

361°

**361 DEGREES
INTERNATIONAL LIMITED**

Stock Code: 1361



2025

INTERIM REPORT



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FINANCIAL HIGHLIGHTS

Revenue increased from **RMB5,141.3 million** to **RMB5,704.8 million**

Profit attributable to the equity holders increased from **RMB789.7 million** to **RMB857.7 million**

	For the six months ended 30 June		
	2025 (Unaudited)	2024 (Unaudited)	Change
Profitability Data (RMB'000)			
Revenue	5,704,830	5,141,284	+11.0%
Gross profit	2,366,450	2,124,997	+11.4%
Operating profit	1,137,251	1,060,445	+7.2%
Profit attributable to equity holders	857,690	789,703	+8.6%
Earnings per share			
— basic (RMB cents)	41.5	38.2	+8.6%
Profitability Ratios (%)			
Gross profit margin	41.5	41.3	+0.2% point
Operating profit margin	19.9	20.6	-0.7% point
Margin of profit attributable to equity holders	15.0	15.4	-0.4% point
Effective income tax rate (Note 1)	22.9	21.9	+1.0% point
Return on shareholders' equity (Note 2)	8.8	8.6	+0.2% point
Operating Ratios (as a percentage of revenue) (%)			
Advertising and promotional expenses	10.1	10.5	-0.4% point
Staff costs	6.7	6.2	+0.5% point
Research and development expenses (Note 3)	2.8	2.8	No change

Notes:

- (1) Effective income tax rate is equal to the income tax divided by the profit before taxation for the period.
- (2) Return on shareholders' equity is equal to the profit attributable to equity holders divided by the average of opening and closing equity attributable to shareholders of the Company for the period.
- (3) The ratio for the year is expected to range between 3% and 4%, as a result of an increase in scheduled research and development activities during the second half of 2025.

FINANCIAL HIGHLIGHTS

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)	Change
Assets and Liabilities data (RMB'000)			
Non-current assets	1,335,978	1,355,479	-1.4%
Current assets	12,793,009	12,058,073	+6.1%
Current liabilities	3,396,808	3,362,734	+1.0%
Non-current liabilities	214,826	221,690	-3.1%
Equity attributable to equity holders	10,048,761	9,375,242	+7.2%
Non-controlling interests	468,592	453,886	+3.2%
Liquidity resources and Working Capital data			
Net cash generated from operating activities (RMB'000)	523,764	160,093	+227.2%
Net cash (RMB'000)	4,300,660	4,001,721	+7.5%
Current asset ratio	3.8	3.6	+0.2
Gearing ratio (%) (Note 4)	2.2	1.9	+0.3% point
Net asset value per share (RMB) (Note 5)	5.1	4.8	+0.3% point
Inventory turnover days (days) (Note 6)	109	107	+2 days
Trade and bills receivables turnover days (days) (Note 7)	146	149	-3 days
Trade and bills payables turnover days (days) (Note 8)	71	88	-17 days

Notes:

- (4) The calculation of gearing ratio is based on the interest-bearing debt divided by the total assets of the Group as at the end of the period/year.
- (5) The calculation of net asset value per share is based on the net assets divided by weighted average number of shares for the period/year.
- (6) Inventory turnover days is equal to the average opening and closing inventories divided by costs of sales and multiplied by 182 days (for the six months ended 30 June 2025) and 366 days (for the year ended 31 December 2024).
- (7) Trade and bills receivables turnover days is equal to the average opening and closing trade and bills receivables after allowance of doubtful debts divided by revenue and multiplied by 182 days (for the six months ended 30 June 2025) and 366 days (for the year ended 31 December 2024).
- (8) Trade and bills payables turnover days is equal to the average opening and closing trade and bills payables divided by cost of sales and multiplied by 182 days (for the six months ended 30 June 2025) and 366 days (for the year ended 31 December 2024).

OVERVIEW OF INTERIM RESULTS



Revenue increased by 11.0% to
RMB5.70 billion



Revenue from the 361° Kids Business increased by 11.4% to
RMB1.26 billion



Revenue from E-commerce Business increased by 45.0% to
RMB1.82 billion



Profit attributable to equity holders increased by 8.6% to
RMB858 million



Net cash generated from operating activities increased by 227%
RMB524 million



Interim dividend per ordinary share
HK20.4 cents
Payout ratio 45.0%

AWARDS RECEIVED FROM THE CAPITAL MARKET DURING THE PERIOD



The 8th New Fortune
Best IR of Hong Kong Listed Company (H-share)



The 16th China Listed Companies Investor Relations
Tianma Award



The 11th Investor Relations Awards 2025
The "Best IR Company", the "Best IR Team", and the "Best IRO" in the small-cap category

WESTERN REGION

1,252

361° stores

522

361° KIDS points-of-sale

NORTHERN REGION

2,592

361° stores

1,126

361° KIDS points-of-sale

SOUTHERN REGION

684

361° stores

342

361° KIDS points-of-sale

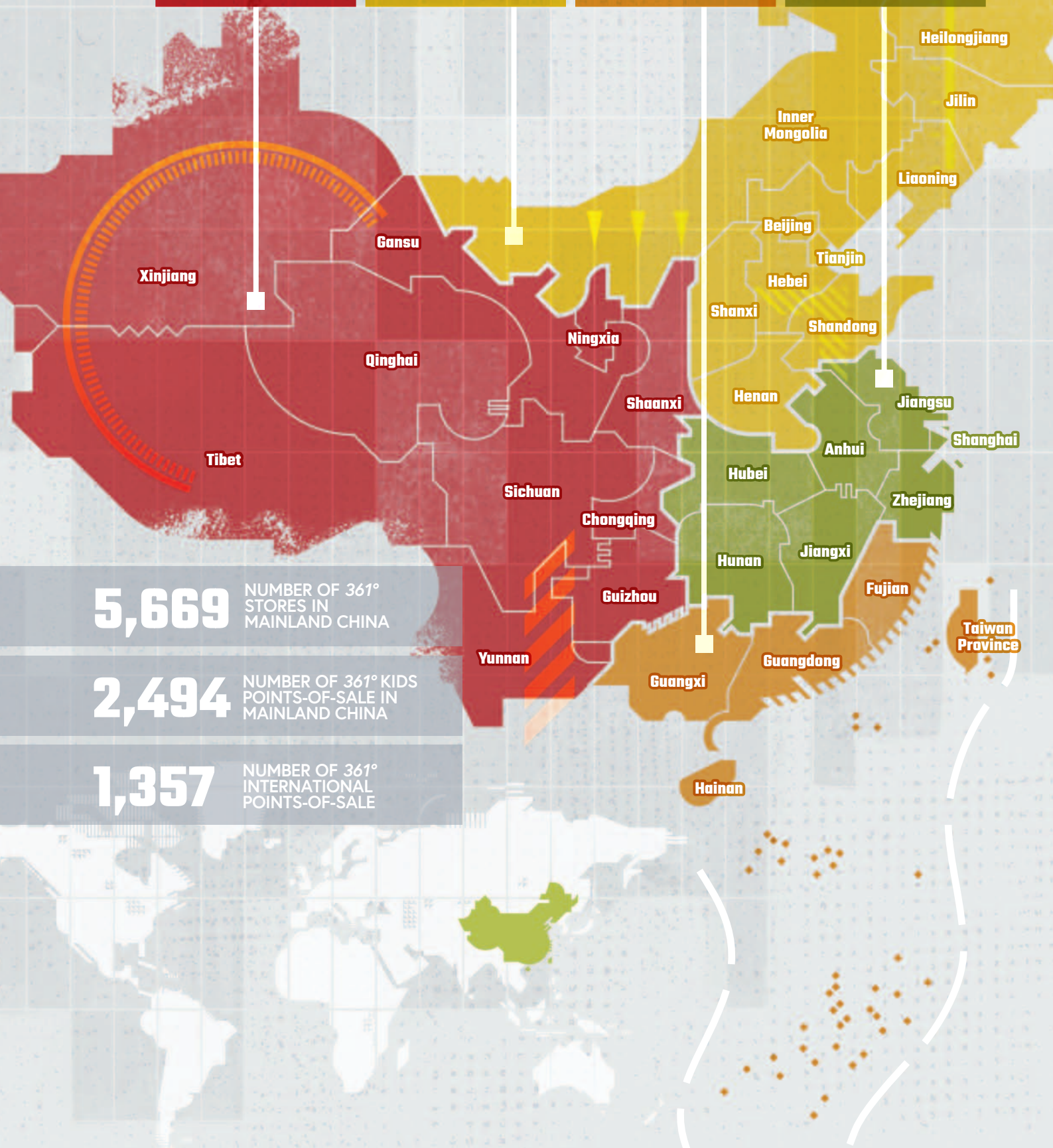
EASTERN REGION

1,141

361° stores

504

361° KIDS points-of-sale



CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of 361 Degrees International Limited (the "Company"), I am extremely pleased to present the interim results of the Company and its subsidiaries (which are collectively referred to as the "Group" or "361° Group") for the six months ended 30 June 2025 (the "period under review").

In the first half of 2025, the global economy saw an intensified divergence, while the economy of the People's Republic of China (the "PRC") demonstrated stable and forward momentum at an accelerating pace of high-quality development. Driven by policy guidance, the domestic consumer market's trends towards transformation and upgrading became increasingly evident, accelerating the unleash of diversified, digitalised, and refined demands. As a key incremental force in the consumer market, the sports goods consumption continued to deepen its market penetration and diversify its scenario applications, playing an increasingly crucial role in stimulating domestic demand potential.

During the period under review, the Group achieved a revenue of RMB5.7 billion, representing a year-on-year increase of 11.0%. Profit attributable to the equity holders was RMB858.0 million, representing a year-on-year increase of 8.6%. In recognition of the shareholders' trust and support to our Group, the Board has recommended to declare an interim dividend for the period under review of HK20.4 cents (equivalent to RMB18.7 cents for illustration purpose only) per ordinary share ("2025 Interim Dividend"), representing a dividend payout ratio of 45.0%.

FORGING A STRONG BRAND MOAT THROUGH PROFESSIONAL SPORTS FOCUS

By consistently upholding the brand ethos of "ONE DEGREE BEYOND" (多一度熱愛), and its positioning as a "professional, youthful, and internationalised" brand, 361° Group provides high-value mass-market professional sports products to global consumers. By closely observing consumer trends, we continued to invest in multi-dimensional brand resources, with a focus on enhancing the brand's professional image and market influence, thereby strengthening its uniqueness and competitive advantage.



CHAIRMAN'S STATEMENT



With event sponsorship being a vital component of the Group's global brand strategy, we have served as the official partner of the Asian Games for five consecutive times, and have expanded and strengthened collaboration with world-class sports resources to enhance brand professionalism and cultural resonance. In the first half of 2025, the Group, as an official partner of the 9th Asian Winter Games Harbin 2025 (the "Asian Winter Games"), customised professional official sportswear for torchbearers, escort runners, volunteers, technical officials, security personnel, and others, achieving high-intensity brand exposure and precise consumer reach in the winter sports market. This further enhanced the brand's recognition and influence, solidifying our position in international sports events. Being the first sports brand to be an official partner for both the Asian Games and the Asian Winter Games, 361° Group was awarded the "Outstanding Contribution Award of the Asian Games" (亞運會杰出貢獻獎). In July 2025, we were deeply honoured to become a global partner of World Aquatics (2026-2029), collaborating with World Aquatics to jointly promote the development of global aquatic sports. This partnership will help continuously enhance the global influence of the 361° brand and open up broader avenues for brand internationalisation.

Guided by the "technology-driven, brand-first" strategy, the Group launched new products that combine technological content with practical value in its two core categories, namely running and basketball products, which has continued to strengthen the competitive barriers of our brand in key sports segments. Our upgraded "SPIRE FLOAT2" (速湃FLOAT2) and "SPIRE CQT2" (速湃CQT2), as well as newly launched products like "Flying Flame 4X4" (飛燃4X4), "Furious FUTURE2" (飛颯FUTURE2), "DVD3", "BIG3 6.0", and "K-Stride 1.0" (千行1.0), have received widespread recognition from sports enthusiasts. In addition, we have strategically expanded into emerging sports sectors including fitness, skateboarding, yoga, tennis, badminton, cycling, and light outdoor activities, promoting the diversification of our product matrix in better response to professional demands in various intensity levels and scenarios, thereby enhancing our overall strength. We continued to refine and upgrade our proprietary event development. Building on highly engaging activities such as "3# Track" (三號賽道), "Light Up" (觸地即燃), "Women's Fitness Gym" (女子健身局), and "Meet Up on Skateboards" (板上見), we added the new "SWING AS ONE" (一拍即合) Badminton City Tournament, expanding the brand's reach in mass sports. As for our ambassador development programme, we have built an internationalised, professional, and multi-disciplinary ambassador matrix based on shared philosophies and competitive prowess. By demonstrating the sportsmanship and performance, our brand ambassadors wearing our products succeed in conveying the

CHAIRMAN'S STATEMENT

brand's professionalism and core values, imbuing our products with strong market appeal. In February 2025, the "JOKER1 GT", our first signature shoes for global brand ambassador Nikola JOKIĆ, debuted at the American Professional Basketball League All-Star Game, enhancing the brand's international recognition and exposure. Furthermore, we successfully hosted a series of events, including Nikola JOKIĆ's first "China Tour" (中國行) as brand ambassador in July 2025 and Spencer DINWIDDIE's "China Tour" (中國行) in August 2025, which has strengthened the brand's deep connection with basketball and further enhanced the brand affinity and professional image.



Against the backdrop of increasingly diversified consumer demands, the Group is advancing a market segmentation strategy from a long-term perspective so as to broaden our brand service reach and target demographic coverage. As the women's sports market has evolved into a key segment with significant growth potential in recent years, we maintained a heightened strategic focus on its development potential, and introduced the 361° "Sweet Classic" (甜典) women's tennis series based on deep insights into female consumer preferences. This product series indicates our effective breakthrough in the market segmentation, marking a new step in our brand's expansion into the women's sports market. This is also expected to become an important direction for us to promote category synergy and optimise customer structure in the future.

During the period under review, the Group established a multi-category and multi-tiered product ecosystem that is founded on sports science and supported by the innovation of materials technology, and product matrix expansion, as part of our ongoing commitment to offering consumers products and experiences characterised by high-level professionalism and high price-to-quality ratio. As of 30 June 2025, we obtained 870 patents, providing solid support for product iteration, upgrading, and differentiation. Furthermore, the Group holds prestigious titles such as national advanced technology enterprise, national industrial design centre, national intellectual property advantage enterprise, "Innovation China" doctoral innovation station ("科創中國" 博士創新站), and China Light Industry Sports Footwear and Apparel Human Factors Engineering Technology Research Centre (中國輕工業運動鞋服人因工效工程技術研究中心). These honours affirm the Group's long-standing efforts in technological innovation, standard setting, and other areas.

CHAIRMAN'S STATEMENT

CATEGORY EXTENSION AND SCENARIO PENETRATION TO DEEPEN INFLUENCE IN CHILDREN'S SPORTS

The development of sports for children and youths is crucial for the healthy growth of the next generation, and plays a significant role in enhancing the national population quality and building a sports powerhouse. Driven by the further upgrading of national policies of fertility support and subsidy, and the evolution of family parenting consumer values, long-term growth opportunities in the children and youth sports industry continue to emerge. Children's sportswear is more than an important part of children's sports equipment, as it also plays an active role in promoting healthy lifestyles and shaping brand identity, exhibiting high growth potential and differentiated development space.

361° Kids has been one of our core engines driving the robust growth of the 361° Group, embodying the Group's visionary deployment by deeply penetrating into the demographics with long-term potential in the future consumer structure. With "CHASING YOUR LOVE!" (熱愛吧, 少年!) as our brand statement and "Youth Sports Expert" (青少年運動專家) as our brand positioning, 361° Kids is expanding its product system to incorporate professional functionality, health technology, and playful fashion, and striving to meet the diverse sports equipment needs of children and youths. By continuing to strengthen brand recognition and value resonance, we have established a first-mover advantage in the children's sportswear, laying a solid foundation for brand differentiation development and future growth expansion.

Through continuous efforts in resource synergy and capability building, 361° Kids has become the official partner of the China National Rope Skipping Team and a partner of Beijing Guoan Junior Training (北京國安少訓). It also boasts a professional coaching and ambassador team, which are led by renowned basketball player LV Xiaoming (呂曉明) and world women's rope skipping master DU Tingting (杜婷婷). During the period under review, leveraging its existing professional resource layout, 361° Kids efficiently promoted event organisation and the occurrence of brand activities in key regions, successfully launching the "4th National Rope Skipping Competition" (第四屆全國跳繩大賽), the "Light Up-Junior Basketball Game" (觸地即燃·少年賽) and other events. This strategy more precisely connects with target consumer groups, stimulating retail vitality. Consistent with the main brand's strategy, 361° Kids drives product strength through technology, innovatively launching technologies such as FLASH technology, arch-of-foot adaption system technology, and speed technology. It also introduced multi-tier popular products including "Drift" (漂移), "Flying Dagger-axe" (飛戈), and "Flash Leap" (閃躍) for more segmented sports scenarios, opening up a more imaginative development path for brand growth.



CHAIRMAN'S STATEMENT

In terms of channel development, while maintaining a steady expansion pace, 361° Kids closely aligns with the aesthetic preferences and parenting philosophies of the new generation of parents, by promoting differentiated positioning in store space image and product display to comprehensively enhance the brand expression and appeal at stores. Currently, the number of 361° Kids points-of-sale has reached 2,494, with store networks achieving multi-dimensional coverage including fifth-generation stores and fourth-generation stores, fully unleashing channel value while helping the Group maintain high-quality growth in the children's sports sector.

INNOVATING AND EXPANDING CHANNEL SYSTEMS TO DRIVE GROWTH THROUGH OMNICHANNEL TOUCHPOINTS

In recognition of the importance of strategic value of the channel system, and in adherence to a consumer-centric approach, the Group implemented various initiatives, including the integration of online and offline channels, innovation of retail models, facilitation by new retail, and global market expansion, to comprehensively transform our channel system into an integrated platform encompassing brand communication, efficient customer acquisition, and in-depth user operations. This aims to enhance market share and retail efficiency, providing solid support for the steady expansion of our global business and the accumulation of long-term value.

Faced with the continuously evolving digital retail landscape, the Group is steadfastly advancing the upgrade of its e-commerce channels, which have become an important driver for connecting with consumers, conveying brand philosophy, and boosting growth in our performance. We enhance differentiated online experiences through an online-exclusive product strategy, actively responding to diverse market demands and improving the efficiency of consumer engagement. At the same time, we highly focus on unified brand expression and differentiated positioning in user mindset, strategically and sequentially deploying IP collaborations, popular product launches, and content dissemination around key marketing nodes to continuously broaden the radius of our brand influence. During the period under review, we achieved simultaneous increases in retail turnover and brand momentum, demonstrating robust growth in the omnichannel operation. Particularly during e-commerce shopping festivals like "618", the Group achieved commendable results in omnichannel sales through proactive planning and precise marketing strategies.



