

# 361°



**361 DEGREES  
INTERNATIONAL LIMITED**  
Stock Code: 1361

**2025**  
ANNUAL REPORT

Founded in 2003, 361° was successfully listed on the Main Board of the Hong Kong Stock Exchange (stock code: 01361.HK) in 2009. As a leading sportswear enterprise in the People's Republic of China ("PRC"), with the brand positioning of being "professional, youthful, and internationalised", 361° is a comprehensive sports goods company integrating branding management, research and development ("R&D"), design, production, and distribution. The Group will continue to offer high-value, multi-category sports products and promote the brand spirit of "ONE DEGREE BEYOND" (多一度熱愛) to a global consumer base. 361° focuses on the professional sports functionality of its core categories of product, namely those for running, basketball and sports life, aiming to fully meet the increasingly diverse needs of broader consumer groups. Continuing professional sports DNA, 361° kids brand is positioned as a "Youth Sports Expert", with differentiated competitive advantages of professional functionality, health technology, playful fashion design to fully cater to the needs of sports equipment for children and teenagers.



# CONTENTS

Brand Milestones	<b>2</b>
Awards	<b>4</b>
Financial and Operational Review	<b>6</b>
Five-Year Financial Summary	<b>8</b>
Chairman's Statement	<b>10</b>
Management Discussion and Analysis	<b>16</b>
Report of the Directors	<b>74</b>
Corporate Governance Report	<b>87</b>
Directors and Senior Management	<b>113</b>
Independent Auditor's Report	<b>117</b>
Consolidated Statement of Profit or Loss	<b>123</b>
Consolidated Statement of Profit or Loss and Other Comprehensive Income	<b>124</b>
Consolidated Statement of Financial Position	<b>125</b>
Consolidated Statement of Changes in Equity	<b>127</b>
Consolidated Statement of Cash Flows	<b>128</b>
Notes to the Consolidated Financial Statements	<b>130</b>
Shareholder Information	<b>213</b>
Company Information	<b>215</b>

# BRAND MILESTONES

**2009**

- 361° was officially listed on the Main Board of the Hong Kong Stock Exchange
- 361° Kids was launched

**HKEX**  
香港交易所

**2003**

- 361° brand was established

**2005**

- 361° was awarded "China Famous Brand"
- 361° was ranked the first in the "China's Top 100 Potential Enterprises" list released by Forbes (Chinese version)

**2010**

- The official partner for the 16th Asian Games Guangzhou 2010
- Extensive coverage and recognition by the People's Daily



**2014**

- The official partner for the 17th Asian Games Incheon 2014
- Global overseas strategy was initiated



**2016**

- The official partner of the Rio 2016 Summer Olympic in Brazil and Paralympic Games, being the first Chinese sportswear brand to sponsor the Olympics



## 2022

- 361° launched its racing family running shoe matrix
- 361° was the first in the industry to put forward the "carbon capture" concept

## 2023

- Signed Nikola JOKIĆ as global brand ambassador
- The official partner for the 19th Asian Games Hangzhou 2023



## 2021

- Received the Outstanding Contribution Award of the Asian Games from the Olympic Council of Asia
- A number of products received international accolades

## 2018

- The official partner for the 18th Asian Games Jakarta Palembang 2018
- 361° was named as one of "China's 500 Most Valuable Brands" for 14th consecutive time



## 2024

- 15th anniversary of listing on the Main Board of the Hong Kong Stock Exchange
- The official partner of the 20th Asian Games Aichi-Nagoya 2026, as a contributor to the Asian Games for the fifth consecutive time



## 2025

- The official partner of the 9th Asian Winter Games Harbin 2025
- Global partner of the World Aquatics (2026–2029)
- Commenced a new round of strategic cooperation with the Olympic Council of Asia



# AWARDS

## R&D



- 2025 Top Ten Textile Innovation Products
- "Excellence Award" of 2025 China Fashion Fabric Design Competition
- Excellence Award at the 53rd (2026 Spring/Summer) and 54th (2026/27 Autumn/Winter) Chinese Popular Fabrics



