10)	18.7	59.3	(25.6)	(0.6)	51.8
As at 28 February 2025	111.7	90.2	502.9	7.0	711.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 Deferred income taxes (Continued)

The movements of deferred income tax liabilities before offsetting are as follows:

	Undistributed profits RMB million	Right-of-use assets RMB million	Total RMB million
As at 1 March 2023	237.4	606.2	843.6
Charged/(credited) to profit or loss (Note 10)	11.6	(150.8)	(139.2)
As at 29 February 2024 and 1 March 2024	249.0	455.4	704.4
Credited to profit or loss (Note 10)	(23.0)	(0.8)	(23.8)
As at 28 February 2025	226.0	454.6	680.6

As at 28 February 2025 and 29 February 2024, 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 2025, the Group had unrecognized tax losses to be carried forward against future taxable income amounting to RMB26.6 million (2024: RMB24.2 million). All of these unrecognized tax losses will expire within 5 years.

As at 28 February 2025, the potential deferred income tax assets in respect of the above unrecognized tax losses amounted to RMB5.3 million (2024: RMB4.6 million).

21 Inventories

	As at 28 February 2025 RMB million	29 February 2024 RMB million
Merchandise for sale	6,222.6	6,455.2
Less: provision for impairment losses	(218.6)	(171.4)
	6,004.0	6,283.8

The cost of inventories amounting to RMB16,582.3 million (2024: RMB16,816.2 million) and the provision of impairment for inventories, net amounting to RMB47.2 million (2024: RMB36.2 million) were included in cost of sales during the year ended 28 February 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 Trade receivables

	As at	
	28 February 2025	29 February 2024
	RMB million	RMB million
Trade receivables	758.6	1,334.7
Loss allowance	(6.7)	(5.1)
	<u>751.9</u>	<u>1,329.6</u>

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 2025, the aging analysis of trade receivables, based on invoice date, is as follows:

	As at	
	28 February 2025	29 February 2024
	RMB million	RMB million
0 to 30 days	730.8	1,300.9
31 to 60 days	9.6	22.2
61 to 90 days	7.0	2.5
Over 90 days	11.2	9.1
	<u>758.6</u>	<u>1,334.7</u>
Loss allowance	(6.7)	(5.1)
	<u>751.9</u>	<u>1,329.6</u>

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 2025	29 February 2024
	RMB million	RMB million
At the beginning of the year	5.1	6.3
Increase/(decrease) in loss allowance	1.6	(1.2)
	<u>6.7</u>	<u>5.1</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 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).

23 Bank deposits, cash and cash equivalents

	As at	
	28 February 2025 RMB million	29 February 2024 RMB million
Short-term pledged bank deposits (note (a))	996.7	126.1
Cash and cash equivalents	2,587.4	1,956.0
Total bank deposits, cash and cash equivalents	3,584.1	2,082.1
Denominated in the following currencies:		
RMB	2,595.3	765.6
HK\$	988.8	1,316.5
	3,584.1	2,082.1

Note:

- (a) As at 28 February 2025, bank deposits of RMB996.7 million (2024: RMB126.1 million) were pledged to bank against short-term borrowings of RMB1,730.0 million (2024: RMB420.1 million) (Note 26). The short-term pledged bank deposits were denominated in RMB and carried interest at weighted average interest rate of 1.7% (2024: 2.0%) per annum. The carrying amounts of these deposits approximate their fair values.
- (b) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Trade payables

The credit periods granted by suppliers generally range from 0 to 60 days. As at 28 February 2025, the aging analysis of trade payables, based on invoice date, is as follows:

	As at	
	28 February 2025	29 February 2024
	RMB million	RMB million
0 to 30 days	339.1	386.8
31 to 60 days	3.5	0.2
Over 60 days	0.8	0.1
	343.4	387.1

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

25 Other payables, accruals and other liabilities

	As at	
	28 February 2025	29 February 2024
	RMB million	RMB million
Accrued wages, salaries, bonuses and staff welfare	260.3	378.4
Value-added tax, business tax and other taxes payables	118.7	86.0
Customers' deposits	135.1	157.7
Other payables and accruals	260.2	241.8
Contract liabilities (note)	166.7	223.7
	941.0	1,087.6

Note: The contract liabilities represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period. The Group expects the transaction price allocated to the unsatisfied performance obligations will be recognised as proceeds from direct sales and concessionaire sales when the Group transfers goods or services to the customers. Substantially all the contract liabilities at the beginning of the years ended 28 February 2025 and 29 February 2024 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. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 Short-term borrowings

	As at	
	28 February 2025 RMB million	29 February 2024 RMB million
Unsecured bank borrowings (note (a))	400.0	300.0
Secured bank borrowing (note (b))	1,730.0	420.1
	<u>2,130.0</u>	<u>720.1</u>

Notes:

- (a) As at 28 February 2025, the Group's unsecured bank borrowings carried interest at fixed rates with weighted average interest rate of 1.2% (2024: 2.8%) per annum. The carrying amounts of the Group's short-term borrowings are denominated in RMB which approximate their fair values.
- (b) As at 28 February 2025, borrowings of RMB1,730.0 million (2024: RMB420.1 million) were secured by the short-term pledged bank deposits of RMB996.7 million (2024: RMB126.1 million) as detailed in Note 23. The carrying amount is denominated in RMB which approximates its fair value. The borrowing carried interest at fixed rate with weighted average interest rate of 1.2% (2024: 1.3%) per annum.