CHAIRMAN'S STATEMENT

In terms of offline channels, the Group is accelerating the deployment of innovative retail formats to enhance the competitiveness of our overall sales network. The 361° Super Premium Store (超品店), with its integrated full-category consumer experience, has reinforced the brand's differentiated advantage. This emerging channel format has been rapidly replicated nationwide. A cumulative total of 49 Super Premium Stores (超品店) had been launched as of 30 June 2025, serving as another vehicle for strengthening our brand image and deepening customer relationships. On the other hand, we are accelerating our international expansion, leveraging cross-border e-commerce platforms to explore overseas markets, and deepening cultural resonance and brand identity through localised brand communication strategies. Currently, the Company has 1,357 offline points-of-sale in the Americas, Europe, and markets along the "Belt and Road" Initiative, and successfully opened its directly operated overseas store in Kuala Lumpur, Malaysia, accumulating strength for future scaled growth and resource integration.

UPHOLDING LONG-TERM VALUE AND FACILITATING A WIN-WIN SITUATION BETWEEN THE COMPANY AND SOCIETY THROUGH MULTIPLE INITIATIVES

We acknowledge that the long-term development of an enterprise is inseparable from a prosperous society and environmental sustainability. Therefore, we have always deeply integrated the concept of sustainable development into our corporate strategy and day-to-day operations, while actively fulfilling our social responsibilities, as part of our efforts to achieve a unified coordination of economic, social, and environmental benefits.

The Group regards sustainable development as a crucial pillar for creating long-term enterprise value, actively exploring and pragmatically implementing the application of sustainable materials and sports technology to contribute to green transition in the industry through practical actions. During the period under review, we increased investment in green production and intensified our efforts to resolve technological challenges, promoting the deep integration of green technology with product Research & Development ("R&D"). This enabled us to offer a product matrix that combines functionality with sustainable attributes. Simultaneously, we sponsored and organised various sports events in response to the national strategy of promoting fitness for all. Our commitments to supporting the cultivation of sports talent, and popularising sports culture, will build up long-term competitiveness for our future.

At the same time, we proactively undertake social responsibility, including focusing on philanthropy and emergency relief, investing resources and taking practical actions. In January 2025, in the face of sudden disaster, we immediately allocated resources and donated supplies to aid the earthquake-stricken areas in Tibet, demonstrating our commitment as a national brand. We have also integrated the environmental, social and governance ("ESG") management system into our corporate governance framework, including regularly issuing ESG reports to promote the synergistic improvement in environmental performance, social value, and corporate governance capabilities, thereby establishing a solid guarantee for the Group's sustainable growth.

OUTLOOK

On behalf of the Board, I would like to express our sincere gratitude to all our shareholders and stakeholders for their long-term trust and support to the development of 361° Group. I would also like to extend my heartfelt appreciation to all our dedicated staff, as well as our consumers and partners for their companionship along the way. Looking ahead to the second half of 2025, we will maintain our original aspirations despite the long journey. We will continue to deepen our position as the "professional, youthful, and internationalised" brand. Working hand-in-hand with all colleagues, we will expand a more vibrant and resilient business ecosystem, inject more momentum into the high-quality development of the sports industry, and achieve more breakthroughs and value accumulation on the global stage.

Ding Huihuang

Chairman

Hong Kong SAR of the PRC, 12 August 2025

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In the first half of 2025, the global economy experienced deep differentiation, with weakened growth momentum and increasing instability and uncertainty. While maintaining steady upward trend, China's economy has accelerated its structural optimisation, unleashing its endogenous growth potential. According to the National Bureau of Statistics ("NBS"), China's Gross Domestic Product ("GDP") reached RMB66,053.6 billion in the first half of 2025, marking a year-on-year increase of 5.3%. The quality of China's economic development steadily improved, demonstrating resilience and vitality amid a volatile global landscape.

Against the backdrop of weakening global health momentum and pressure on external demand, domestic consumption remained the main engine of stable growth, continuing to exhibit resilience. Multiple local governments nationwide proactively introduced policies and measures aimed at boosting consumption, fostering a sustained improvement in the domestic consumption environment. According to the NBS, the total retail sales of social consumer goods nationwide for the first half of 2025 recorded RMB24.5458 trillion, representing a year-on-year increase of 5.0%, with an overall rebound in growth rate. Specifically, growth in online consumption remained steady, with nationwide online retail sales of physical goods reaching RMB6,119.1 billion, representing a year-on-year increase of 6.0%, and accounting for 24.9% of the total retail sales of social consumer goods. At the policy level, with active efforts taken to promote supply-side optimisation and scenario innovation, the domestic consumption market has accelerated structural adjustments and transformation and upgrading, further improving the quality, efficiency, and adaptability of industrial supply, while demonstrating an overall trend of diversification, digitisation, and refinement. Sports consumption, as a hot spot for new consumption increment, has demonstrated a high penetration rate and diverse forms, becoming an important force in driving domestic demand.

In 2025, the "14th Five-Year Plan for Sports Development" (《「十四五」體育發展規劃》) was consummated, with the government intensively issuing multiple systematic measures to comprehensively strengthen the policy traction. Among these, the "Special Action Plan to Boost Consumption" (《提振消費專項行動方案》) issued by the General Office of the

Central Committee of the Communist Party of China and the General Office of the State Council, proposed deepening the integration of online and offline consumption across multiple industrial formats, including business, tourism, culture, sports, and health. Furthermore, innovation is required in diverse consumption scenarios, while local governments are given support in increasing the supply of high-quality sports programmes and featured sports events, including efforts to optimise approval processes of sports events, promote winter sports consumption, and encourage local entities to enrich the supply of winter sports venues and consumption products based on local conditions and timing. Furthermore, it is explicitly stated in the "Guiding Opinions on Financial Support for the High-Quality Development of the Sports Industry" (《關於金融支持體育產業高質量發展的指導意見》), which is jointly issued by four government departments including the People's Bank of China, that there is the necessity of strengthening financial guarantees for sports infrastructure construction, supporting the infrastructure construction and operation of sports venues, comprehensive sports service complexes, winter sports venues, and high-quality outdoor sports destinations. In addition, the Opinions called for increased financial supply to areas such as the sports goods manufacturing industry and sports service industry, leveraging finance to promote the growth of sports consumption, supporting financial empowerment for professional sports and the winter economic development, and improving the quality and efficiency of financial services for sports events.

In April 2025, the National Sports Industry Work Conference (the "Conference") set the tone for high-quality development, exploring how to focus on the winter economy, event economy, outdoor economy, and the transformation and upgrading of sports goods to comprehensively boost sports consumption. The Conference proposed that work commitment to the sports industry in 2025 would target four key action areas, which are aimed at promoting the high-quality development of the sports industry, meeting the growing fitness needs among the public, and serving the inevitable requirements of the overall economic and social development. Overall, the increasingly sound policy system and its implementation have provided strong support for the development of the domestic sports industry, unleashing greater potential for industry innovation.

MANAGEMENT DISCUSSION AND ANALYSIS

Technological innovation continues to inject new momentum into the sports goods industry, driving deeper development toward specialisation and diversification. Technology empowerment is particularly active in the sports footwear and apparel sector, where sports brands are increasingly integrating high-tech elements into product design to drive multi-dimensional innovation and better meet consumers' diverse expectations. Driven by technological innovation, industry channels are also evolving rapidly, with offline stores, e-commerce platforms, social media, and community scenarios penetrating each other, which leads to more new business forms and models. Furthermore, with the rise of younger generation of consumers, the resonance between cultural content and consumer identity has become a new market anchor, opening up greater imaginative space for the high-quality development of the industry.

On the other hand, sports events represent a robust driver that directly stimulates the vitality of the sports market. Various international, regional, and grassroots events continue to unfold, with diverse event formats such as the Asian Winter Games, "Village Super League" (村超), and "Village Basketball Association" (村BA) collectively forming a multi-tiered event ecosystem, enriching the content ecosystem of the sports industry and injecting continuously innovative momentum in the sector. Among these, the 9th Asian Winter Games Harbin, as a major international event at the beginning of the year, ignited public enthusiasm for winter sports and boosted domestic winter sports consumption. In addition, emerging sports like hiking, mountaineering, and frisbee continue to flourish, gradually moving from niche hobbies to mainstream life. While promoting the extension of the sports goods industrial chain, they also improved public participation in fitness and the expression of sports consumption scenarios, bringing new growth momentums to sports consumption.



MANAGEMENT DISCUSSION AND ANALYSIS



The domestic kids' sportswear market continues to demonstrate vitality, integrating deeply with education, health, culture, and other fields. In the first half of 2025, national birth support policies were further upgraded, with many local governments explicitly proposing practical measures to promote childbearing with "real money and silver", which will enhance the households' willingness to consume in areas related to children's growth in the mid to long term. Specifically in the kids' sportswear sector, there is a continuing increase in investment in campus sports resources at the policy level, with the systematic inclusion of athletic ability into the core indicators of quality education. These have laid a long-term foundation for children and youth sports demand. With the transformation of family structures and the iteration of educational philosophies, the younger generation of parents plays an increasingly important role in childcare consumption decisions. They are more inclined to emphasise scientific parenting, individuality, and comprehensive development, and pay more attention to the comprehensive performance of children and youth sports equipment, including professionalism, safety, comfort, and environmental friendliness. In this context, understanding and serving parents' educational philosophies have become a new focus in market competition. In the long run, the kids' sportswear industry is gradually becoming an important link connecting sports and education, with substantial consumption potential and growing social relevance, youth and children's sports continue to unlock new opportunities for development and value creation.

Facing a critical window period for structural optimisation and value reconstruction in the sports goods industry, the Group will continue to leverage technology as the greatest driving force for corporate advancement, continuously expanding the functional boundaries of its products enhancing the expressive power of its brand culture, and striving to meet the diverse needs of global consumers. The Group will always operate with passion and responsibility at its core, contributing long-term value to global sports industry through technological research and development, event participation, and international cooperation, evangelising about the brand spirit of "ONE DEGREE BEYOND" (多一度熱愛) to a wider extent.

MANAGEMENT DISCUSSION AND ANALYSIS



BUSINESS REVIEW

361° Brands and Positioning

The 361° Group is a leading integrated sportswear company in China with a vertically integrated value chain. Since its establishment in 2003, the 361° brand has embodied the brand spirit of "ONE DEGREE BEYOND" (多一度熱愛), dedicating itself to becoming a globally respected sports brand. The Group continues to maintain its positioning as a "professional, youthful, and internationalised" brand, and by persisting in the development strategy of "technology-driven, brand-first", the Group offers consumers professional sports products with a high quality-price ratio for the mass market. At the same time, the Group taps into new consumer segments, expands brand influence, and promotes business growth while satisfying the demands of its core consumers.

The 361° brand primarily targets the mass sports market, specialising in offering professional products with a higher quality-price ratio in categories such as running, basketball, and sports life. This strategic approach caters to the needs of adult consumers seeking excellence in professional sports and active living.

The 361° Kids brand operates as an independent business unit, carrying forward the ethos of "ONE DEGREE BEYOND" (多一度熱愛) of the 361° brand. With the brand statement "CHASING YOUR LOVE!" (熱愛吧, 少年!), the 361° Kids brand positions itself as the "Youth Sports Expert" (青少年運動專家), concentrating on the children and youth sports market.

Efficient and Flexible Business Model

361° is primarily engaged in brand management, R&D, design, manufacturing, and distribution of products. The Group strategically adopts a distributorship business model, partnering with primary distributors responsible for exclusively distributing 361° branded products in specific and exclusive geographical regions. These distributors may, with approval of the Group's retail channel management department, either establish their own stores or distribute 361° products to authorised retailers. This approach enables the Group to focus its resources on brand management, product R&D, and other crucial areas, while maintaining stable cooperation with competent distributors and authorised retailers for efficiently bringing products to the market.

The Group has established a comprehensive distributor management system to ensure the accurate representation of the brand concept, product functions and design philosophy at each retail outlet. Annual renewals with exclusive distributors cover key terms, including but not limited to geographical exclusivity, product exclusivity, payment terms, order requirements and store management. Through various training programmes throughout the year, the Group ensures that distributors and authorised retailers possess up-to-date knowledge about the latest technological attributes and products, enabling them to assist consumers in making well-informed and well-suited purchases. Furthermore, the Group ensures a consistent store image is established nationwide, and strictly standardises product displays and promotion materials in each store to ensure effective marketing campaigns in different timelines, guaranteeing standardised and unified high-quality sales outlets across the country.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group employs a systematic order management model that ensures efficient supply, transparent inventory, and stable price system. The Group organises four trade fairs annually to showcase new-season products, inviting all distributors and authorised retailers to participate. Orders from authorised retailers are consolidated by their respective primary distributors and submitted uniformly to the Group. Upon receiving orders, the Group reviews them and provides suggestions to enhance reasonableness of product selection, ensuring optimal retail inventory levels and stable retail discounts, and supporting the sustainable development of the distributors and authorised retailers, which will lead to a win-win situation for all. These trade fairs usually take place six months before the launch of the relevant new products, ensuring sufficient time for production and delivery to distributors, effectively enhancing certainty for sales performance of the Group. During the period under review, the Group hosted two 361° brand product trade fairs in total, including the 2025 Winter Trade Fair and the 2026 Spring Trade Fair. Orders from these two trade fairs exhibited robust growth, primarily driven by increased order volumes.

361° Core Brand's Retail Network in the PRC

As of 30 June 2025, the Group had a total of 5,669 361° branded stores, with an average store area of 156 m², representing a net increase of 7 m² compared to 31 December 2024. Geographically, approximately 76.0% of the stores were located in China's third-tier and lower-tier cities, while 5.3% and 18.7% of the stores were located in first-tier and second-tier cities in China, respectively. The Group encourages its distributors and authorised retailers to open larger stores, upgrade to the latest image stores and increase the number of new stores in shopping malls, department stores and shopping centres. In the first half of 2025, driven by the ongoing optimisation of the Group's store channel structure and the continuous and steady increase in the average store size and average store sales efficiency, the retail sales exhibited sustained robust performance.

The Group continues to adopt a consumer-centric approach to providing the best shopping experience for consumers, capitalising on new consumer preferences and new trends in consumption habits. As of 30 June 2025, the accumulated number of 361° Super Premium Stores reached 49, 4 of which were Super Premium Stores dedicated for kids. As a new retail format, the Super Premium Store has established a distinct competitive edge by adopting the unique model of "thousand-square-metre space, comprehensive multi-category coverage, and one-stop self-service shopping", creating a spacious and comfortable shopping environment for consumers. The in-store product layout takes into full account the demands for full-category and multi-scenario coverage, integrating various professional sports equipment such as running, basketball, comprehensive training, and athleisure to achieve the truly "one-stop" efficient shopping experience. Concurrently, stores that offer a self-service shopping model further enhance the convenience and autonomy of the shopping experience. During opening and day-to-day operations, the stores actively launch multiple preferential activities, such as discounts, gift-with-purchase and qualifying purchase lucky draws, as well as the launch of high-demand products that quickly captured consumer attention during opening, effectively driving opening sales and repeat purchases. Furthermore, through the innovatively interconnected activities of "product launch – event experience – retail scenario" for our carbon-plated training running shoes, including the popular category such as "Furious" (飛飈) and "Flying Flame" (飛燃), as well as the exclusive category such as "K-Stride 1.0" (千行1.0), the Group has transformed new product launches into an extensive shopping experience, driving consumer engagement and boosting store traffic, further reinforcing its position in the field of highly cost-effective mass sports equipment.



MANAGEMENT DISCUSSION AND ANALYSIS



Authorised retail stores of 361° core brand by regions are set out as follows:

	As of 30 June 2025		As of 31 December 2024	
	Number of 361° authorised retail stores	% of total number of 361° authorised retail stores	Number of 361° authorised retail stores	% of total number of 361° authorised retail stores
Eastern region ⁽¹⁾	1,141	20.1	1,124	19.5
Southern region ⁽²⁾	684	12.1	664	11.5
Western region ⁽³⁾	1,252	22.1	1,294	22.5
Northern region ⁽⁴⁾	2,592	45.7	2,668	46.5
Total	5,669	100.0	5,750	100.0

Notes:

- (1) Eastern region includes Jiangsu, Zhejiang, Hubei, Anhui, Hunan, Shanghai and Jiangxi.
- (2) Southern region includes Guangdong, Fujian, Guangxi and Hainan.
- (3) Western region includes Sichuan, Yunnan, Guizhou, Shaanxi, Xinjiang, Gansu, Chongqing, Qinghai, Ningxia and Tibet.
- (4) Northern region includes Shandong, Beijing, Liaoning, Heilongjiang, Hebei, Henan, Shanxi, Jilin, Tianjin and Inner Mongolia.

MANAGEMENT DISCUSSION AND ANALYSIS

Brand Promotion and Marketing

361°'s brand resource matrix is built on a foundation of professional sports and has progressively evolved into a matrix of diversity. This includes large-scale sports events, professional teams, elite athletes, and brand ambassadors. Building on its established foundation, the Group plans and allocates brand resources with a global strategic vision.

361° has demonstrated its commitment to the development and empowerment of the sports industry. Since the 2010 Guangzhou Asian Games, from Incheon to Jakarta and Hangzhou, 361° has been a consistent presence at every Asian Games, and 361° will continue to support the Asian Games Aichi-Nagoya as a partner in 2026. In February 2025, 361° entered into its first collaboration with the Asian Winter Games, which not only represented a continuation of its support for top Asian events but also conveyed 361°'s "ONE DEGREE BEYOND" (多一度熱愛) sportsmanship to the market, igniting the passion for winter sports among a wider demographic, and supporting the development of winter sports across Asia and beyond. As a result, 361° has been an official partner of the Olympic Council of Asia ("OCA") for 16 consecutive years, making it the first sports brand to be an official partner for both the Asian Games and the Asian Winter Games. Therefore, we have been awarded the "Outstanding Contribution Award of the Asian Games" (亞運會傑出貢獻獎). Meanwhile, 361° has signed a new partnership with World Aquatics, officially becoming a Global Partner of World Aquatics from 2026 to 2029. This marks a new phase in their collaboration and carries positive and far-reaching strategic significance in deepening the promotion of aquatic sports, inspiring greater public enthusiasm for participation, and expanding the influence of events and culture on a global scale. Through this partnership, 361° will explore more growth opportunities and broaden the scope of its global brand expansion.

In addition to sponsoring large-scale sports events, the Group strategically develops marketing campaigns that are closely aligned with consumer preferences and behaviours. In the running sector, we have successfully built a nationwide running community alliance, resulting in significant growth in our professional racing products. During the period under review, 361° sponsored and supported professional marathon

events both domestically and internationally, including Qingdao Marathon and Surf City Marathon. By offering high-quality products and professional event services, 361° continues to drive the development of road running, supporting many runners in their pursuit of excellence on the racecourse. Moving forward, 361° remains focused on uniting passion and supporting the development of both Chinese and global sports events.