- "Golden Award" and "Silver Award" at the 2025 London Design Awards
- German IF Design Award in 2025
- "2025 Honourary Award" at Switzerland FIT Sports Design Award
- "Most Influential Designs in the Global Field" at the 2025 MUSE Design Awards



## BRAND MARKETING

- 2025 Annual Sports Industry Marketing Brand Lanxiang Sports (懶熊體育)
- 2025 Annual Sports Marketing Case of SPORTS MONEY (體育大生意)
- "Emerging Growth Brand of the Year" and "Sports & Outdoor Products of the Year" at the 2025 TBI Top Brand Innovation Awards



## CAPITAL MARKET



- “Hong Kong Listed Company in the Consumer Industry With Most Growth-Potential Award” by New Fortune
- The 8th New Fortune “Best IR of Hong Kong Listed Company” (H Share)
- The 16th Hong Kong Listed Companies Investor Relations Management Tianma Award (天馬獎)



- The 11th Hong Kong Investor Relations Association the “Best IR Company” (最佳投資者關係公司), the “Best IR Team” (最佳投資者關係團隊), and the “Best IRO” (最佳投資者關係專員) (Small Cap Category)
- New Fortune “Best Investor Relations (Hong Kong Listed Companies)”
- “2025 Best Investor Relations Management Award” for the inaugural “ESG and Corporate Value Growth” Summit
- The 9th China IR Annual Awards “Outstanding Value Creation Award” (卓越價值創造獎), “Outstanding Leadership Award” (卓越領袖獎) and “Outstanding IR Director Award” (卓越總監獎)

## ESG



- 2025 Sustainable Brand Models “Responsible Product Award”
- The 8th China HR Sirius Awards – Best Employer Brand for Globalised Enterprises

- Gold Seal for the Pilot Programme on Sustainability-related Financial Information Disclosure
- “Annual ESG Innovation Practice Case” at the ESG Sustainable Innovation Ecosystem Conference



# FINANCIAL AND OPERATIONAL REVIEW

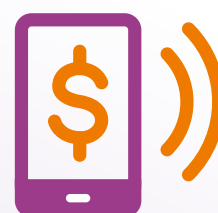
## FINANCIAL PERFORMANCE



Revenue increased by 10.6% to **RMB11.1 Billion**



Revenue from the 361° Kids Business increased by 10.4% to **RMB2.6 Billion**



Revenue from E-commerce business increased by 25.9% to **RMB3.3 Billion**



Profit attributable to equity shareholders increased by 14.0% to **RMB1.3 Billion**



Net cash generated from operating activities increased by 1067.0% to **RMB0.8 Billion**