27 Share capital

	Number of ordinary shares	Nominal value of ordinary shares	RMB million
Authorized:			
As at 1 March 2023, 29 February 2024, 1 March 2024 and 28 February 2025	20,000,000,000	HK\$20,000	—*
Issued and fully paid:			
As at 1 March 2023, 29 February 2024, 1 March 2024 and 28 February 2025	6,201,222,024	HK\$6,201	—*

* The amount is less than RMB0.1 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 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 2023	19,326.1	(18,437.6)	72.9	780.3	1,741.7
Exchange difference	–	–	34.8	–	34.8
Appropriation to statutory reserves	–	–	–	28.4	28.4
At 29 February 2024 and 1 March 2024	19,326.1	(18,437.6)	107.7	808.7	1,804.9
Exchange difference	–	–	32.4	–	32.4
Appropriation to statutory reserves	–	–	–	49.2	49.2
At 28 February 2025	19,326.1	(18,437.6)	140.1	857.9	1,886.5

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 Notes to consolidated statement of cash flows

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

		Year ended	
		28 February 2025	29 February 2024
	Note	RMB million	RMB million
Profit before income tax		1,559.6	2,759.2
Adjustments for:			
Depreciation on property, plant and equipment	15	449.5	484.0
Depreciation on right-of-use assets	16(a)	989.7	1,166.8
Amortization of intangible assets	17	21.2	21.0
Loss on disposal of property, plant and equipment	29(c)	0.9	0.1
Write-off of property, plant and equipment	15	1.3	2.7
Write-off of intangible assets	17	–	0.5
Provision for/(reversal of) impairment of trade receivables	22	1.6	(1.2)
Impairment of property, plant and equipment	15	14.3	8.6
Impairment of right-of-use assets	16(a)	105.0	88.1
Impairment of inventories	21	47.2	36.2
Interest income	9	(84.6)	(119.9)
Interest expense	9	117.7	147.3
Others		30.4	2.9
Operating cash flows before changes in working capital		3,253.8	4,596.3
Changes in working capital:			
Decrease in long-term deposits, prepayments and other receivables		6.9	24.6
Decrease/(increase) in inventories		232.6	(72.7)
Decrease/(increase) in trade receivables		576.1	(273.5)
Decrease in deposits, prepayments and other receivables		227.1	167.2
Decrease in trade payables		(43.7)	(603.8)
Decrease in other payables, accruals and other liabilities		(153.5)	(108.7)
Net cash generated from operations		4,099.3	3,729.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 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 2025	29 February 2024
	RMB million	RMB million
Additions to:		
Property, plant and equipment	369.3	403.3
Intangible assets	7.6	4.4
Decrease in prepayments	(0.7)	(9.8)
Increase in other payables	(3.4)	(1.0)
	<u>372.8</u>	<u>396.9</u>

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

	Year ended	
	28 February 2025	29 February 2024
	RMB million	RMB million
Net book value	1.5	2.5
Losses on disposal	(0.9)	(0.1)
	<u>0.6</u>	<u>2.4</u>

- (d) Reconciliation of liabilities arising from financing activities:

	Bank borrowings RMB million	Lease liabilities RMB million
As at 1 March 2023	1,545.0	2,662.1
Non-cash movements	–	747.6
Cash flows	(824.9)	(1,421.6)
	<u>720.1</u>	<u>1,988.1</u>
As at 29 February 2024 and 1 March 2024	720.1	1,988.1
Non-cash movements	–	1,188.1
Cash flows	1,409.9	(1,241.3)
	<u>2,130.0</u>	<u>1,934.9</u>
As at 28 February 2025	2,130.0	1,934.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 Future minimum lease payments receivables

As at 28 February 2025, 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 2025	29 February 2024
	RMB million	RMB million
Not later than 1 year	13.0	19.0
Later than 1 year and not later than 5 years	0.1	3.1
	13.1	22.1

31 Related party transactions

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 2025	29 February 2024
	RMB million	RMB million
Transactions with companies controlled by Belle International Holdings Limited ("Belle International") (note (a))		
– Logistics services fees paid	465.3	385.8
– Payments in relation of lease agreements (note (b))	24.9	23.6
Key management compensation		
– Salaries and other welfare (note (c))	8.9	10.1
– Bonuses (note (c))	5.3	5.4

Notes:

- (a) Belle International is regarded as a related party of the Group by the Company's directors as it is an associate of the Company's substantial shareholders, Hillhouse HHH Holdings Limited and Wisdom Man Ventures Limited. The executive director of the Company, Mr. Yu Wu, and Non-executive directors of the Company, Mr. Sheng Fang, are also the directors of the related company.