During the event, a large number of high-performance professional marathon racing shoes of 361° became the centre of attention, assisting many runners to sprint on the track. At the Qingdao Marathon in April 2025, professional racing matrix products like "Furious FUTURE2" (飛騰FUTURE2) and "Flying Flame 4" (飛燃4) assisted elite runners break event records, with 361° elite runner Pius Karanja KIMANI claiming the men's full marathon championship, and running ambassador WANG Jiahao (王佳浩) winning the men's full marathon championship for Chinese nationals. As a result of the impressive performances of Marathoners, 361° has solidified its professional image in the running field.

The "3#-Track 10 Kilometres Racing Series" (三號賽道10KM競速系列賽) is 361°'s proprietary event, focusing on professional racing as its core. Designed for elite runners pursuing speed, the "3#-Track 10 Kilometres Racing Series" (三號賽道10KM競速系列賽) has become one of the most well-known events domestically, with its increasing influence within the running community in recent years.

In the first half of 2025, 4 sessions of the "3#-Track 10 Kilometres Racing Series" (三號賽道10KM競速系列賽) took place in core cities where the Group operates its core businesses, such as Shenzhen, Wuhan, and Jinan, which provided participants with an immersive road running experience. The race system for the 2025 season underwent a comprehensive upgrade to demonstrate the brand's professional strategic positioning and continuous investment in the running sector, thereby enhancing its professional image. Concurrently, by adding an elite women's group and professional pacers, the brand succeeded in demonstrating its attention to and service awareness for different runner groups, while enhancing the brand's inclusiveness and consumer affinity. Committed to providing companionship and encouragement, 361° offers runners high quality products and more comprehensive running experience.

MANAGEMENT DISCUSSION AND ANALYSIS



In the basketball sector, 361° has focused on deepening its brand development by leveraging ambassador resources to accelerate global brand expansion. During the period under review, 361° collaborated with brand ambassador and international basketball superstar Spencer DINWIDDIE to launch his third-generation signature shoe, "DVD3". In February 2025, 361° global brand ambassador Nikola JOKIĆ started in the Western Conference All-Star team, marking his seventh All-Star selection and fifth time as a starter. With JOKIĆ wearing 361°'s "JOKER1 GT" All-Star coloured edition as its official public debut, 361° will subsequently continue to tailor exclusive signature shoes, as well as apparel, accessories, and other product lines, based on the characteristics of the ambassador. 361°'s "ZEN VII" (禪7) and "AG5 SOAR" basketball shoes, worn by brand ambassador Aaron GORDON during the American Professional Basketball League Playoffs, helped save his team twice from American Professional Basketball League Playoffs clutches, earning him the buzzword as the "King of Playoff Buzzer-Beaters" (季後賽絕殺之王). The collaboration between 361° and our ambassadors reinforces our professional image and leaves a lasting impression on the public.

At the same time, the Group has also achieved success with its proprietary basketball event, "Light Up" (觸地即燃), which has motivated numerous players and teams and enhanced its influence in the basketball community. The 2025 season of the "Light Up" (觸地即燃) event featured four major series: the National Series, the Overseas Series, the Zone Series, and the Regional Series. During the period under review, "Light Up" (觸地即燃) events were hosted in core cities such as Wuhan, Putian and Chengdu, which attracted grassroots basketball talents from various regions, providing opportunities for basketball enthusiasts to showcase their skills.

MANAGEMENT DISCUSSION AND ANALYSIS



By expanding into overseas markets, the "Light Up" (觸地即燃) series has achieved global reach, further elevating the international influence of the 361° brand. In May 2025, 361°'s "Light Up" (觸地即燃) expanded overseas to Japan. The "Light Up" (觸地即燃) joint team, led by ZHONG Xianchao (鐘顯超) and TANG Rihui (唐日輝), showcased the spirit and vitality of China's grassroots players, successfully advanced to the top eight in this competition, achieving the best result for China's grassroots players in this event. In the meantime, the 2025 season of "Light Up" (觸地即燃) series continued its junior version, providing a platform for young basketball dreamers to showcase their talents. The event expanded its hosting city coverage to prefecture-level cities, having solidified our position as a leading grassroots basketball event in China.

Regarding sports fashion, 361° has been actively expanding new sports category to strengthen connections with the younger generation by gaining insights into industry trends and changes in consumer demands. In March 2025, 361°'s brand ambassador AO Ruipeng (敖瑞鵬) made appearances at stores in Linyi and Shijiazhuang, hosting the themed event "Let's Bathe in the Sun with Peng Friends" (好鵬友出來曬). The event attracted young consumers through pink-themed settings, engaging interactive games, fan co-creation sessions, and limited edition peripheral gifts. During the event, new sun-protection products from the "Lightweight Adventure Series" (輕野系列) were unveiled. AO Ruipeng interacted with fans while wearing the lightweight outdoor "Ice Skin" sun-protection apparel, which features sun-protective fabric incorporating "Ice Cool Technology" (冰沁科技). In May 2025, the first leg of the "Meet Up on Skateboards" (板上見) urban skateboarding tour kicked off in Guangzhou, where the National Games champion GAO Qunxiang (高群翔) appeared as the brand's skateboarding ambassador, and American skateboarder "Mimi's Adventure" was invited to participate, with Chinese and international skateboarders engaging in competitions. Successfully concluding its first "SWING AS ONE" (一拍即合) badminton city competition in Dongguan, Guangdong, in June 2025, 361° successfully launched a new series of badminton products, with the attendance of our badminton promotion ambassador and World Junior Champion LIN Guipu (林貴埔) showcasing his strong support for the event.

MANAGEMENT DISCUSSION AND ANALYSIS

As for women's training products, during the period under review, 361° launched the "Friendship Through Yoga for Resilience" (韌個新朋友) offline event on the International Women's Day. Brand ambassador and Asian Rhythmic Gymnastics Champion ZHANG Doudou (張豆豆) served as a yoga instructor, guiding women through yoga exercises and initiating a new model for women's sports social interaction. Concurrently, our brand continued to empower women's product R&D with technology, including the introduction of the "New Skin" (新肌) series of yoga uniforms and the "New Movement" (新動) series of training gear. In April 2025, the women's tennis product series "Sweet Classic" (甜典) made its debut, showcasing the brand's diversified strategic positioning in women's sports.

With the further integration of brand communication and consumer preferences, coupled with fashion trends and professional functionality, the series of co-branded products of the Group with renowned IPs received overwhelming responses from the young generation. 361° actively collaborated with popular IPs to expand its influence among the young generation. Through innovative IP cross-over collaborations, by launching IP co-branded products such as DuckYo (小劉鴨), Peppa Pig (小豬佩奇), and SpongeBob (海綿寶寶), the Group is well received among the consumers, especially the young demographic. In terms of co-branded IP collaborations, 361° has been exploring innovative cross-over models with brands, IP owners and designers, injecting endless creativity and possibilities into product designs.



MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out all of the Group's sports event sponsorships in recent/future years:

Sponsorship period	Location	Sports events	Capacity
2022-2025	China	Zheng-Kai Marathon	Global Official Partner
2023-2025	The US	Surf City Marathon	Major Sponsor
	France	Paris Star 10km Race	Sponsor
	Germany	Berlin Marathon	Exhibitor
2023-2026	Spain	Palma de Mallorca Marathon	Major Sponsor
2024-2025	China	Fuzhou Marathon	Top Strategic Partner
	The US	OC Marathon	Official Footwear Sponsor
2024-2026	China	Qingdao Marathon	Honourary Sponsor
2025	The UK	Hale 10km Race	Sponsor
	Japan	Tokyo Marathon	Exhibitor
	Italy	Milan Marathon	Exhibitor
	Germany	Berlin Half Marathon	Exhibitor
	China	Asian Winter Games Harbin	Official Partner
2026	Japan	Asian Games Aichi-Nagoya	Official Partner

The following table sets out all the organisations and institutions in collaboration with the Group during the period under review:

Names of organisations and institutions	
Olympic Council of Asia	Official Partner
World Aquatics	Official Sportswear Supplier

The following table sets out all of the Group's sporting team sponsorships during the period under review:

Name of sporting team	
China National Karate Team	China National Handball Team
Chinese Karate Association	Cambodian Delegation
Kyrgyz Delegation	Mongolian Delegation
Tajik Delegation	Turkmen Delegation
Guangdong Provincial Swimming Team	Tianjin Municipal Swimming Team
Shandong Triathlon Team	Swimming and Diving Sports Centre of Hebei Provincial Sports Bureau
Qiqihar Sports Bureau	Heilongjiang Ice Hockey Team (Ice Hockey Team of Harbin Institute of Technology, Feihe Youth Ice Hockey Team)
Beijing Muxiyuan Sports Technology School	Beijing Xiannongtan Sports Technology School

MANAGEMENT DISCUSSION AND ANALYSIS

The following persons have or had been the Group's spokespersons during the period under review:

Athletes

Name of spokespersons	Sports	Key achievements in recent years
FENG Dan 馮丹	Running	1st in Women in the 2025 Yancheng Marathon
		1st in Women in the 2025 Qingdao Half Marathon
		2nd in Women of China in the 2025 Dalian Half Marathon
		1st in Women of China in the 2025 Beijing Miyun Half Marathon
		1st in Women of China in the 2024 Yingkou – Bayuquan Marathon
		1st in Women in the 2024 Xianfeng Forest Half Marathon
		1st in Women of China in the 2024 Suining Guanyin Lake Half Marathon
		2nd in Women in the 2024 Beijing Haidian Marathon
		1st in Women of China in the 2024 Changzhou West Tai Hu Lake Half Marathon
		1st in Women of China in the 2024 Guang'an Half Marathon
		1st in Women of China in the 2024 Huangshi Half Marathon
		2nd in Women of China in the 2024 Fuzhou Marathon
		1st in Women in the 2024 Chongqing Hechuan Half Marathon
		3rd in Women in the 2024 Qinhuangdao Marathon



MANAGEMENT DISCUSSION AND ANALYSIS

Name of spokespersons	Sports	Key achievements in recent years
GUAN Yousheng 管油勝	Running	3rd in Chinese Men in the 2025 Tokyo Marathon
		1st in Men of China in the 2025 Jilin Marathon
		1st in Men of China in the 2025 Changchun Marathon
		2nd in Men of China in the 2024 Lanzhou Marathon
		2nd in Men in the 2024 Shaanxi Xianyang Half Marathon
		1st in Men of China in the 2024 Yellow River Estuary (Dongying) Marathon
		1st in Men in the 2024 Xingyi Wanfenglin Half Marathon
		1st in Men in the 2024 Lake Biwa Marathon in Japan
		1st in Men of China in the 2024 Nanjing Half Marathon
		2nd in Men in the 2024 Yueyang Marathon
		1st in Men in the 2024 Suzhou Marathon
		1st in Men in the 2024 Qinhuangdao Marathon
		3rd in Men in the 2024 Zunyi Wujiangzhai Super Long Run
		1st in Men of China in the 2023 Baoding Marathon
		1st in Men of China in the 2023 Qingdao Marathon
		1st in Men of China in the 2023 Huai'an Marathon
		1st in Men of China in the 2023 Suqian Marathon
LI Bo 李波	Running	1st in Men of China in the 2024 Xichang Qionghai Wetland Marathon
		1st in Men in the 2024 Putian Marathon
		3rd in Men of World and 2nd in Men of China in the 2024 Fuzhou Marathon
		3rd in Men in the 2024 Qujing Luoping Marathon with Grand Blossom
		1st in Men in the 2024 Hechuan Diaoyucheng Half Marathon
		1st in Men of China in the 2024 Binzhou Half Marathon
		1st in Men in the 2024 Gaoping Half Marathon
		1st in Men of China in the 2023 Nanchang Marathon
		2nd in Men of China in the 2023 Chengdu Marathon
		1st in Men of China in the 2023 Harbin Marathon
		1st in Men in the 2023 Baoji Marathon
		2nd in Men of China in the 2023 Chongqing Marathon
		1st in Men in the 2023 Yongchuan Half Marathon

MANAGEMENT DISCUSSION AND ANALYSIS

Name of spokespersons	Sports	Key achievements in recent years
LI Zicheng 李子成	Running	2nd in Men in the 2025 Nanjing Pukou Marathon
		1st in Men in the 2025 Qidong Half Marathon
		3rd in Men of China in the 2025 Qingdao Marathon
		1st in Men in the 2025 Baoqing Marathon
		1st in Men of China in the 2024 Fuzhou Marathon
		1st in Men in the 2024 Yantai Marathon
		1st in Young Men in the 38th Mount Tai International Mountain Climbing Festival
		1st in Men of China in the 2024 Tianjin Wuqing Half Marathon
		1st in Men in the 2024 Yantai Golden Beach Starry Sky Half Marathon
		1st in Men in the 2024 Xiaogan Marathon
		1st in Men in the 2024 Xianyou Marathon
		2nd in Men of World and 1st in Men of China in the 2024 Fuzhou Marathon
		4th in Men of China in the 2024 Xiamen Marathon
		1st in Men of China in the 2024 Jinji Lake Half Marathon
		1st in Men of China in the 2024 Ninghai Half Marathon
		2nd in Men of China in the 2024 Chongqing Marathon
		1st in Men in the 2024 Changdao Island Marathon
		1st in Men in the 2023 Yantai Marathon
		1st in Men in the 2023 Xuwei Marathon
		1st in Men of China in the 2023 Changxing Marathon
MA Liangwu 馬亮武	Running	1st in Age Group of the 2024 Boston Marathon
WANG Jiahao 王佳浩	Running	1st in Men in the 2025 Nanjing Pukou Marathon
		1st in Men of China in the 2025 Shijiazhuang Marathon
		1st in Men in the 2025 Yangling Marathon
		1st in Men of China in the 2025 Qingdao Marathon
		2nd in Men of China in the 2025 Jilin Marathon
		1st in Men of China in the 2025 Miyun Marathon

MANAGEMENT DISCUSSION AND ANALYSIS

Name of spokespersons	Sports	Key achievements in recent years
YAO Yuzhou 姚玉舟	Running	3rd in Women's Half Marathon in the 2025 Shanghai Marathon
		3rd in Women of China in the 2025 Shijiazhuang Marathon
		3rd in Women of China in the 2025 Qingdao Marathon
		3rd in Women of China in the 2025 Jilin Marathon
		3rd in Women's 42 Kilometre in the 2024 China Mountain Marathon Series – Qianjiang Chongqing
		1st in Women of China in the 2024 Harbin Marathon
		3rd in Women in the 2024 Dayu 5th Crossing Road and Trail Half Marathon
		1st in Women of China in the 2024 Chengdu Marathon
		1st in Women of China in the 2024 Gaochun Marathon
		1st in Women in the 2024 Hefei Half Marathon
		2nd in Women in the 2024 Fuzhou Half Marathon
ZHANG Shuihua 張水華	Running	3rd in Women in the 2025 Nanjing Pukou Marathon
		3rd in Women in the 2025 Ninghai Marathon
		3rd in Women in the 2025 Fenghua Marathon
		2nd in Women in the 2025 Suqian Marathon
		3rd in Women in the 2025 Baoding Marathon
		1st in Women in the 2025 Baoqing Marathon
		1st in Women in the 2024 Putian Marathon
		3rd in Women of China in the 2024 Shenyang Marathon
		2nd in Women in the 2024 Nanniwan Half Marathon
		2nd in Women of China in the 2024 Tianjin Marathon
		4th in Women of China in the 2024 Beijing Haidian Marathon
		1st in Women of China in the 2024 Tianmu Lake Marathon
		1st in Women in the 2024 Xianyou Marathon
		1st in Women of China in the 2024 Zhoushan Islands Marathon
		2nd in Women of China in the 2024 Suzhou Taihu Lake Marathon
		3rd in the 2024 China Annual Ranking Marathon
		1st in Women in the 2024 Wuyishan Marathon
		1st in Women of China in the 2024 Zheng-Kai Marathon
		3rd in Women in the 2024 Xiangshan Marathon
		2nd in Women in the 2024 Qinhuangdao Marathon
		1st in Women of China in the 2023 Suzhou Taihu Lake Marathon
		1st in Women of China in the 2023 Chengdu Marathon
		2nd in Women of China in the 2023 Xuzhou Marathon
		2nd in Women in the 2023 Nanchang Half Marathon
		1st in Women of China in the 2023 Zhoushan Islands Marathon

MANAGEMENT DISCUSSION AND ANALYSIS

Name of spokespersons	Sports	Key achievements in recent years
		3rd in Women of China in the 2023 Shaoxing Marathon 2nd in Women of China in the 2023 Jinjiang Marathon 2nd in Women in the 2023 Fuzhou Half Marathon 2nd in Women of China in the 2023 Shantou Marathon 2nd in Women of China in the 2023 Shenzhen Bao'an Half Marathon
Aaron GORDON	Basketball	International basketball superstar A player of American Professional Basketball League Champions for 2022-2023 season
Kentavious CALDWELL POPE	Basketball	International basketball superstar A player of American Professional Basketball League Champions for 2019-2020 and 2022-2023 seasons
LI Yuan 李緣	Basketball	A player of the 2023 FIBA Women's Asia Cup Champions A player of the champions of the women's basketball tournament at the 19th Hangzhou Asian Games
Nikola JOKIĆ	Basketball	International basketball superstar A player and FMVP of American Professional Basketball League Champions for 2022-2023 season MVP of the regular season for the 2020-2021, 2021-2022 and 2023-2024 American Professional Basketball League season
Spencer DINWIDDIE	Basketball	International basketball superstar Champion of the 2017-2018 American Professional Basketball League season All-Star Skills Challenge



MANAGEMENT DISCUSSION AND ANALYSIS

Name of spokespersons	Sports	Key achievements in recent years
JIANG Wenwen 蔣文文 and JIANG Tingting 蔣婷婷	Artistic swimming	World artistic swimming champions
SUN Yang 孫楊	Swimming	2nd runner up in the Men's 400 metre freestyle at the 2025 National Swimming Championships Champion in the 400 metre freestyle at the 2024 National Summer Swimming Championships Champion in the Men's 200 metre freestyle at the 2018 Jakarta Asian Games Champion in the Men's 400 metre freestyle at the 2018 Jakarta Asian Games Champion in the Men's 800 metre freestyle at the 2018 Jakarta Asian Games Champion in the Men's 1,500 metre freestyle at the 2018 Jakarta Asian Games Champion in the Men's 200 metre freestyle at the 2016 Rio Olympic Games Champion in the Men's 400 metre freestyle at the 2015 Kazan World Aquatics Championships Champion in the Men's 800 metre freestyle at the 2015 Kazan World Aquatics Championships Champion in the Men's 1,500 metre freestyle at the 2013 Barcelona World Aquatics Championships Champion in the Men's 400 metre freestyle at the 2012 London Olympic Games Champion in the Men's 1,500 metre freestyle at the 2012 London Olympic Games Champion in the Men's 800 metre freestyle at the 2011 Shanghai World Aquatics Championships Broke the world record for the Men's 1,500 metre freestyle in 2011
ZHANG Doudou 張豆豆	Gymnastics	6th in Group All-Around at the 2013 Rhythmic Gymnastics World Championships
GAO Qunxiang 高群翔	Skateboarding	Champion in Skateboarding Men's Street of the 14th National Games of the People's Republic of China
XIONG Dunhan 熊敦瀚	Water polo	Champion in Women's Water Polo of the 19th Hangzhou Asian Games
Alice MINETTI	Running	Elite Running Athlete
Ben CLARIDGE	Running	Champion in the 2025 Butterfield Mile 2nd in 1km Time Trial at Podium Festival 2024
JEBET Ruth	Running	1st in Women in the 2024 Zheng-Kai Marathon 1st in Women in the 2023 Mersin Marathon
Kassie Derseh KINDIE	Running	10th in Men in the 2024 Berlin Marathon 7th in Men in the 2023 Seoul Marathon 12th in Men in the 2023 Valencia Marathon
SISAY Meseret Gola	Running	2nd in Women in the 2025 Beijing Miyun Marathon 10th in Women in the 2024 Berlin Marathon 7th in Women in the 2024 Rotterdam Marathon
Dan DIXON	Triathlon	An Elite Triathlete
Niklas LUDWIG	Triathlon	Winner in the 2025 Triathlon DE Amateur Winner at the Challenge Gran Canaria 2023 First Winner in the 2023 Regionalliga Bayern, Vice-champion of the Bavarian Championship (Elite)

MANAGEMENT DISCUSSION AND ANALYSIS

Name of spokespersons	Sports	Key achievements in recent years
Thomas CREMERS	Triathlon	8th in the 2025 World Middle Distance Duathlon Championships
		5th in the 2024 Europe Triathlon Powerman Middle Distance Duathlon Championships Alsdorf
		16th in the 2024 Europe Triathlon Duathlon Championships Coimbra
		1st in the 2024 NED Sprint Duathlon National Championships
		2nd in the 2024 NED Middle Distance Duathlon National Championships
James MEDINA	Basketball	2025 Iceland League Most Valuable Player (MVP)

Celebrities

AO Ruipeng 敖瑞鹏	N/A	A famous Chinese actor
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MANAGEMENT DISCUSSION AND ANALYSIS

361° Kids Business

During the period under review, 361° Kids business recorded a revenue of RMB1,260.8 million, accounting for approximately 22.1% of the Group's total revenue, and representing a year-on-year increase of 11.4%.

361° Kids continues to carry forward the professional athletic DNA of our 361° brand. With the brand statement "CHASING YOUR LOVE!" (熱愛吧, 少年!), 361° Kids positions itself as the "Youth Sports Expert" (青少年運動專家). With its product line covering professional fields such as running, basketball, football, rope skipping, badminton, outdoor activities, and campus life, 361° Kids is committed to meeting the diversified needs of sporting goods for children and youths. Over the past years, 361° Kids has maintained its stronghold in kids' sportswear by retaining a first-mover advantage in the domestic kids' sportswear sector. To date, 361° Kids has developed into one of the Group's robust growth drivers.



Driven by multiple factors, including growing parental attention to children's health through sports activities and enhanced emphasis on physical education in educational policies, the kids' apparel market continues to expand its growth potential. Taking into account children and youth's athletic demands, 361° Kids has broadened its product line for on-campus physical fitness test items by expanding and launching badminton products in addition to its existing professional categories such as running, basketball, football, and rope skipping. Focusing on matrix product development, the Group launched products for various athletic requirements, where children's sun-protection apparel series has been upgraded to establish three levels: basic, professional, and advanced, achieving dual improvements in functionality and design. Recognising the potential in the youth sports market, the Group has widened its product line to cover the 16-year-old age group, launching products that better align with youth's athletic characteristics and aesthetic preferences, while also expanding the product size range to cater to the needs of a wider range of youth consumers. In terms of technology applications, 361° Kids continues to develop a proprietary product technology system specifically for children and youths, empowering the performance upgrade of professional sports products. Our product strengths are enhanced by the introduction of innovative technologies, including FLASH technology, arch-of-foot adaptation system technology, and speed technology. Meanwhile, 361° Kids frequently introduces popular products, enhancing brand influence and market recognition. Leveraging the resources of our global brand ambassador Nikola JOKIĆ, the Group has launched the "Drift" (漂移) series of basketball shoes, serving as a practical breakthrough tool specifically developed for youth competitions and training. For physical fitness tests and examinations, the Group has launched the "Flying Dagger-axe" (飛戈) and "Speedy" (飛速) series of speed running shoes and campus training shoes with a focus on cushioning, rebound, and explosive starts, meeting multi-scenario sports requirements on campus. The Group has introduced the "Flash Leap" (閃躍) speed rope skipping shoes, which are the same model as the national team's flagship speed skipping shoes, providing extreme performance in quick response and fast rope clearance for rope skipping.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2025, the Group had a total of 2,494 points-of-sale offering 361° Kids products, among which, 281 points-of-sale were located at 361°'s core brand stores, selling both 361° brand products and 361° Kids products. The average store area of each store offering 361° Kids products reached 117 m², representing an increase of 5 m² as compared to the end of 2024. Geographically, approximately 67.5% of the points-of-sale were located in third-tier and lower-tier cities in China, while 6.8% and 25.7% of the points-of-sale were located in first-tier and second-tier cities in China, respectively. Since 2025, the channel image of 361° Kids has continued to refresh with its structure continuously

optimised, laying the consumption foundation for the rapid development of the future business in the long term. The Group keenly captures the latest consumer trends, achieving differentiated strategic positioning in store space image and product display. The store image achieves multi-dimensional coverage with fifth-generation stores and fourth-generation stores, and will continue to introduce more diverse new consumption formats in the future. As of 30 June 2025, the number of the fourth-generation image stores of 361° Kids increased to 2,046, representing 82.0% of the total number of 361° Kids points-of-sale; the number of the fifth-generation image stores of 361° Kids increased to 222, representing 8.9% of the total number of 361° Kids points-of-sale.

The following table sets out the number of authorised points-of-sale of 361° Kids (including those operated within the 361° core brand authorised retail stores) by regions:

	As of 30 June 2025		As of 31 December 2024	
	Number of 361° Kids authorised points-of-sale	% of total number of 361° Kids authorised points-of-sale	Number of 361° Kids authorised points-of-sale	% of total number of 361° Kids authorised points-of-sale
Eastern region ⁽¹⁾	504	20.2	503	19.7
Southern region ⁽²⁾	342	13.7	358	14.1
Western region ⁽³⁾	522	20.9	533	20.9
Northern region ⁽⁴⁾	1,126	45.2	1,154	45.3
Total	2,494	100.0	2,548	100.0

Notes:

- (1) Eastern region includes Jiangsu, Zhejiang, Hubei, Anhui, Hunan, Shanghai and Jiangxi.
- (2) Southern region includes Guangdong, Fujian, Guangxi and Hainan.
- (3) Western region includes Sichuan, Yunnan, Guizhou, Shaanxi, Xinjiang, Gansu, Chongqing, Qinghai, Ningxia and Tibet.
- (4) Northern region includes Shandong, Beijing, Liaoning, Heilongjiang, Hebei, Henan, Shanxi, Jilin, Tianjin and Inner Mongolia.

MANAGEMENT DISCUSSION AND ANALYSIS

361° Kids Collaborative Resources:

Sponsorship period	Partner	Capacity
2019–2027	Beijing Guoan Junior Training (北京國安少訓)	Partner
2022–2025	China National Rope Skipping Team	Official Partner
2023–2026	LV Xiaoming 呂曉明	361° Brand Ambassador
2024–2026	DU Tingting 杜婷婷	Rope Skipping Product Recommender of 361° and 361° Kids
2025–2026	AN Xiaoyu 安小雨	Chief Product Recommender of 361° Kids

During the period under review, 361° Kids brand hosted two trade fairs in total, which were the 2025 Winter Trade Fair and the 2026 Spring Trade Fair. Orders from these two trade fairs achieved solid growth, primarily driven by increased order volumes.

As the official partner of China National Rope Skipping Team and a partner of Beijing Guoan Junior Training (北京國安少訓), 361° Kids demonstrated effective synergy between brand resources and consumers, evidenced by not only appointing LV Xiaoming (呂曉明), a renowned basketball player, as the head coach for 361° Youth Basketball, but also inviting DU Tingting (杜婷婷), China's first World women's rope skipping master and Asian rope skipping master, as Rope Skipping Product Recommender of 361° and 361° Kids, and AN Xiaoyu (安小雨), a leading rope skipping influencer, as the Chief Product Recommender of 361° Kids. Meanwhile, by organising a wide range of brand activities, the Group engaged more children and youth passionate about sports, continuously injecting growth momentum into retail through its robust deployment of professional resources. During the period under review, 361° Kids organised the "4th National Rope Skipping Competition" (第四屆全國跳繩大賽), attracting renowned domestic and international rope skipping influencers and members of the Chinese National Rope Skipping Team, thereby significantly broadening the event's reach and strengthening the brand's influence.



Meanwhile, 361° Kids launched the "Light Up-Junior Basketball Game" (觸地即燃·少年賽) as an independent event segment, with distributors actively replicating the competition model and leveraging social media for widespread promotion of both the event and its products, which successfully strengthened brand-to-consumer stickiness. 361° Kids also partnered with the top-tier Chinese Super League Club "Beijing Guoan F.C." to host the "3V3 Youth Football Championship", a benchmark youth football event in China, which was successively launched in key cities. As the earliest sports brands to venture into the youth football sector in China, 361° Kids continues to support the development of youth football training in China.

MANAGEMENT DISCUSSION AND ANALYSIS

361° International Business

During the period under review, the Group had 1,357 points-of-sale in overseas markets, covering regions such as the Americas, Europe, and regions alongside the "Belt and Road Initiative". 361° international business recorded revenue of RMB87.6 million, accounting for 1.5% of the Group's total revenue, and representing a year-on-year increase of 19.7%.

Since 2015, the Group has continued to take a proactive approach by strategically positioning itself in international markets to enhance brand recognition worldwide. Currently, 361° products have gradually and steadily gained a reputation in overseas markets. The Group actively expanded its overseas business by leveraging cross-border e-commerce platforms. For example, in the Southeast Asian market, the Group, through effective collaboration with platforms such as Shopee and Lazada, has formulated effective operating strategies and adjusted its marketing approach based on the diverse consumer preferences in different countries, successfully established a strong local presence, which significantly enhanced the brand's recognition and influence in overseas e-commerce markets. In January 2025, 361° opened its first directly operated overseas store at Aeon Bukit Tinggi Shopping Centre in Kuala Lumpur, Malaysia, which has demonstrated sound operational performance, marking a significant expansion for the brand in the Southeast Asian market. Looking into the future, the Group will continue to prioritise the steady development of overseas markets, by actively strengthening its market foundation in the Americas, Europe, and regions along the "Belt and Road Initiative" and developing markets with significant growth potential. These strategic efforts will enable 361° to amplify its influence in the overseas markets.

E-Commerce Business

During the period under review, the Group's revenue from the online-exclusive products of the e-commerce business amounted to RMB1,816.9 million and accounted for 31.8% of the Group's total revenue, representing a year-on-year increase of 45.0%.

Our e-commerce business serves as a versatile platform, playing a vital role as both a significant product sales channel and a major platform to build our brand image. Witnessing strong growth momentum in recent years, 361°'s e-commerce business has achieved excellent retail performance through strategies including online-exclusive products and online-offline integration, positioning it as one of the key drivers of the Group's business growth. The Group focuses on offering products that "boast appealing aesthetics, advanced technology, and exceptional value" through its e-commerce channels, promptly adapting to consumer trends to address specific demand gaps.

Mainly operating under a direct-to-consumer model, the e-commerce business serves as a crucial channel for direct and in-depth interaction between the brand, its products and consumers. This approach stimulates both online retail channel development and brand image promotion, enabling the Group to deeply understand and swiftly respond to consumer demands, while delivering compelling product narratives. Concurrently, the Group maintains product differentiation between online and offline offerings, leveraging the advantage of online-exclusive products to offer consumers a differentiated experience.

In addition, continuous investments by the Group in technology, materials, and design aim to elevate product design and quality. This strategic approach enriches the product range, catering to diverse consumer preferences and fostering synergy and empowerment between online and offline channels. Focused on enhancing core profit channels and operational capabilities, 361° has improved marketing efforts through multidimensional approaches. This includes focusing on various on-site and off-site platforms to increase target group penetration, enhancing content originality to boost brand influence and engage followers, and implementing vertical community marketing to nurture potential consumers.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group effectively promotes the brand and products primarily through renowned e-commerce platforms in China, including Tmall, Taobao, JD.com, and VIP.com, while fully leveraging various emerging e-commerce platforms and off-site traffic attraction tools.

During the period under review, 361° launched co-branded products with renowned IPs, including those with DuckYo (小劉鴨), Peppa Pig (小豬佩奇), and SpongeBob (海綿寶寶), by innovatively cooperating with cross-industry IPs, which was well received among consumers, especially the younger generation. In addition, the Group actively seized popular e-commerce festivals, vigorously promoted selected items and bestsellers at critical sales juncture during major promotion events, empowering online retail. During the first wave of pre-sales and advance purchases for the "618" Shopping Festival in 2025, 361° focused on running, basketball and other categories, and launched our popular products, such as basketball shoes like "JOKER1 GT", "Biospeed BB" (飈速BB), and "BIG3 6.0PRO", and running shoes such as the "Furious FUTURE2" (飛飈FUTURE 2), "Flying Flame" (飛燃), and "Biospeed CQT" (飈速) series, disseminating content through multiple channels to create in-depth engagement with consumers. For online-exclusive products of the e-commerce business, the Group also adhered to the direction of empowering product innovation and upgrades through technology. The upgraded "SPIRE FLOAT2" (速湃FLOAT2) and "SPIRE CQT2" (速湃CQT2) provided enhanced performance and superior cushioning for running enthusiasts. Facing a complex and volatile market environment, the e-commerce business continued to maintain a growth momentum. In the first quarter of 2025, retail sales from 361°'s e-commerce omni-channel achieved a year-on-year growth of 35%-40%, with the retail sales from the e-commerce omni-channel for the second quarter of 2025 further growing by 20% on a year-on-year basis, demonstrating its resilience in growth and market competitiveness.



Production

During the period under review, the Group maintained its production policy, emphasising a balanced approach between in-house production and outsourcing to original equipment manufacturers ("OEMs") to optimise costs, production scheduling and safeguard intellectual property rights. For footwear products, the Group manufactured approximately 33.0% of its footwear products at its two factories at Jiangtou and Wuli in Jinjiang City of Fujian Province in the PRC, while the remaining portion is outsourced to quality OEMs. The Jiangtou factory houses 13 production lines and has an annual production capacity of approximately

MANAGEMENT DISCUSSION AND ANALYSIS

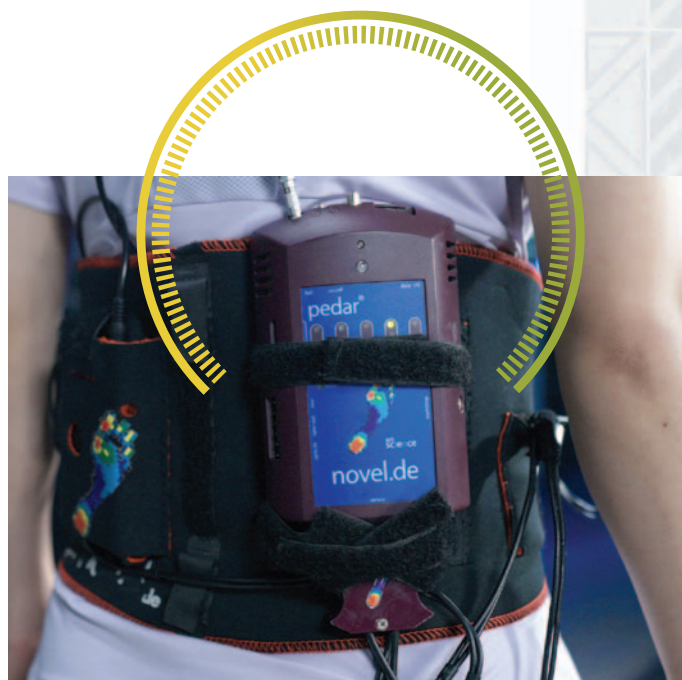
11.0 million pairs of footwear products. The Wuli Industrial Complex houses 11 production lines with an annual production capacity of approximately 11.0 million pairs of footwear products. For apparel products, the Group's Wuli Industrial Complex is capable of producing approximately 19.0% of the Group's products to meet the market demand whilst the production of the remainder is outsourced to other OEMs.

The Group is committed to upgrading its supply chain system, continually enhancing market-responsive capabilities and efficient production costs control to support overall business development. In addition, the Group actively encourages its core suppliers to expand production capacity and optimise capacity distribution. Such efforts not only have effectively supported and guided the development and growth of supply chain partners, but also effectively address challenges like energy, recruitment, raw material costs and unforeseen events, thereby providing better and more stable production services to the Group. These collaborative efforts have enabled the Group and its supply chain partners to achieve synergetic development, establishing a long-term and solid strategic partnership that brings multilateral benefits for all stakeholders.

R&D

During the period under review, the Group's expenditure on R&D accounted for 2.8% of the Group's total revenue. Adhering to the philosophy of "Professional Sports Oriented", the Group continues to increase investment in professional sports such as running and basketball, promoting the continuous upgrade of products and technical services.

Specifically, the Group's research and innovation centre in Wuli Industrial Complex in Jinjiang City of Fujian Province, has advanced R&D capabilities and research facilities. The Group has been recognised with various titles such as national advanced technology enterprise, national industrial design centre, national intellectual property advantage enterprise, "Innovation China" doctoral innovation station ("科創中國" 博士創新站), and China Light Industry Sports Footwear and Apparel Human Factors Engineering Technology Research Centre (中國輕工業運動鞋服人因工效工程技術研究中心). This research and innovation centre supports the research and innovation experiments of intelligent sports equipment, structural sports equipment, functional sports equipment, and R&D of functional material.



MANAGEMENT DISCUSSION AND ANALYSIS

By utilising technology as the primary driver of continuous growth, 361° strives for ultimate professionalism and high quality for money for its products. As supported by materials technology innovation, product matrix expansion, and sports science, the Company continues to introduce new products that will deliver stellar product performances. In January 2025, the "SPIRE" product line introduced new cushioning running shoes, the 361°'s "SPIRE FLOAT II" (速湃FLOAT II), and the "SPIRE CQT II" (速湃CQT II). Concurrently, several

new models from the "Biospeed CQT" (飈速) series made a strong debut, with "Biospeed 4PRO" (飈速4PRO), "Biospeed 3.5PRO" (飈速3.5PRO), and "Biospeed TEAM2.0" (飈速TEAM2.0), completing the upgrade of this product line. Launched in February 2025, the "Flying Flame 4x4" (飛燃4x4) outdoor running shoes, equipped with a butterfly-wing carbon plate and an RPU outsole, assist runners in tackling their outdoor challenges. The iterated "Fierce 5" (赤焰5) enhances its sports functionality, making itself more suitable for beginners' longer-distance slow runs, and daily commutes and walks. In March 2025, the newly launched "Cyclone ET" (疾風ET) speed training shoes adopt an advanced EXTREME LITE supercritical technology for the midsole, providing lightweight, comfortable, and soft elasticity. The nylon plate assists in physical examination and fitness tests, enhancing running efficiency, while the internal framework selectively reinforces foot wrapping and stability. Furthermore, a new lightweight mixed-material is used to enhance cooling and breathability. In April 2025, the newly launched professional racing running shoes, "Furious FUTURE2" (飛驒FUTURE2), feature comprehensive technological upgrades to better meet runners' needs for acceleration performance. The carbon-injected training running shoes, "K-Stride 1.0" (千行1.0), were officially released nationwide during the same period, serving mass runners with high quality for money and professional performance. The "Cyclone Q-Bounce Super 6th Generation" (疾風Q彈超6代) high-mileage training shoes, specifically designed for intensive training requirements, were introduced to the market. Introduced in May 2025, the "Running Heroic Trio" (慢跑三劍客) products, namely "Fierce MAX" (赤焰MAX), "Boom Foam 5" (爆沫5), and "Half-Time Run 2" (半時跑2), respectively, focus on stability, cushioning, and lightweight elasticity, offering diverse options for running enthusiasts. In June 2025, the Titan family running shoes were launched, with "Titan III MAX" (泰坦III MAX), "Titan III CQT" (泰坦III CQT), and "Titan III LITE" (泰坦III LITE), which are positioned for top-tier stability and support, stable cushioning, and lightweight stability, respectively.