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

- (b) During the year ended 28 February 2025, the Group entered into certain long-term leases of office premises with Belle International. Right-of-use assets and lease liabilities were recognised during the year ended 28 February 2025 in relation to these long-term leases.
- (c) Key management includes directors and certain executives who have important roles in making operational and financial decisions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 Balance Sheet of the Company

	As at	
	28 February 2025 RMB million	29 February 2024 RMB million
ASSETS		
Non-current assets		
Property, plant and equipment	0.1	0.3
Investments in subsidiaries	19,763.4	19,504.1
	<u>19,763.5</u>	<u>19,504.4</u>
Current assets		
Prepayments	2.9	1.0
Amounts due from subsidiaries	631.6	989.3
Cash and cash equivalents	401.3	0.6
	<u>1,035.8</u>	<u>990.9</u>
Total assets	<u>20,799.3</u>	<u>20,495.3</u>
LIABILITIES		
Current liabilities		
Accruals	0.3	0.9
Total liabilities	<u>0.3</u>	<u>0.9</u>
Net assets	<u>20,799.0</u>	<u>20,494.4</u>
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	—	—
Other reserves (note)	19,844.5	19,479.4
Retained earnings (note)	954.5	1,015.0
Total equity	<u>20,799.0</u>	<u>20,494.4</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 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 2023	19,326.1	(694.2)	1,105.0	19,736.9
Profit for the year	–	–	2,142.5	2,142.5
Dividends (Note 12)	–	–	(2,232.5)	(2,232.5)
Exchange differences	–	847.5	–	847.5
At 29 February 2024 and 1 March 2024	19,326.1	153.3	1,015.0	20,494.4
Profit for the year	–	–	2,048.0	2,048.0
Dividends (Note 12)	–	–	(2,108.5)	(2,108.5)
Exchange differences	–	365.1	–	365.1
At 28 February 2025	19,326.1	518.4	954.5	20,799.0

33 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 2025	As at 29 February 2024
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 and trading of sportswear products	100%	100%
Rich Advance Limited	Hong Kong	HK\$8,000,000 for 8,000,000 ordinary shares issued	Investment holding	100%	100%
Hongkong Full Wealth Holdings Limited	Hong Kong	HK\$8,000,000 for 8,000,000 ordinary shares issued	Investment holding and trading of sportswear products	100%	100%
Sino Group Development Limited	Hong Kong	HK\$8,000,000 for 8,000,000 ordinary shares issued	Investment holding	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 Particulars of Principal Subsidiaries (Continued)

				Effective interest held by the Group	
				As at 28 February 2025	As at 29 February 2024
Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid up capital	Principal activities		
Indirectly held: (Continued)					
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%
雲南立銳體育用品有限公司 (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%
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%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 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 2025	As at 29 February 2024
Indirectly held: (Continued)					
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%
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%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 Particulars of Principal Subsidiaries (Continued)

				Effective interest held by the Group	
				As at 28 February 2025	As at 29 February 2024
Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid up capital	Principal activities		
Indirectly held: (Continued)					
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	N/A	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%
上海山系文化傳播有限公司 (Shanghai Shanshi Cultural Communication Co., Ltd) @#	The PRC	RMB7,000,000	Media communication and marketing	55%	55%

^ 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 Company was deregistered on 21 June 2024.

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 2025	29 February 2024	28 February 2023	28 February 2022	28 February 2021
Operating results:						
Revenue	RMB million	27,012.9	28,933.2	27,073.2	31,876.5	36,009.0
Gross profit	RMB million	10,383.4	12,080.8	11,284.2	13,824.4	14,681.1
Operating profit	RMB million	1,592.7	2,786.5	2,430.9	3,430.1	3,989.4
Profit attributable to the Company's equity holders	RMB million	1,286.0	2,213.0	1,836.6	2,446.5	2,770.1
Assets and liabilities:						
Bank deposits, cash and cash equivalents	RMB million	3,584.1	2,082.1	3,643.4	2,752.6	2,228.8
Short-term borrowings	RMB million	2,130.0	720.1	1,545.0	518.2	1,337.2
Total assets	RMB million	14,902.5	14,544.0	16,820.7	17,796.3	17,706.4
Total liabilities	RMB million	5,843.5	4,693.6	6,987.1	7,214.8	8,000.6
Total equity	RMB million	9,059.0	9,850.4	9,833.6	10,581.5	9,705.8
Key financial indicators:						
Gross profit margin	%	38.4	41.8	41.7	43.4	40.8
Operating profit margin	%	5.9	9.6	9.0	10.8	11.1
Profit margin attributable to the Company's equity holders	%	4.8	7.6	6.8	7.7	7.7
Earnings per share – basic and diluted	RMB cents	20.74	35.69	29.62	39.45	44.67
Average trade receivables turnover period	days	14.1	15.1	14.6	18.8	18.6
Average trade payables turnover period	days	8.0	15.0	22.2	13.9	13.3
Average inventory turnover period	days	134.9	136.1	149.5	130.4	110.0
Gearing ratio	%	Net cash	Net cash	Net cash	Net cash	Net cash
Current ratio	times	2.4	3.2	2.3	2.3	1.9