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In the basketball category, Spencer DINWIDDIE's third-generation signature shoes "DVD3" were officially launched in January 2025, and inspired by the performance of sports cars and integrated with CQT carbon-critical technology to achieve outstanding breakthroughs in product performance. In February 2025, 361° launched Nikola JOKIĆ's signature low-top guard shoes "JOKER1 GT", which adopts the full-length CQT technology, and utilises the supercritical coarse embryo process to create materials that offer lightness and excellent cushioning for an upgraded athletic experience. With the microfibre vamp incorporating elements of horse racing and Chelsea boots, the embedded QUIKDONE carbon plate enhances support and anti-torsion, providing a more stable game experience; and the outsole, made of RPU materials, simultaneously improves lightness, grip, and durability. In March 2025, the new "BIG3 6.0" quickly gained industry attention with its stable performance and innovative design. Launched in April 2025, "ZEN VII" (禪7), part of Aaron GORDON's ZEN series, upgrades the outsole to a full-length supercritical midsole for the first time, and is paired with Aaron GORDON's original SOAR SYSTEM concept to deliver outstanding underfoot comfort. Using a large area of microfibre combined with a mesh woven structure, the vamp ensures both texture and functionality, and provides lighter, faster, and stronger supportive protection during high-intensity play. In June 2025, "Rampage 2" (狂飆2) was launched as an ultra-agile guard shoe specifically designed for the "small, fast, and agile" players on the court. Its new wear-resistant rubber formula offers an extremely light foot feel and exceptional court responsiveness.

In the badminton category, in April 2025, 361° launched its first professional badminton shoes, "Winning PRO" (制勝PRO), which adopts dual-layer material, with supercritical foamed materials for the upper layer and EVA midsole materials for the lower layer. This design ensures comfortable foot feel and support, and the engineered woven upper comprehensively enhances wrapping and improves athletic performance.

For women's training products, in April 2025, 361° launched the "New Skin 5.0" (新肌5.0) series, including sports bras and leggings. In particular, the "New Skin BRA 5.0" (新肌BRA5.0) features elastic dual shoulder straps to distribute pressure and free the shoulder blades; its two-piece combination design allows for both training and daily wear. The "New Skin Legging 5.0" (新肌褲5.0) adopts sun-protection and body-shaping technologies, ensuring high elasticity and softness with a smooth and delicate texture, as well as adequate coverage and contouring. The slim-fit design creates a unique V-shape at the front for abdominal control and waist slimming, while the internal seams use fluffy threads for zero friction and enhanced comfort. During the same period, 361° also launched its women's sports "Sweet Classic" (甜典) tennis series. This series includes classic POLO tennis vests, pleated skirts, dresses, and athletic sets, specifically addressing heat dissipation during high-temperature exercise and multi-scenario styling, which integrates fashion and functionality into the product itself to better meet consumers' high-quality demands for tennis sportswear.

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Furthermore, in view of the increasing consumer interest in travel and outdoor activities, the Group has continued to increase its efforts in the R&D of outdoor performance products. In terms of products, in May 2025, 361° launched "Energy Release" (釋能) cycling series, which includes crew-neck short-sleeve T-shirts, running shorts, track pants, etc. which is comprised of three types of products: professional, training, and daily wear, meeting diverse athletic needs of consumers. During the same period, 361° also launched the "Mini Ice-Skin 2.0" (小冰皮2.0) series, which includes A-line and H-line styles and accommodates various body shapes. The series incorporates three major technologies, including the light shield technology, which uses heat-blocking yarn with a heat-blocking rate of $\geq 30\%$; the sun protection technology, which achieves a UPF of 100+ to effectively block UV rays; and the ice cooling technology, which provides continuous cooling sensation to the skin. Its loose fit is casual and fashionable, suitable for daily commuting, track workouts, and outdoor cycling in multiple scenarios. The cuff finger-hole design allows for freer movement during cycling; and the widened brim combined with a sun-shading mask protects facial skin, extending to the corners of the eyes, preventing sunburn.



As of 30 June 2025, the Group obtained 870 patents with a total of 832 technicians engaging in R&D, comprising 407 footwear research staff, 314 apparel research staff and 111 children and accessories R&D staff. The Group's expenditure on R&D is expected to remain at a relatively high level as it has intensified efforts to carry out the product upgrading programme that combines functionality and design, aiming to create more distinctive products.

MANAGEMENT DISCUSSION AND ANALYSIS

Awards

The following table sets out key awards won by the Group during the period under review:

Year	Honour Title
Jan 2025	2024 Sports Endorsement by SPORTS MONEY (體育大生意2024年度體育代言) – Nikola JOKIĆ as one of 361° ambassadors
Feb 2025	Excellence Award at the 53rd (2026 Spring/Summer) Chinese Popular Fabrics
Mar 2025	2024 China Intelligent Manufacturing Best Practice Award "BIO BB" won Gold Award at the 2025 MUSE Design Awards "FLAME 4" won Silver Award at the 2025 MUSE Design Awards "Key Technologies and Industrialisation of Inflatable Temperature-Controlled Apparel R&D (充氣調溫服裝研發關鍵技術與產業化)" was awarded the Third Prize for Innovation Achievement at the 2024 China Industry-University-Research Institute Collaboration Association Science and Technology Innovation Award
Apr 2025	"Particle Thermal Effect Technology" (粒子熱效技術) was recognised as the "Excellent Case for Innovative Development of Future Industries in 2024" (2024未來產業創新發展優秀典型案例) 2024 Advanced Manufacturing Enterprise of the Year The 8th New Fortune Best IR of Hong Kong Listed Company (H-share)
May 2025	China Brand Value List – Textile, Footwear and Apparel "361° VENTUS" received the "2025 Honourary Award" at Switzerland FIT Sport Design Award
Jun 2025	China Light Industry Sports Footwear and Apparel Human Factors Engineering Technology Research Centre (中國輕工業運動鞋服人因工效工程技術研究中心) "FLAME 4" won Gold Award at the 2025 London Design Awards "BIO BB" won Silver Award at the 2025 London Design Awards Tianma Award for the 16th Investor Relations Management for Hong Kong-listed Companies The "Best IR Company" (Small Cap Category), the "Best IR Team", and the "Best IRO" at the 11th Hong Kong Investor Relations Association



MANAGEMENT DISCUSSION AND ANALYSIS

Sustainable Development

361° continues to exert efforts in its expedition to sustainable development, by constantly deepening its practises and innovations in the ESG aspects. The Group firmly believes that through unremitting efforts, it will not only create greater corporate values but also contribute more to the sustainable development of society, working hand-in-hand with all sectors to create a better future. In early 2025, the Group released its 2024 ESG Report highlighting a series of accomplishments across core issues in ESG aspects.

As for environmental aspects, 361° reduces its ecological footprint through technological innovation, as well as the wide adoption of environmentally friendly materials in product development. The "Furious FUTURE2" (飛騰FUTURE2) running shoes, which are perfectly integrated with high breathability and sustainable development, adopt an innovative design that utilises 50% carbon fibre materials and 30% eco-friendly yarn. The "Flying Flame 4" (飛燃4) professional marathon racing shoes launched an offline exclusive colour option MIRO, which was inspired by "Merops philippinus reserve" (栗喉蜂虎鳥保護區), a type of bird whose habitat is adjacent to 361°'s headquarters, and adopts a carbon dioxide recycling process for its midsole, and the large area of green on the shoe body symbolises our emphasis on environmental protection, both of which are aimed at encouraging people to protect animals and care for nature, further demonstrating 361°'s proactive practises in sports technology and sustainable development. The basketball youth hooded sweatshirt uses selected eco-friendly yarn. From product design to raw materials procurement, and to every process of the production technology, 361°'s strict control resolutely minimises the negative impact of production on the environment from the source, demonstrating its commitment to green innovation and development.

As for social aspects, 361° has built a diverse responsibility network, which strictly evaluates green procurement to ensure steady improvement in product quality. Following a magnitude 6.8 earthquake in Dingri County, Shigatse City, Tibet at 9:05 AM on 7 January 2025, in quick response, 361° Group donated RMB8.0 million worth of cold-weather supplies to aid the earthquake-stricken area in Tibet, as the concrete actions to support the people of the affected area in rebuilding their beautiful homes. Furthermore, the Group adheres to deepening its mission of "promoting the development of the sports industry". As the official partner of the 9th Asian Winter Games Harbin, 361° collaborated with Beijing Institute of Fashion Technology to customise official sportswear for torchbearers, escort runners, volunteers, technical officials, and security personnel, which not only meets the demands of extreme cold conditions but also incorporates the regional cultural characteristics of Harbin, showcasing the mission and social responsibility of a national sports brand.

As for governance aspects, 361° continues to improve its governance structure and optimise responsibilities at all levels to ensure scientific and efficient decision-making in business management. While consistently deepening the construction of its management system, 361° strengthens the disclosure of ISO series system certifications, and concurrently establishes diverse communication platforms for stakeholders. Looking into the future, the Group will continue to improve its overall governance level by formulating long-term plans and clarifying sustainable development goals.

Moving forward, 361° will unwaveringly make steady strides along the path of sustainable development, contributing to the realisation of a wonderful vision for sustainable development, and promoting the harmonious coexistence among enterprises, communities and the environment, as our commitment to composing an even more dazzling chapter on the journey towards sustainable development.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The following table sets out the breakdown of the Group's revenue by product category for the six months ended 30 June 2025 (the "period under review") and 2024 (the "prior period under review"):

	For the six months ended 30 June 2025		For the six months ended 30 June 2024		Changes
	RMB'000	% of revenue	RMB'000	% of revenue	%
By Products					
Adults					
Footwear	2,574,949	45.1	2,283,242	44.4	+12.8
Apparel	1,601,482	28.1	1,575,714	30.7	+1.6
Kids					
Footwear	711,620	12.5	556,627	10.8	+27.8
Apparel	521,850	9.1	564,668	11.0	-7.6
Others^(Note)	294,929	5.2	161,033	3.1	+83.2
Total	5,704,830	100.0	5,141,284	100.0	+11.0

Note: Others comprised sales of accessories and shoe soles.

During the period under review, the Group recorded a year-on-year increase of 11.0% in revenue to RMB5,704.8 million (the prior period under review: RMB5,141.3 million). As a result of the strong demand for the Group's products, both adults and kids categories recorded an encouraging rate of growth.

The Group recognised the strategic importance of its distribution network and maintained an unwavering commitment to its consumer-centric philosophy, which has been pivotal in driving the Company's substantial performance improvement. The Group implemented a comprehensive suite of effective initiatives to enhance its distribution network development, including the full integration of online and offline platforms, the introduction of innovative retail formats, and the accelerated expansion into international markets. These measures have yielded significant benefits through enhanced brand equity and market influence. The Group has strengthened its competitive positioning in retail markets, consolidated its market share, improved operational efficiency, and achieved sustainable revenue growth.

During the period under review, the Group proactively made substantial progress in developing its 361° Super Premium Store (超品店) — an innovative retail format designed to deliver an elevated consumer experience while highlighting the brand's distinctive value proposition. This innovative strategy has successfully augmented overall brand value, deepened customer loyalty, identified and capitalised on new growth opportunities, and contributed to the Group's continued positive development trajectory.

MANAGEMENT DISCUSSION AND ANALYSIS

The 361° Kids business maintained steady growth, supported by rising parental emphasis on children's sports health and favourable physical education policies. The Group persistently expanded its product range, and particularly concentrated on school fitness test categories, adding badminton and other new product categories to its existing lineup of running, basketball, football, and rope-skipping products. With continuous advancements in product performance and design, the demand in the children's sports market has been more comprehensively met.

The following table sets out the number of units sold and the average wholesale price ("AWP") of the Group's main product categories for the six months ended 30 June 2025 and 2024:

	For the six months ended		For the six months ended		Changes	
	30 June 2025		30 June 2024		Total units	
	Total units		Total units		sold	
	sold	AWP ^(Note)	sold	AWP ^(Note)	sold	AWP
	'000	RMB	'000	RMB	%	%
By volume and AWP						
Adults						
Footwear (pairs)	19,955	129.0	18,624	122.6	+7.1	+5.2
Apparel (pieces)	22,637	70.7	21,293	74.0	+6.3	-4.5
Kids						
Footwear (pairs)	7,114	100.0	5,653	98.5	+25.8	+1.5
Apparel (pieces)	7,954	65.6	8,076	70.0	-1.5	-6.3

Note: The AWP represents the revenue divided by the total units sold for the period under review and the prior period under review.

During the period under review, while global economic trends diverged, China's economy maintained stable growth with accelerating high-quality development. Policy-driven domestic consumption upgrades became more pronounced, spurring diversified, digital and professional demand. The penetration and usage scenarios of sports goods continued to expand nationwide.

The Group drove sustainable business growth by building a diversified product ecosystem through material innovation, category expansion, and sports science integration. The Group is committed to delivering a professional and comprehensive product portfolio while enhancing retail capabilities through differentiated online experiences. The Group has effectively addressed the evolving market demands.

MANAGEMENT DISCUSSION AND ANALYSIS

Despite rising market demand, the Group maintained a stable pricing model. This competitive strategy has effectively driven robust sales growth, particularly in footwear products. By combining consumer insights with technological upgrades, the Group introduced higher-performance products with enhanced value-for-money propositions. The moderate increase in the AWP of footwear products reflects both product enhancements and strengthened brand equity and market influence.

The AWP for adult and children's apparel were reduced by 4.5% and 6.3% respectively. This pricing optimisation enhanced product value while maintaining quality, aligning with market demand and driving a 4.2% uplift in sales volume. The move demonstrated the Group's customer-centric pricing commitment, which through higher member repurchase rates and cross-selling performance has simultaneously expanded market share and strengthened brand loyalty.

361° Kids maintains its leadership in China's children's activewear market with its dominant position and comprehensive product portfolio covering diverse sports lifestyle scenarios. The Group has strategically expanded its customer base by extending product offerings to teenagers up to age 16, introducing more professional performance products with wider size ranges to balance functionality and style preferences.

Continuous R&D investment established technological innovation as the foundation for business growth, further solidifying 361° Kids' position as both a revenue pillar and growth engine for the Group.

During the period under review, the Group's e-commerce business delivered outstanding performance, with both revenue and contribution ratio showing significant improvement. E-commerce revenue reached RMB1,816.9 million for the period under review (the prior period under review: RMB1,252.7 million), accounting for 31.8% of the Group's total revenue for the period under review (the prior period under review: 24.4%).

The 361° e-commerce business has implemented an online-exclusive product strategy, achieving robust growth through omni-channel integration. In response to evolving consumer preferences, the Group has positioned its e-commerce operations with dual missions of brand promotion and business growth. While driving sales performance, it has also enhanced brand-consumer interaction frequency and strengthened customer engagement.

During the period under review, revenue from the Group's "Others" business segment (primarily comprising accessories and shoe soles) grew by 83.2%, reaching RMB294.9 million compared to RMB161.0 million in the prior period under review, representing 5.2% of total Group revenue (the prior period under review: 3.1%).

During the period under review, the Group accelerated its global expansion through cross-border e-commerce, with overseas revenue increasing to RMB87.6 million (the prior period under review: RMB73.2 million) and accounting for 1.5% of total revenue (the prior period under review: 1.4%), demonstrating solid progress.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Sales

The following table sets out the breakdown of the Group's cost of sales ("COS") by product category for the six months ended 30 June 2025 and 2024:

	For the six months ended 30 June 2025		For the six months ended 30 June 2024	
	RMB'000	% of total COS	RMB'000	% of total COS
Footwear & Apparel (In-house Production)				
Raw materials	628,212	18.8	648,620	21.5
Labour	127,234	3.8	127,034	4.2
Overheads	157,642	4.8	153,132	5.1
	913,088	27.4	928,786	30.8
Outsourced Products				
Footwear	1,266,908	37.9	1,030,054	34.1
Apparel	1,015,308	30.4	994,815	33.0
Accessories	143,076	4.3	62,632	2.1
	2,425,292	72.6	2,087,501	69.2
COS	3,338,380	100.0	3,016,287	100.0

Cost of sales comprised the cost of in-house production and outsourcing cost and it increased by 10.7% year-on-year to RMB3,338.4 million (the prior period under review: RMB3,016.3 million). During the period under review, the cost of internal production decreased by 1.7% year-on-year and the cost of outsourced products increased by 16.2% year-on-year.

The Group adopted a flexible production model, manufacturing certain products in-house while collaborating with qualified OEM partners for others. This hybrid approach enhanced cost efficiency, optimised production flexibility, and strengthened intellectual property protection. By improving operational effectiveness and maintaining healthy profit margins, this strategy ultimately delivered greater returns to shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

The following table sets out the breakdown of the Group's gross profit and gross profit margin by product category for the six months ended 30 June 2025 and 2024:

	For the six months ended 30 June 2025		For the six months ended 30 June 2024		Changes in percentage point
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	
Adults					
Footwear	1,114,137	43.3	976,676	42.8	+0.5
Apparel	661,111	41.3	632,799	40.2	+1.1
Kids					
Footwear	299,722	42.1	232,399	41.8	+0.3
Apparel	213,738	41.0	235,904	41.8	-0.8
Others^(Note)	77,742	26.4	47,219	29.3	-2.9
Total	2,366,450	41.5	2,124,997	41.3	+0.2

Note: Others comprised sales of accessories and shoe soles.

The Group recorded a gross profit of RMB2,366.5 million (the prior period under review: RMB2,125.0 million), representing a year-on-year increase of 0.2 percentage point in the gross profit margin to 41.5% during the period under review.

During the period under review, the gross profit margins of adults' footwear and apparel increased by 0.5 and 1.1 percentage points year-on-year, respectively. The slight increase in gross profit margins of the adults' footwear and apparel were mainly due to effective cost control measures and strategic pricing policies.

The gross profit margin for children's footwear products experienced a modest increase, primarily attributable to slightly higher AWP in this category. Conversely, the gross profit margin for children's apparel products registered a marginal decline, principally due to the Group's implementation of a strategic product portfolio pricing approach during period under review. This initiative involved offering more value-for-money apparel products to enhance consumer appeal and improve cross-selling performance.

As to the accessories and shoe soles, the gross profit margin decreased by 2.9 percentage points year-on-year to 26.4% during the period under review (the prior period under review: 29.3%). This change was primarily attributable to a shift in the product mix.

MANAGEMENT DISCUSSION AND ANALYSIS

Other revenue

The following table sets out the breakdown of the Group's other revenue for the six months ended 30 June 2025 and 2024:

	For the six months ended 30 June		
	2025 RMB'000	2024 RMB'000	Changes %
Bank interest Income	5,609	34,241	-83.6
Discretionary government grants	100,055	98,547	+1.5
Commission income	14,368	30,160	-52.4
Royalty income	17,602	8,945	+96.8
Others	5,915	5,304	+11.5
Total	143,549	177,197	-19.0

During the period under review, other revenue decreased to RMB143.5 million from RMB177.2 million in the prior period under review. The decrease was mainly attributable to (i) the decrease in bank interest income, which was derived from bank deposits held in Hong Kong and the PRC, amounting to RMB28.6 million, resulting from the decline in average interest rate during the period under review; (ii) decrease in commission income of RMB15.8 million generated from the provision of services via e-commerce platforms for the Group's distributors, was partially offset by (iii) an increase of RMB8.7 million in royalty income, which was derived from licencing agreements when the related sales were made by the licensee.

Other net (loss)/gain

The other net loss of RMB3.0 million (the prior period under review: other net gain of RMB3.8 million) mainly comprised a net foreign exchange loss of RMB1.6 million (the prior period under review: net foreign exchange gain of RMB6.2 million).

The Group's RMB-denominated operations exposed certain overseas subsidiaries to partial foreign exchange loss amid the RMB's depreciation. The loss stemmed from both routine subsidiary operations and intercompany transactions, where currency conversion timing differences affected settlement of advances and repayments.

Selling and distribution expenses

During the period under review, selling and distribution expenses increased by 13.2% year-on-year to RMB1,036.7 million (the prior period under review: RMB916.1 million). This increase was driven by the Group's commitment to allocate more resources towards advertising and marketing activities especially through the e-commerce platform to conduct brand promotion campaigns during the period under review.

During the period under review, advertising and promotional expenses increased by 6.4% year-on-year to RMB576.9 million (the prior period under review: RMB542.3 million) and accounted for approximately 10.1% (the prior period under review: 10.5%) of the Group's total revenue and remained within the Group's target budgeted range.

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group enhanced its brand presence through sponsoring world-class sport events and partnerships with prominent running and basketball athletes. These initiatives reinforced the Group's leadership image in professional sports, strengthening engagement with target consumers, thereby sustaining the Group's business growth.

During the period under review, commissions and other service fees paid to e-commerce platforms, including Tmall, Taobao, and JD.com, increased by 45.3% year-on-year to RMB121.3 million, compared to RMB83.5 million in the prior period under review. This increase was directly attributable to the growth in revenue generated through e-commerce channels during the same period. These expenditures were considered necessary to sustain the Group's online expansion.

During the period under review, the Group's logistics expenses increased by RMB17.5 million, representing a 40.2% year-on-year increase. This increase was primarily driven by the expansion in overall sales volume, particularly the robust development of the Group's e-commerce business. The surge in shipping and delivery activities, stemming from strong sales performance, naturally contributed to increased logistics costs.

Administrative expenses

Administrative expenses increased by 6.7% year-on-year to RMB332.4 million during the period under review (the prior period under review: RMB311.4 million) and represented approximately 5.8% (the prior period under review: 6.1%) of the Group's total revenue. The increase was mainly due to the year-on-year increase of RMB17.3 million and RMB4.1 million in R&D expenses and administrative staff salaries respectively.

Adhering to the Group's "Professional Sports Oriented" philosophy, it increased investment in professional sports, particularly running and basketball. This focus drove the continuous upgrade of products and technical capabilities, resulting in a 12.1% year-on-year increase to RMB160.2 million (the prior period under review: RMB142.9 million). During the period under review, R&D expenses accounted for 2.8% of the Group's total revenue, which was consistent with the prior period under review. The Group anticipates that the ratio for the year is expected to range between 3% and 4%, as a result of an increase in scheduled R&D investment during the second half of 2025.

The Group consistently allocates substantial resources to R&D activities. The Group is confident that such investment is crucial for fostering innovation, enhancing product offerings, and bolstering its competitive advantage in the market. This commitment serves as a core driver of the Group's success.

Provision for expected credit losses allowance on trade receivables

The Group recorded an additional provision for expected credit losses allowance on trade receivables of RMB0.7 million during the period under review, a significant reduction from the RMB18.1 million provision made in the prior period under review. The decrease was largely attributable to improvements in the ageing profile of trade receivables and a more moderate growth in trade receivable balances. For further details, please refer to the section headed the "Working Capital Cycle" under "Management Discussion and Analysis" in this report.

As of 30 June 2025, the total provision for expected credit losses allowance on trade receivables amounted to RMB296.2 million (31 December 2024: RMB295.9 million), representing 6.0% (31 December 2024: 6.4%) of the trade receivables before provision for expected credit losses allowance.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

During the period under review, finance costs decreased by 33.9% year-on-year to RMB5.4 million (the prior period under review: RMB8.2 million). This amount primarily comprises interest expense on bank borrowings of RMB5.0 million (the prior period under review: RMB8.1 million).

Interest expense declined materially as average bank borrowings dropped from RMB310.5 million in the prior period under review to RMB286.0 million in the period under review, and the average interest rate edged down by approximately 0.2% during the period under review.

Income tax expense

During the period under review, income tax expense of the Group amounted to RMB259.5 million (the prior period under review: RMB230.6 million) and the effective tax rate for the period under review was 22.9% (the prior period under review: 21.9%).

The income tax expenses arose mainly from the Group's subsidiaries operating in China. One of the Group's Mainland China-based operating subsidiaries obtained the approval as a high and new technology enterprise ("HNTE") and enjoyed a reduced enterprise income tax rate of 15% and additional 75% tax reduction based on the eligible R&D expenses with a validity period of three years from 29 November 2021 to 29 November 2024. The validity period has been further extended to three years from 29 November 2024 to 29 November 2027. The other major Mainland China-based operating subsidiaries remained at the standard corporate income tax rate of 25%.

No provision has been made for profit tax paid by the Group's subsidiaries in Hong Kong as there was either no assessable profit made in Hong Kong or the estimated assessable profit was fully off-set by the taxation loss brought forward from previous years.

CAPITAL AND OTHER INFORMATION

Liquidity and capital resources

As of 30 June 2025, the Group's cash and cash equivalents amounted to RMB4,611.5 million (31 December 2024: RMB4,262.9 million). The increase was mainly attributable to the following:

1. Net cash inflow from operating activities amounted to RMB523.8 million, which was contributed by profit before income tax of RMB1,131.9 million and decrease in inventories of RMB222.2 million, partially offset by the increase in trade and bills receivables of RMB357.5 million, increase in the deposits, prepayments and other receivables of RMB284.8 million and the payment of PRC income tax of RMB228.0 million.
2. Net cash outflow from investing activities amounted to RMB35.9 million, which mainly arose from the purchase of property, plant and equipment of RMB42.2 million, partially offset by the receipt of bank interest income of RMB5.6 million.
3. Net cash outflow from financing activities amounted to RMB149.2 million, which was mainly due to the dividends payment of RMB190.7 million, partially offset by the net proceeds from additional bank borrowings of RMB49.8 million.

The increase in trade receivables positively reflects an 11.0% sales revenue growth and effective strategic support for distributors, which successfully facilitated expansion within the Group's target cities and enabling the deployment of innovative retail formats, such as the 361° Super Premium Store (超品店). These new formats seamlessly integrate a comprehensive consumer experience, powerfully reinforcing the brand's competitive advantage.

The Group historically granted favourable credit periods to distributors to expand market share through increased shop numbers and enhanced shop designs.

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the balance of trade and bills receivables increased by RMB355.5 million, primarily attributable to distributors accelerating their development pace in respective regions, which achieved satisfactory market share growth. During the period under review, the average turnover days for trade and bills receivable improved to 146 days, representing a reduction of 3 days from 149 days in the prior period under review.

While both the PRC and global economic environments remain uncertain and challenging, the Group maintained confidence in its ability to closely monitor receivables and to shorten credit periods at an appropriate and reasonable pace. These efforts are expected to further enhance financial efficiency.

Meanwhile, the increase in the deposits, prepayments and other receivables mainly stemmed from three strategic areas: (i) RMB120.0 million in prepayments to suppliers for critical raw materials like premium down and specialised fabrics, ensuring future supply; (ii) RMB80.0 million prepayment to e-commerce platforms which supports advertising and promotional activities, expanding the Group's digital presence; and (iii) RMB30.0 million in store image fees which reflects the Group's investment in new concept stores and 361° Super Premium Store (超品店), enhancing its retail brand experience. These prepayments are vital for operational growth, supply chain security, and advancing our retail and e-commerce initiatives.

The following table sets out the capital resources of the Group as at 30 June 2025 and 31 December 2024:

RMB '000	As at 30 June 2025	As at 31 December 2024
Pledged bank deposits	8,697	8,705
Cash and cash equivalents	4,602,802	4,254,236
Total cash	4,611,499	4,262,941
Total borrowings (Bank borrowings)	310,839	261,220
Net cash (including bank deposits, and cash and cash equivalents)	4,300,660	4,001,721

Capital structure and gearing ratio

The following table sets out the capital structure of the Group as at 30 June 2025 and 31 December 2024:

RMB '000 (except the per share data)	As at 30 June 2025	As at 31 December 2024
Non-current assets	1,335,978	1,355,479
Current assets	12,793,009	12,058,073
Total assets	14,128,987	13,413,552
Non-current liabilities	214,826	221,690
Current liabilities	3,396,808	3,362,734
Total liabilities	3,611,634	3,584,424
Net assets	10,517,353	9,829,128
Net asset value per share	RMB5.1	RMB4.8

MANAGEMENT DISCUSSION AND ANALYSIS

Gearing ratio is defined as the total bank borrowings divided by the Group's total assets, and the gearing ratio of the Group as at 30 June 2025 and 31 December 2024 was calculated as below:

RMB '000	As at 30 June 2025	As at 31 December 2024
Total borrowings (Bank borrowings)	310,839	261,220
Total assets	14,128,987	13,413,552
Gearing ratio	2.2%	1.9%

During the period under review, the Group funded daily operations from internal cash flow and maintained healthy balance sheet. The Group will continue to strive for a healthy financial position while creating shareholder value.

Treasury policy and foreign exchange risk

The Group's operations are principally carried out in the PRC with most of the transactions are settled in RMB. The Group holds a portion of cash and bank deposits in Hong Kong dollars ("HK\$") and declares dividends in HK\$. To manage its foreign exchange risk, the Group matched the currency of the bank borrowings with its functional currency and the currency of major cash receipts and underlying assets whenever possible.

As of 30 June 2025, secured bank borrowings represented 1.2% of the total bank borrowings and were at floating rate, while all unsecured bank borrowings were fixed rate loans. Consistent with its policy, the Group continued to monitor its borrowing profiles, taking into consideration the funding needs and market conditions to minimise the interest rate exposure. Any substantial fluctuation in the exchange rate of foreign currencies against RMB may have a monetary impact on the Group.

During the period under review, the Group did not conduct any hedging activity against foreign currency risk.

Pledge of assets

As of 30 June 2025, the Group pledged a property with a net book value of RMB38.7 million (31 December 2024: RMB41.4 million) to secure a bank borrowing of RMB3.8 million (31 December 2024: RMB4.7 million). The loan financed the purchase of a Hong Kong office for the Group's own use and not for any investment purpose and as trade and revolving credit facilities.

Furthermore, the Group pledged bank deposits to certain banks as performance guarantee deposits of RMB8.7 million (31 December 2024: RMB8.7 million) for certain business partners of the Group, which was placed in designated bank accounts. In the event that the Group did not meet its contractual obligations under the agreements signed with these business partners, the deposits can be withdrawn without consent of the Group. Such performance guarantee deposit will be released upon the expiry of the agreements that was entered into with respective business partners.

MANAGEMENT DISCUSSION AND ANALYSIS

Working Capital Cycle

The following table sets out the working capital cycle of the Group for the six months ended 30 June 2025 and for the year ended 31 December 2024:

Working Capital Turnover Days	For the six months ended 30 June 2025	For the year ended 31 December 2024	Changes in days
Inventories	109	107	+2
Trade and bills receivables	146	149	-3
Trade and bills payables	71	88	-17
Working capital turnover days	184	168	+16

The average trade and bills receivables cycle for the six months ended 30 June 2025 was 146 days, indicating a slight improvement from 149 days for the year ended 31 December 2024. Despite the steady recovery of the PRC economy, the global geopolitical instability and economic downturn continue to pose challenges.

The Group has maintained strict control over the management of accounts receivables. As of 30 June 2025, trade and bills receivables within 180 days constituted RMB4,394.8 million (31 December 2024: RMB3,849.7 million), representing 92.7% (31 December 2024: 87.7%) of the total trade and bills receivables. This amount is further categorised as 63.1% (31 December 2024: 62.5%) within 90 days and 29.6% (31 December 2024: 25.2%) between 90 and 180 days. The remaining trade and bills receivables, totaling RMB349.3 million (7.3%) (31 December 2024: RMB538.9 million (12.3%)), were aged between 180 and 360 days. This reflects an improvement in the ageing of accounts receivables compared to the prior period under review.

The Group will continue monitoring all distributors' receivables and following negotiations that began at the end of 2024 for shorter credit periods, expects the average trade and bills receivable cycle to shorten gradually as the PRC and global economies improve.

The Group's prudent financial management resulted in an expected credit losses of RMB0.7 million on trade receivables for the period under review, a significant improvement from the RMB18.1 million provision in the prior period under review.

The average inventory turnover cycle for the six months ended 30 June 2025 stood at 109 days, a marginal increase of just 2 days from 107 days for the year ended 31 December 2024. This modest adjustment reflected strategic decision to proactively increase finished goods inventory levels at the beginning of the year, which aimed to support domestic and international e-commerce. This proactive measure guarantees swift shipping upon customer order receipt and efficient fulfilment of replenishment requests, enhancing customer satisfaction and operational fluidity.

Despite this strategic build-up, through diligent management and continuous deliveries during the period under review, the Group's overall inventory level commendably decreased by RMB221.6 million to RMB1,887.5 million. The Group remained committed to maintaining inventory at optimal levels to support its expanding e-commerce operations and to deliver the best possible customer service.

MANAGEMENT DISCUSSION AND ANALYSIS

The average trade and bills payables cycle for the six months ended 30 June 2025 decreased by 17 days to 71 days, compared to 88 days for the year ended 31 December 2024, reflecting the Group's strategic decision to expedite payments to key suppliers and subcontractors. This initiative focuses on fostering stable relationships with partners who consistently provide superior raw materials and cutting-edge products, thereby contributing to the Group's success. The Group is confident that the average trade and bills payable cycle will remain between 100 and 110 days over the long term.

Dividend

The Board is pleased to announce that it has resolved to declare an interim dividend of HK20.4 cents per share during the period under review (the prior period under review: HK16.5 cents per share), underlining the Group's commitment to enhancing shareholder value and reflecting its strong and sound financial position.

During the period under review, the dividend payout ratio reached 45.0%, representing a steady increase from 40.3% in 1H 2024 and 17.6% in 1H 2023. Return on shareholders' equity for the period under review rose to 8.8%, following 8.6% in 1H 2024 and 8.4% in 1H 2023. The sustained uplift in both return on shareholders' equity and the dividend payout ratio across three consecutive reporting periods evidences an accretive earnings trajectory and an intensified shareholder-return discipline of the Group.

The interim dividend reflects the Board's appreciation of shareholders' continued support and endorses the Group's resilient operational performance. The Group will remain committed to sustaining business continuity and delivering steady and predictable returns to shareholders.

Contingent liabilities

As at 30 June 2025, the Group did not have any material contingent liabilities.

Material acquisitions and disposals

During the period under review, the Group did not make any material acquisitions or disposal of subsidiaries or associates.

Significant investments

During the period under review, the Group had no significant investments.

As at the date of this report, the Group currently maintained a disciplined approach to capital allocation, with no committed material investment plans. The Group will continue to proactively evaluate potential opportunities aligned with the Group's strategic objectives, utilising internal resources for any future investments that meet our criteria.

Employees and emoluments

As at 30 June 2025, the Group employed a total of 7,196 full time employees in the PRC, comprising management staff, technicians, salespersons and workers. During the period under review, the Group's total employee remuneration was RMB379.5 million (the prior period under review: RMB320.4 million), representing 6.7% (the prior period under review: 6.2%) of the Group's revenue. The emolument policies are based on the performance of employees and are formulated to attract talent and retain quality staff. Apart from the mandatory provident fund scheme, which is operating in accordance with the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees and the state managed retirement pension scheme for the PRC-based employees and medical insurance, discretionary bonuses and employee share options are awarded to employees according to individual performance. The Group values staff quality, emphasises on fringe benefits and provides training to enhance the employees' professional knowledge and skills.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

Looking into the second half of 2025, the global economic landscape continues to be overshadowed by uncertainties, and the overall recovery may continue to decelerate. Driven by factors such as policy guidance, the unleashing of consumption potential, and the development of new-quality productive forces, the Chinese economy is expected to maintain a stable and upward trend, with a structural optimisation accelerating. As an important engine facilitating the expansion and upgrading of domestic demand and the transformation of resident consumption, the sports industry is deeply integrated into the strategic framework of China's high-quality economic development, with its growth potential continuing to manifest.

The Chinese sports industry is in a phase where strategic opportunities emerge from transformation and upgrade. The synergy of technological innovation and demand shifts continues to foster new growth drivers, facilitating the industrial evolution towards digitalisation, diversification, and refinement. At the same time, the market focus brought about by international and domestic sports events will continue to stimulate public enthusiasm for sports and fitness and the conversion of demand, injecting vitality into the high-quality development of the industry. In the wake of evolving consumption philosophies and rapid technological advancement, the cultivation of professionalism and collaborative expansion will remain crucial factors for domestic sportswear companies to build core competitiveness for a long period of time.

361° Group will continue to uphold its "consumer-centric" development philosophy, reinforce its positioning as a "professional, youthful, and internationalised" brand, and focus on technological innovation and brand building. We will expand our business boundaries, accelerate market penetration in segmented scenarios, and strive to build a high-value, multi-category sports product system to better meet consumers' increasingly diverse demands. We will steadily advance the Group's internationalisation strategy through means, such as event sponsorship and optimisation of channels and resources, to fully enhance our global competitiveness and influence. In terms of the Group's kids brand, we will continue to expand its product matrix around structural changes in demand, and achieve synergy and collaboration through its core brand resources, further reinforcing its positioning as "Youth Sports Expert" (青少年運動專家) to ensure the steady growth of our Kids business. The Group will also actively fulfil its social responsibilities and enhance the long-term value of the brand.

Regarding channel construction, the Group will comprehensively promote the development of online and offline omnichannel systems, enhancing the functionalities of e-commerce platforms in online retail channel construction and online brand image promotion, strengthening consumer reach capabilities and transaction efficiency. The Group will also accelerate offline channel expansion and model innovation, reinforcing scenario linkages and immersive experiences. In terms of overseas channels, the Group will expand its global market coverage through the two-way empowerment of cross-border e-commerce and overseas offline outlets. By optimising our omnichannel resources from multiple dimensions, the Group is committed to deepening the comprehensive penetration of brand expression, and advancing the brand's momentum to a higher level in the global market.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Six months ended 30 June	
	Notes	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	3	5,704,830	5,141,284
Cost of sales		(3,338,380)	(3,016,287)
Gross profit		2,366,450	2,124,997
Other revenue	4	143,549	177,197
Other net (loss)/gain, net	4	(2,958)	3,844
Selling and distribution expenses		(1,036,650)	(916,145)
Administrative expenses		(332,428)	(311,370)
Provision for of expected credit losses allowance on trade receivables	9	(712)	(18,078)
Profit from operations		1,137,251	1,060,445
Finance costs	5(a)	(5,397)	(8,163)
Profit before income tax	5	1,131,854	1,052,282
Income tax expense	6	(259,458)	(230,573)
Profit for the period		872,396	821,709
Attributable to:			
Equity holders of the Company		857,690	789,703
Non-controlling interests		14,706	32,006
Profit for the period		872,396	821,709
Earnings per share			
Basic and diluted (RMB cents)	7	41.48	38.19

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Profit for the period	872,396	821,709
Other comprehensive income/(expense) for the period, net of income tax		
Item that will not be reclassified to profit or loss:		
Equity investments designated at fair value through other comprehensive income (non-recycling) — net movement in fair value reserve	3,005	(762)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements	3,538	(5,405)
Total comprehensive income for the period, net of income tax	878,939	815,542
Attributable to:		
Equity holders of the Company	864,233	783,536
Non-controlling interests	14,706	32,006
Total comprehensive income for the period	878,939	815,542

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

	Notes	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	8	948,184	960,917
Right-of-use assets		100,283	99,207
		1,048,467	1,060,124
Other financial asset		22,466	18,931
Deposits and prepayments	9	55,333	60,520
Deferred tax assets		209,712	215,904
		1,335,978	1,355,479
Current assets			
Inventories	10	1,887,495	2,109,067
Trade debtors	9	4,664,904	4,349,838
Bills receivables	9	79,169	38,724
Deposits, prepayments and other receivables	9	1,549,942	1,297,503
Pledged bank deposits	11	8,697	8,705
Cash and cash equivalents	11	4,602,802	4,254,236
		12,793,009	12,058,073
Current liabilities			
Trade and other payables	12	2,652,275	2,703,625
Lease liabilities		2,578	1,809
Bank loans	13	108,499	46,720
Current taxation		633,456	610,580
		3,396,808	3,362,734
Net current assets		9,396,201	8,695,339

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

	Notes	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Total assets less current liabilities		10,732,179	10,050,818
Non-current liability			
Lease liabilities		3,846	1,479
Bank loans	13	202,340	214,500
Deferred tax liabilities		8,640	5,711
		214,826	221,690
Net assets		10,517,353	9,829,128
Capital and reserves			
Share capital	14(a)	182,305	182,305
Reserves		9,866,456	9,192,937
Total equity attributable to equity holders of the Company		10,048,761	9,375,242
Non-controlling interests		468,592	453,886
Total equity		10,517,353	9,829,128

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to equity holder of the Company									
	Share capital RMB'000	Share Premium RMB'00	Other reserves RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2024 (Audited)	182,305	341	391,987	1,092,224	(17,545)	11,432	7,421,623	9,082,367	640,803	9,723,170
Changes in equity for the six months ended 30 June 2024:										
Profit for the period (Unaudited)	–	–	–	–	–	–	789,703	789,703	32,006	821,709
Other comprehensive income (Unaudited)	–	–	–	–	(5,405)	(762)	–	(6,167)	–	(6,167)
Total comprehensive income (Unaudited)	–	–	–	–	(5,405)	(762)	789,703	783,536	32,006	815,542
Appropriation to statutory reserve	–	–	–	58,823	–	–	(58,823)	–	–	–
Dividends declared and paid during the period	–	–	–	–	–	–	(266,168)	(266,168)	–	(266,168)
Transactions with non-controlling interests of subsidiaries	–	–	(269,110)	–	–	–	–	(269,110)	(230,890)	(500,000)
Balance at 30 June 2024 (Unaudited)	182,305	341	122,877	1,151,047	(22,950)	10,670	7,886,335	9,330,625	441,919	9,772,544
Balance at 1 January 2025 (Audited)	182,305	341	122,877	1,212,809	(22,720)	10,343	7,869,287	9,375,242	453,886	9,829,128
Changes in equity for the six months ended 30 June 2025:										
Profit for the period (Unaudited)	–	–	–	–	–	–	857,690	857,690	14,706	872,396
Other comprehensive income (Unaudited)	–	–	–	–	3,538	3,005	–	6,543	–	6,543
Total comprehensive income (Unaudited)	–	–	–	–	3,538	3,005	857,690	864,233	14,706	878,939
Appropriation to statutory reserve	–	–	–	53,072	–	–	(53,072)	–	–	–
Dividends paid during the period	–	–	–	–	–	–	(190,714)	(190,714)	–	(190,714)
Balance at 30 June 2025 (Unaudited)	182,305	341	122,877	1,265,881	(19,182)	13,348	8,483,191	10,048,761	468,592	10,517,353

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Operating activities		
Cash generated from operations	751,754	272,028
The People's Republic of China income tax paid	(227,990)	(111,935)
Net cash generated from operating activities	523,764	160,093
Investing activities		
Payment for the purchase of property, plant and equipment	(42,232)	(123,433)
Proceeds from disposals of property, plant and equipment	1,002	888
Decrease in pledged bank deposits	–	5,341
Increase in amount due from non-controlling interests	(297)	(12,069)
Interest received	5,609	25,092
Net cash used in investing activities	(35,918)	(104,181)
Financing activities		
Principal element of lease rentals paid	(2,813)	(785)
Interest element of lease rentals paid	(374)	(46)
Proceeds from bank loans	67,000	149,960
Repayment of bank loans	(17,250)	(114,221)
Decrease in amount due to non-controlling interests	–	(2,063)
Dividends paid to shareholders	(190,714)	(266,168)
Interest paid	(5,023)	(8,117)
Net cash used in financing activities	(149,174)	(241,440)
Net increase/(decrease) in cash and cash equivalents	338,672	(185,528)
Cash and cash equivalents at 1 January	4,254,236	3,596,489
Effect of foreign exchange rate changes	9,894	(493)
Cash and cash equivalents at 30 June	4,602,802	3,410,468

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. BASIS OF PREPARATION

These condensed consolidated financial statements for the six months ended 30 June 2025 ("interim financial statements") has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This interim financial statements was approved and authorised for issue by the Company's board of directors on 12 August 2025.

The preparation of the interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual financial statements for the year ended 31 December 2024.

The interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2024.

The financial information relating to the financial year ended 31 December 2024 that is included in the interim financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2024 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 12 March 2025.

The interim financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair values. As the Group mainly operates in the People's Republic of China (the "PRC"), Renminbi ("RMB") is used as the presentation currency of the interim financial statements. All values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies and method of computation adopted in preparing these interim financial statements were consistent with those adopted for the Group's consolidated financial statements for the year ended 31 December 2024 other than changes in accounting policies resulting from adoption of the new or amendments to HKFRS Accounting Standards effective for the accounting periods beginning on or after 1 January 2025.

The HKICPA has issued a number of new or amendments to HKFRS Accounting Standards that are first effective for the current accounting period of the Group. None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in these interim financial statements. The Group has not applied any new amendments to HKFRS Accounting Standards that is not yet effective for the current accounting period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are manufacturing and trading of sporting goods, including footwear, apparel, accessories and others in the PRC. Revenue represents the sales value of goods sold less returns, discounts and value added taxes and other sales taxes.

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products		
— Footwear	3,286,569	2,839,869
— Apparel	2,123,332	2,140,382
— Accessories	208,924	88,762
— Others	86,005	72,271
	5,704,830	5,141,284

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 3(b)(i).

During the six months ended 30 June 2025, the Group's customer base is diversified and had no customer with whom transactions have exceeded 10% (six months ended 30 June 2024: Nil) of the Group's revenue.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

3. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reportings

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments.

- Adults: this segment derives revenue from manufacturing and trading of adults sporting goods.
- Kids: this segment derives revenue from trading of kids sporting goods.

The Group's revenue and results were primarily derived from sales in the PRC and the principal assets employed by the Group were located in the PRC during the period. Accordingly, no analysis by geographical segments has been provided for the period. In addition, no information on segment assets and liabilities was prepared for review by the Group's most senior executive management for the period for the purpose of resource allocation and performance assessment.

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and expenses incurred by those segments. The measure used for reporting segment profit is gross profit.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance is set out below.

	Adults Six months ended 30 June		Kids Six months ended 30 June		Total Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Disaggregated by timing of revenue recognition						
Point in time	4,444,765	4,009,686	1,260,065	1,131,598	5,704,830	5,141,284
Revenue from external customers	4,444,765	4,009,686	1,260,065	1,131,598	5,704,830	5,141,284
Inter-segment revenue	15,071	12,446	–	–	15,071	12,446
Reportable segment revenue	4,459,836	4,022,132	1,260,065	1,131,598	5,719,901	5,153,730
Cost of sales	(2,613,932)	(2,367,364)	(737,710)	(659,876)	(3,351,642)	(3,027,239)
Reportable segment profit (gross profit)	1,845,904	1,654,768	522,355	471,722	2,368,259	2,126,491

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

3. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (continued)

(ii) Reconciliations of reportable segment revenues and profit or loss

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue		
Reportable segment revenue	5,719,901	5,153,730
Elimination of inter-segment revenue	(15,071)	(12,446)
Consolidated revenue (Note 3(a))	5,704,830	5,141,284
Profit before income tax		
Reportable segment profit	2,368,259	2,126,491
Elimination of inter-segment profit	(1,809)	(1,494)
Reportable segment profit derived from the Group's external customers	2,366,450	2,124,997
Other revenue	143,549	177,197
Other net (loss)/gain	(2,958)	3,844
Selling and distribution expenses	(1,036,650)	(916,145)
Administrative expenses	(332,428)	(311,370)
Provision for expected credit losses allowance on trade receivables	(712)	(18,078)
Finance costs	(5,397)	(8,163)
Profit before income tax	1,131,854	1,052,282

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

4. OTHER REVENUE AND OTHER NET (LOSS)/GAIN

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Other revenue		
Interest income on financial assets measured at amortised cost	5,609	34,241
Government grants [#]	100,055	98,547
Commission income [*]	14,368	30,160
Royalty income [®]	17,602	8,945
Others	5,915	5,304
	143,549	177,197
Other net (loss)/gain		
Net foreign exchange (loss)/gain	(1,605)	6,176
Loss on disposals of property, plant and equipment	(1,353)	(2,332)
	(2,958)	3,844

Note:

- [#] Government grants were received from several local government authorities for the Group's contribution to local economies, of which the entitlement was unconditional and under the discretion of the relevant authorities.
- ^{*} Commission income represented the service income by providing e-commerce platforms for the Group's distributors, which is calculated at certain percentage of the online sales amount.
- [®] Royalty income from licencing agreements is recognised when the related sales are made by the licensee, in accordance with the contractual terms.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
(a) Finance costs:		
Interest on lease liabilities	374	46
Interest on bank loans	5,023	8,117
Total interest expense on financial liabilities not carried at fair value through profit or loss	5,397	8,163
(b) Other items:		
Depreciation of property, plant and equipment	49,456	33,327
Depreciation of right-of-use assets	4,872	2,257
Staff costs (including directors' emoluments)	379,485	320,456
— Contributions to defined contribution retirement plans	16,835	13,776
— Salaries, wages and other benefits	362,650	306,680
Expenses relating to short-term leases	6,421	4,478
Advertising and promotional expenses	576,890	542,308
E-commerce platform service expenses	121,267	83,510
Postage, packing and storage fee, included in selling and distribution expense	135,887	137,099
Logistics fee, included in selling and distribution expense	61,171	43,632
Research and development costs (Note a)	160,154	142,934
Cost of inventories (Note b)	3,026,019	2,709,345

Notes:

- (a) Research and development costs include approximately RMB67,494,000 (six months ended 30 June 2024: RMB47,365,000) relating to staff costs of employees in the research and development department and depreciation, which amounts are also included in the respective total amounts disclosed separately above. Research and development costs included in administrative expenses in the condensed consolidated statement of profit or loss.
- (b) Cost of inventories includes approximately RMB1,194,000 (six months ended 30 June 2024: RMB8,808,000) relating to reversal of inventory provision (six months ended 30 June 2024: written off of inventories) and RMB121,855,000 (six months ended 30 June 2024: RMB114,340,000) relating to staff costs and depreciation, which amounts are also included in the respective amount disclosed separately above.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

6. INCOME TAX EXPENSE IN THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax — PRC		
Provision:	250,337	246,160
— PRC income tax (Note (iv))	250,337	246,160
— Withholding tax (Note (v))	—	—
Deferred tax	9,121	(15,587)
— Withholding tax	—	—
— Origination and reversal of temporary differences	9,121	(15,587)
	259,458	230,573

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands (six months ended 30 June 2024: Nil).
- (ii) No provision for Hong Kong profits tax has been made as the Group has tax losses brought forward which are available for off-set against the estimated assessable profits for the period (six months ended 30 June 2024: Same).
- (iii) No provision has been made for Profits Tax in Brazil, United States of America and the Netherlands as the Group did not have any assessable profit subject to Profits Tax in Hong Kong, Brazil, United States of America and the Netherlands during the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).
- (iv) All PRC subsidiaries are subject to income tax at 25% (six months ended 30 June 2024: 25%) for the six months ended 30 June 2025 under the Enterprise Income Tax law ("EIT law"), except for one of the subsidiaries of the Company operating in the PRC which were approved to be a high and new technology enterprise ("HNTE"). Enterprise approved to be HNTE are entitled to enjoy a reduced enterprise income tax rate of 15% and additional 75% tax reduction based on the eligible research and development expenses with a validity period of three years from 29 November 2021 to 29 November 2024. The validity period had been further extended of three years from 29 November 2024 to 29 November 2027.
- (v) Pursuant to the EIT law, 10% withholding tax is levied on the foreign investor, (foreign investors which are registered in Hong Kong and meet certain requirements specified in the relevant tax regulations in the PRC may be entitled to a preferential 5% rate), in respect of dividend distributions arising from profit earned by a foreign investment enterprise in the PRC after 1 January 2008.
- (vi) As at 30 June 2025, the deferred tax liabilities for withholding taxes have not been provided on unremitted earnings (six months ended 30 June 2024: RMB Nil).
- (vii) The Group has not recognised deferred tax assets in respect of cumulative tax losses as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses will expire within 5 years when such losses were incurred under current tax legislation.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of approximately RMB857,690,000 (six months ended 30 June 2024: RMB789,703,000) and the weighted average of 2,067,682,000 (six months ended 30 June 2024: 2,067,682,000) ordinary shares in issue during the six months ended 30 June 2025.

(b) Diluted earnings per share

For the six months ended 30 June 2025, diluted earnings per share is the same as basic earnings per share as the Company did not have dilutive potential shares outstanding (six months ended 30 June 2024: Same).

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired and disposed items of property, plant and equipment of approximately RMB38,935,000 (six months ended 30 June 2024: approximately RMB123,433,000) and RMB10,118,000 (six months ended 30 June 2024: RMB26,950,000) respectively.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Trade receivables	4,961,091	4,645,777
Less: Allowance for expected credit losses	(296,187)	(295,939)
Trade receivables, net of loss allowance	4,664,904	4,349,838
Bills receivables	79,169	38,724
Trade and bills receivables (Note d)	4,744,073	4,388,562
Deposits, prepayments and other receivables		
<i>Current</i>		
Deposits	1,635	1,292
Prepayments (Note a)	1,422,676	1,191,062
Amount due from non-controlling interest	14,613	14,315
Other receivables (Note b)	111,018	90,834
	1,549,942	1,297,503
<i>Non-current</i>		
Deposits and prepayments (Note c)	55,333	60,520

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Notes:

- (a) Current portion of prepayments mainly represent advanced payments to suppliers, advertisers and trade fairs of RMB1,212,108,000, RMB109,599,000 and RMB19,124,000 respectively (2024: RMB1,010,195,000, RMB97,913,000 and RMB33,056,000).
- (b) Other receivables mainly include the other receivables relating to government grants of RMB58,914,000 (31 December 2024: Nil), and other tax recoverable of approximately RMB6,107,000 (31 December 2024: RMB15,200,000).
- (c) Non-current portion of deposits and prepayments mainly represent the initial deposits paid to local government authorities for acquisition of land use rights for development of approximately RMB35,337,000 (31 December 2024: RMB35,337,000) and prepayment for property, plant and equipment of RMB19,996,000 (31 December 2024: RMB25,183,000).
- (d) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade and bills receivables, based on the date of delivery of goods and net of allowance for expected credit loss is as follows:

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Within 90 days	2,991,630	2,744,050
Over 90 days but within 180 days	1,403,124	1,105,603
Over 180 days but within 360 days	349,319	538,909
	4,744,073	4,388,562

Trade and bills receivables are due within 30 to 180 days (31 December 2024: 30 to 180 days) from the date of billing.

All of the trade and bills receivables and current portion of deposits, prepayments and other receivables are expected to be recovered or recognised as expenses within one year.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

10. INVENTORIES

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Raw materials	92,333	166,327
Work in progress	16,592	34,872
Finished goods	1,778,570	1,907,868
	1,887,495	2,109,067

11. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Pledged bank deposits	8,697	8,705
Cash and cash equivalents	4,602,802	4,254,236
	4,611,499	4,262,941

At 30 June 2025, pledged bank deposits comprised performance guarantee deposits of approximately RMB8,697,000 (31 December 2024: RMB8,705,000) for certain business partners of the Group, which have been placed in designated bank accounts. In the event that the Group does not meet its contractual obligations under the agreements signed with these business partners, the deposits can be withdrawn without consent of the Group. Such performance guarantee deposit will be released upon the expiry of the agreements that was entered into with respective business partners.

At 30 June 2025, balances that were placed with banks or on hand in the PRC amounted to approximately RMB4,549,408,000 (31 December 2024: RMB4,225,192,000). Remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

12. TRADE AND OTHER PAYABLES

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Trade payables	1,175,110	1,331,435
Bills payable	91,160	–
	1,266,270	1,331,435
Contract liabilities	113,039	99,494
Other payables and accruals (Note)	1,272,966	1,272,696
	1,386,005	1,372,190
	2,652,275	2,703,625

Note:

Other payables and accruals mainly included (a) the accrued advertising expenses of approximately RMB385,209,000 (31 December 2024: RMB357,556,000); (b) the accrued employee compensation of approximately RMB45,713,000 (31 December 2024: RMB105,203,000); (c) the other payables relating to shelf allowance and trade fairs of approximately RMB339,190,000 (31 December 2024: RMB269,425,000); (d) the other payables relating to store decoration of approximately RMB32,888,000 (31 December 2024: RMB74,987,000); and (e) other tax payables of approximately RMB387,263,000 (31 December 2024: RMB273,463,000).

As of the end of the reporting period, the ageing analysis of trade and bills payables based on the date of delivery of goods, is as follows:

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Within 1 month	450,628	471,386
After 1 month but within 3 months	304,797	358,820
After 3 months but within 6 months	170,530	173,638
After 6 months but within 12 months	165,643	155,253
More than 12 months	174,672	172,338
	1,266,270	1,331,435

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

13. BANK LOANS

As at 30 June 2025, bank loans were classified as current liabilities which were repayable within one year or on demand and secured as follows:

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Secured bank loans (Note a)	3,839	4,720
Unsecured bank loans (Note (a) and (b))	307,000	256,500
	310,839	261,220
Less: Amounts shown under non-current liabilities	(202,340)	(214,500)
Amounts shown under current liabilities	108,499	46,720

Notes:

- (a) As at 30 June 2025, unsecured bank loans consisted of four (31 December 2024: one) bank borrowings and were guaranteed by certain subsidiaries of the Company (31 December 2024: Same):
- (i) a bank borrowing with principal amount of RMB240,000,000 (31 December 2024: RMB256,500,000), bearing a fixed interest rate at 3.2% (31 December 2024: 3.8%) per annum and repayable in April 2030; and
 - (ii) three bank borrowings with aggregated principal amount of RMB67,000,000 (31 December 2024: Nil), bearing fixed interest rate at 2% per annum and repayable in March 2026.
- (b) As at 30 June 2025, certain bank borrowings of the Group were secured by a property with carrying amount of approximately RMB38,725,000 (31 December 2024: RMB41,370,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

14. CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	At 30 June 2025		At 31 December 2024	
	No. of shares '000	Amounts HK\$'000	No. of shares '000	Amounts HK\$'000
Authorised:				
Ordinary shares of HK\$0.1 each	10,000,000	1,000,000	10,000,000	1,000,000

	No. of shares '000	Amount HK\$'000	RMB'000
Ordinary shares, issued and fully paid:			
At 1 July 2024, 31 December 2024, 1 January 2025 and 30 June 2025	2,067,682	206,768	182,305

(b) Dividends

(i) Dividends payable to equity holders attributable to the interim period

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Interim dividend declared after the interim period of HK20.4 cents per ordinary share (2024: HK16.5 cents)	385,961	318,423

The interim dividend declared have not been recognised as a liability at the end of the reporting period.

(ii) Dividend payable to equity holders of the Company attributable to previous financial year, approved and paid during the interim period.

The final dividend of HK10.0 cents per ordinary share ("Proposed Final Dividend"), totalling approximately RMB190,714,000 for the year ended 31 December 2024 were approved by the shareholders at the annual general meeting on 25 April 2025.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

15. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed in elsewhere in the condensed consolidated financial statements, the Group enter into the following related party transactions:

Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the directors of the Company, is as follows:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Short-term employee benefits	10,576	8,993
Post-employment benefits	117	85
	10,693	9,078

Total remuneration is included in "staff costs" (see Note 5(b)).

16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets measured at fair value (Continued)

(i) Fair value hierarchy (Continued)

Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value RMB'000	Fair value measurements categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement:				
At 30 June 2025 (Unaudited)				
Financial asset:				
Unlisted equity security	22,466	–	–	22,466
At 31 December 2024 (Audited)				
Financial asset:				
Unlisted equity security	18,931	–	–	18,931

During the six months ended 30 June 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 June 2024: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Information about Level 3 fair value measurements

The fair value of unlisted equity instruments is determined by adjusted net assets value approach based on assumptions that are not supported by observable market prices or rate. The valuation requires the directors of the Company to make estimates about the fair value of all the assets and liabilities of the investee, including the marketability of underlying investment. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 30 June 2025, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 5% (31 December 2024: 5%) would have increased/decreased the Group's other comprehensive income by approximately RMB1,086,000 (31 December 2024: approximately RMB1,494,000).

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Balance at 1 January	18,931	20,212
Net unrealised gain/(loss) recognised in other comprehensive income during the period	3,535	(896)
Balance at 30 June	22,466	19,316

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

17. COMMITMENTS

- (a) Contractual commitments outstanding at 30 June 2025 not provided for in the interim financial statements were as follows:

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Advertising and marketing expenses	297,309	246,615

- (b) Capital commitments outstanding at 30 June 2025 not provided for in the interim financial statements were as follows:

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Authorised but not contracted for Property, plant and equipment	44,660	1,085

- (c) At 30 June 2025, the lease commitments for short-term leases not included in the lease liabilities as follows:

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Within 1 year	880	582

Lease commitments shown above only represent lease commitments of the Group for short-term leases.

CORPORATE GOVERNANCE AND ADDITIONAL INFORMATION

The Company has made continuous effort to ensure high standards of corporate governance. The principles of corporate governance adopted by the Company emphasise a quality board, sound internal controls and accountability to shareholders. These are based upon our established ethical corporate culture.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In the opinion of the directors of the Company, the Company had complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules during the six months ended 30 June 2025.

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

As at 30 June 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules, were as follows:

LONG AND SHORT POSITION IN THE COMPANY

Name of Director	Long/short position	Nature of interest	Note	Number of ordinary shares	Percentage
Mr. Ding Wuhao	Long	Beneficial owner		11,962,000	0.58%
		Founder of a discretionary trust	(1)	340,066,332	16.45%
Mr. Ding Huihuang	Long	Beneficial owner		9,189,000	0.44%
		Founder of a discretionary trust	(2)	327,624,454	15.85%
Mr. Ding Huirong	Long	Founder of a discretionary trust	(3)	324,066,454	15.67%
Mr. Wang Jiabi	Long	Founder of a discretionary trust	(4)	168,784,611	8.16%

Notes:

- (1) These 340,066,332 shares of the Company are held by Dings International Company Limited, which is wholly owned by DWH Capital Limited. DWH Capital Limited is in turn wholly owned by TMF (Cayman) Ltd. in its capacity as trustee of The DWH Trust. Mr. Ding Wuhao is the settlor and a beneficiary of The DWH Trust. Each of DWH Capital Limited, TMF (Cayman) Ltd. and Mr. Ding Wuhao is deemed to be interested in 340,066,332 shares of the Company held by Dings International Company Limited. He is the brother-in-law of both Mr. Ding Huihuang and Mr. Ding Huirong.
- (2) These 327,624,454 shares of the Company are held by Ming Rong International Company Limited, which is wholly owned by DHH Capital Limited. DHH Capital Limited is in turn wholly owned by TMF (Cayman) Ltd. in its capacity as trustee of The DHH Trust. Mr. Ding Huihuang is the settlor and a beneficiary of The DHH Trust. Each of DHH Capital Limited, TMF (Cayman) Ltd. and Mr. Ding Huihuang is deemed to be interested in 327,624,454 shares of the Company held by Ming Rong International Company Limited. He is the elder brother of Mr. Ding Huirong and the brother-in-law of Mr. Ding Wuhao.

CORPORATE GOVERNANCE AND ADDITIONAL INFORMATION

- (3) These 324,066,454 shares of the Company are held by Hui Rong International Company Limited, which is wholly owned by DHR Capital Holding Limited. DHR Capital Holding Limited is in turn wholly owned by TMF (Cayman) Ltd. in its capacity as trustee of The DHR Trust. Mr. Ding Huirong is the settlor and a beneficiary of The DHR Trust. Each of DHR Capital Holding Limited, TMF (Cayman) Ltd. and Mr. Ding Huirong is deemed to be interested in 324,066,454 shares of the Company held by Hui Rong International Company Limited. He is the younger brother of Mr. Ding Huihuang and the brother-in-law of Mr. Ding Wuhao.
- (4) These 168,784,611 shares of the Company are held by Jia Wei International Co., Ltd., which is wholly owned by WJB Capital Limited. WJB Capital Limited is in turn wholly owned by TMF (Cayman) Ltd. in its capacity as trustee of The WJB Trust. Mr. Wang Jiabi is the settlor and a beneficiary of The WJB Trust. Each of WJB Capital Limited, TMF (Cayman) Ltd. and Mr. Wang Jiabi is deemed to be interested in 168,784,611 shares of the Company held by Jia Wei International Co., Ltd..

Save as disclosed above, as at 30 June 2025, none of the Directors or chief executive of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

Share Option Scheme

In view of the amendments of the Listing Rules in relation to share option scheme with effect from 1 January 2023, on 28 April 2023, the Company adopted a new share option scheme ("the Share Option Scheme") and terminated its previous share option scheme adopted on 18 May 2021 ("the Previous Share Option Scheme"). The purpose of the Share Option Scheme are (i) to enable the Company to grant options to the eligible participants under the Share Option Scheme as incentives or rewards for their contribution to the growth and development of the Group; (ii) to attract and retain personnel to promote the sustainable development of the Group; and (iii) to align the interest of the grantees with those of the shareholders to promote the long-term financial and business performance of the Company.

The maximum number of shares which may be issued upon the exercise of all the options and awards to be granted under the Share Option Scheme and any other share schemes of the Company shall not in aggregate exceed 10% of the total number of shares in issue as at the date of approval of the adoption of the Share Option Scheme initially i.e. 206,768,200 shares. Pursuant to the Share Option Scheme, where any grant of options would result in the shares issued and to be issued upon exercise of the options or awards granted and to be granted to that person (excluding any options and Awards lapsed in accordance with the terms of the Share Option Scheme or the other share schemes of the Company) under the Share Option Scheme and any other share schemes of the Company in any 12-month period up to and including the date of such further grant exceeds 1% of the Company's issued share capital, such grant must be separately approved by shareholders in general meeting with such grantee and his close associates (or his associates if the grantee is a connected person of the Company) abstaining from voting.

CORPORATE GOVERNANCE AND ADDITIONAL INFORMATION

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the board of Directors to the grantee, which period may commence from the date of offer but shall end in any event not later than 10 years from the date of offer of that option subject to the provisions for early termination thereof. The vesting period for options under the Share Option Scheme shall not be less than 12 months from the date of acceptance of the offer except under specific circumstances as stipulated under the Share Option Scheme. Eligible participants of the Share Option Scheme are required to pay the Company HK\$1.0 upon acceptance of the offer within 21 days from the date of offer. The exercise price of the options is determined by the board of Directors in its absolute discretion and shall not be less than whichever is the highest of:

- (a) the nominal value of a share;
- (b) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer; and
- (c) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer.

The Share Option Scheme shall be valid and effective for a period of 10 years from 28 April 2023. Please refer to the circular of the Company dated 4 April 2023 for further details of the terms of the Share Option Scheme.

The Previous Share Option Scheme was terminated on 28 April 2023 and there were no outstanding share options under the Previous Share Option Scheme as at 30 June 2023.

The number of options available for grant under the mandate of the Share Option Scheme was 206,768,200 as at 1 January 2025 and 30 June 2025. The number of options available for grant under the service provider sublimit of the Share Option Scheme was 103,384,100 as at 1 January 2025 and 30 June 2025.

The Company does not have any other share option or share award scheme other than the Share Option Scheme adopted on 28 April 2023. No share option has been granted by the Company under the Share Option Scheme since its adoption. During the six months ended 30 June 2025, no share option was granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme.

CORPORATE GOVERNANCE AND ADDITIONAL INFORMATION

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

As at 30 June 2025, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of shareholders	Note	Nature of interest	Long/Short position in ordinary shares held ⁽¹⁾		Percentage of total issued shares
Dings International Company Limited	(2)	Beneficial owner	L	340,066,332	16.45%
Ming Rong International Company Limited	(3)	Beneficial owner	L	327,624,454	15.85%
Hui Rong International Company Limited	(4)	Beneficial owner	L	324,066,454	15.67%
Jia Wei International Co., Ltd.	(5)	Beneficial owner	L	168,784,611	8.16%
Jia Chen International Co., Ltd.	(6)	Beneficial owner	L	168,784,611	8.16%
Wang Jiachen	(6)	Founder of a discretionary trust	L	168,784,611	8.16%
TMF (Cayman) Ltd.	(7)	Trustee	L	1,356,332,000	65.60%
DWH Capital Limited	(2)	Interest in controlled corporation	L	340,066,332	16.45%
DHH Capital Limited	(3)	Interest in controlled corporation	L	327,624,454	15.85%
DHR Capital Holding Limited	(4)	Interest in controlled corporation	L	324,066,454	15.67%
WJB Capital Limited	(5)	Interest in controlled corporation	L	168,784,611	8.16%
WJC Capital Limited	(6)	Interest in controlled corporation	L	168,784,611	8.16%

Notes:

- The letter "L" indicates long position whereas the letter "S" indicates short position.
- The entire issued share capital of Dings International Company Limited is owned by DWH Capital Limited. DWH Capital Limited is in turn wholly owned by TMF (Cayman) Ltd. in its capacity as trustee of The DWH Trust. Mr. Ding Wuhao is the sole director of Dings International Company Limited.

CORPORATE GOVERNANCE AND ADDITIONAL INFORMATION

3. The entire issued share capital of Ming Rong International Company Limited is owned by DHH Capital Limited. DHH Capital Limited is in turn wholly owned by TMF (Cayman) Ltd. in its capacity as trustee of The DHH Trust. Mr. Ding Huihuang is the sole director of Ming Rong International Company Limited.
4. The entire issued share capital of Hui Rong International Company Limited is owned by DHR Capital Holding Limited. DHR Capital Holding Limited is in turn wholly owned by TMF (Cayman) Ltd. in its capacity as trustee of The DHR Trust. Mr. Ding Huirong is the sole director of Hui Rong International Company Limited.
5. The entire issued share capital of Jia Wei International Co., Ltd. is owned by WJB Capital Limited. WJB Capital Limited is in turn wholly owned by TMF (Cayman) Ltd. in its capacity as trustee of The WJB Trust. Mr. Wang Jiabi is the sole director of Jia Wei International Co., Ltd..
6. These 168,784,611 shares of the Company are held by Jia Chen International Co., Ltd., which is wholly owned by WJC Capital Limited. WJC Capital Limited is in turn wholly owned by TMF (Cayman) Ltd. in its capacity as trustee of The WJC Trust. Mr. Wang Jiachen is the settlor and a beneficiary of The WJC Trust. Each of WJC Capital Limited, TMF (Cayman) Ltd. and Mr. Wang Jiachen is deemed to be interested in 168,784,611 shares of the Company held by Jia Chen International Co., Ltd.. Mr. Wang Jiachen is the brother of Mr. Wang Jiabi, an executive director.
7. TMF (Cayman) Ltd. in its capacity as trustee of The DWH Trust, The DHH Trust, The DHR Trust, The WJB Trust, The DJT Trust and The WJC Trust holds the entire issued share capital of DWH Capital Limited, DHH Capital Limited, DHR Capital Holding Limited, WJB Capital Limited, DJT Capital Limited, and WJC Capital Limited, which ultimately holds an aggregate of 1,356,332,000 shares of the Company.

Save as disclosed above, as at 30 June 2025, no person (other than a Director or chief executive of the Company) had registered an interest or short position in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2025. The Company did not hold any treasury shares during the six months ended 30 June 2025.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the Company has confirmed with all directors of the Company that they had complied with the required standard set out in the Model Code throughout the six months ended 30 June 2025.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The Company has established an audit committee which is accountable to the Board and the primary duties of which include the review and supervision of the Group's financial reporting process and internal control measures.

The audit committee has reviewed with management the accounting principles and practises adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim financial statements of the Group for the six months ended 30 June 2025. They considered that the unaudited interim financial statements of the Group for the six months ended 30 June 2025 are in compliance with the relevant accounting standards, rules and regulations and that appropriate disclosures have been made.

SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

Announcement of interim results	12 August 2025
Ex-entitlement date for interim dividend	10 September 2025
Closure of register of members	12 September to 16 September 2025
Record date	16 September 2025
Payment date of interim dividend	on or about 25 September 2025

DIVIDENDS

The Board resolved to declare an interim dividend of HK20.4 cents (equivalent to RMB18.7 cents for illustration purpose only) for the six months ended 30 June 2025.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from Friday, 12 September 2025 to Tuesday, 16 September 2025, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 11 September 2025.

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited
3rd Floor, Royal Bank House
24 Shedden Road, George Town
P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong SAR of the PRC

INVESTOR RELATIONS CONTACT

Room 1609, Office Tower
Convention Plaza
1 Harbour Road
Wanchai, Hong Kong SAR of the PRC
Tel: +852 2907 7033

COMPANY INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ding Wuhao (丁伍號)
Ding Huihuang (丁輝煌) (*Chairman*)
Ding Huirong (丁輝榮)
Wang Jiabi (王加碧)

Independent Non-executive Directors

Wu Ming Wai Louie (胡明偉)
Hon Ping Cho Terence (韓炳祖)
Chen Chuang (陳闌)
Ferheen Mahomed

BOARD COMMITTEES

Audit Committee

Wu Ming Wai Louie (胡明偉) (*Chairman*)
Hon Ping Cho Terence (韓炳祖)
Chen Chuang (陳闌)

Remuneration Committee

Chen Chuang (陳闌) (*Chairman*)
Wang Jiabi (王加碧)
Hon Ping Cho Terence (韓炳祖)

Nomination Committee

Hon Ping Cho Terence (韓炳祖)
(*Chairman*)
Ding Wuhao (丁伍號)
Wu Ming Wai Louie (胡明偉)
Ferheen Mahomed

COMPANY SECRETARY

Kong Siu Keung (鄭兆強) FCCA, HKICPA

AUTHORISED REPRESENTATIVES

Ding Wuhao (丁伍號)
Kong Siu Keung (鄭兆強) FCCA, HKICPA

HEAD OFFICE IN THE PRC

361° Building
Huli High-technology Park
Xiamen, Fujian Province 361009
the PRC

FACTORIES IN THE PRC

No. 165 Qianjin Road
Jiangtou Village
Chendai Town
Jinjiang City
Fujian Province
the PRC

Wuli Industrial Park
She Ma Lu
Jinjiang City
Fujian Province 362261
the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1609
Office Tower Convention Plaza
1 Harbour Road
Wanchai
Hong Kong SAR of the PRC

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

AUDITOR

Moore CPA Limited
Registered Public Interest Entity Auditor

LEGAL ADVISERS

As to Cayman Islands law:

Conyers Dill & Pearman

As to Hong Kong law:

Chiu & Partners

PRINCIPAL BANKERS

Industrial Bank Co., Ltd.
China Construction Bank Corporation
Agricultural Bank of China Limited
Industrial and Commercial Bank of China
China Merchants Bank Co., Ltd.

COMPANY WEBSITE

www.361sport.com

STOCK CODE

01361