Annual dividend **HKD31.7 Cents**  
Full-year payout ratio 45.0%

## NUMBER OF STORES



Number of 361° Core Brand Stores in Chinese mainland **5,394**



Number of 361° Kids Points-of-sale in Chinese mainland **2,364**



Number of 361° International Points-of-sale in the World **1,253**



Number of 361° Super Premium Stores **127**

WESTERN REGION

**1,147**

Number of 361° authorised retail stores

NORTHERN REGION

**2,496**

Number of 361° authorised retail stores

EASTERN REGION

**1,100**

Number of 361° authorised retail stores

SOUTHERN REGION

**651**

Number of 361° authorised retail stores

Xinjiang

Gansu

Inner Mongolia

Qinghai

Tibet

Sichuan

Chongqing

Guizhou

Yunnan

Guangxi

Guangdong

Hainan

Ningxia

Shaanxi

Henan

Shanxi

Beijing

Tianjin

Hebei

Shandong

Heilongjiang

Jilin

Liaoning

Jiangsu

Anhui

Hubei

Hunan

Jiangxi

Fujian

Shanghai

Zhejiang

Taiwan Province

NUMBER OF 361° CORE BRAND STORES IN CHINESE MAINLAND

**5,394**

# FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 31 December				
	2025	2024	2023	2022	2021
<b>Profitability data (RMB'000)</b>					
Revenue	11,145,829	10,073,510	8,423,257	6,960,826	5,933,482
Gross profit	4,628,536	4,183,292	3,462,155	2,820,648	2,472,420
Operating profit	1,767,120	1,576,240	1,383,549	1,074,145	1,083,122
Profit attributable to equity shareholders	1,308,884	1,148,615	961,427	747,117	601,700
Earnings per share					
– basic (RMB cents)	63.3	55.6	46.5	36.1	29.1
– diluted (RMB cents)	63.3	55.6	46.5	36.1	29.1
<b>Profitability ratios (%)</b>					
Gross profit margin	41.5	41.5	41.1	40.5	41.7
Operating profit margin	15.9	15.6	16.4	15.4	18.3
Margin of profit attributable to equity shareholders	11.7	11.4	11.4	10.7	10.1
Effective income tax rate (Note 1)	23.9	23.7	23.7	23.3	29.0
Return on shareholders' equity (Note 2)	13.5	12.4	11.3	9.9	8.8
<b>Operating expenses ratios (percentage of revenue) (%)</b>					
Advertising and promotional expenses (Note 3)	10.5	12.8	12.7	11.4	10.2
Staff costs	8.4	8.5	9.2	9.8	11.1
R&D	3.4	3.4	3.7	3.8	4.2

Notes:

- (1) Effective income tax rate is equal to the income tax divided by the profit before income tax.
- (2) Return on shareholders' equity is equal to the profit attributable to equity holders of the Company divided by the average opening and closing total equity attributable to equity holders of the Company.
- (3) Advertising and promotional expenses included the cost of advertising expenses via e-commerce platforms in 2022 to 2025. In 2021, the cost of advertising expenses via e-commerce platform was grouped under online selling expenses and excluded in the calculation of advertising and promotional expenses as a percentage of revenue.

## FIVE-YEAR FINANCIAL SUMMARY

	As of 31 December				
	2025	2024	2023	2022	2021
<b>Assets and liabilities data (RMB'000)</b>					
Non-current assets	<b>1,584,073</b>	1,355,479	1,447,918	1,152,133	1,154,660
Current assets	<b>12,827,269</b>	12,058,073	11,617,332	11,283,764	10,083,326
Current liabilities	<b>3,836,256</b>	3,362,734	3,088,042	2,905,509	2,668,029
Non-current liabilities	<b>24,847</b>	221,690	254,038	112,709	14,316
Equity attributable to equity holders of the Company	<b>10,078,100</b>	9,375,242	9,082,367	7,943,530	7,116,765
Non-controlling interests	<b>472,139</b>	453,886	640,803	1,474,149	1,438,876
<b>Asset and working capital data</b>					
Current asset ratios	<b>3.3</b>	3.6	3.8	3.9	3.8
Gearing ratios (%) (Note 4)	<b>2.1</b>	1.9	2.2	2.4	1.8
Net assets value per share (RMB) (Note 5)	<b>5.1</b>	4.8	4.7	4.6	4.1
Inventory turnover days (days) (Note 6)	<b>117</b>	107	93	91	87
Trade and bills receivables turnover days (days) (Note 7)	<b>149</b>	149	149	147	149
Trade and bills payables turnover days (days) (Note 8)	<b>74</b>	88	110	121	122
Working capital turnover days (days)	<b>192</b>	168	132	117	114

### Notes:

- (4) The calculation of gearing ratio is based on the interest-bearing debt divided by the total asset of the Group as at the end of the year.
- (5) The calculation of net assets value per share is based on the net assets divided by total number of ordinary shares in issue (excluding treasury shares) at the end of the year.
- (6) Inventory turnover days is equal to the average opening and closing inventory divided by costs of sales and multiplied by 365 days (or 366 days for 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 365 days (or 366 days for 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 365 days (or 366 days for 2024).

# 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 annual results of the Company and its subsidiaries (collectively the "Group" or "361° Group") for the year ended 31 December 2025 (the "year under review").

In 2025, global economic recovery encountered several headwinds. Meanwhile, the Chinese economy was experiencing the deep resonating effect of an industrial upgrade process coupled with recovering domestic demand, demonstrating the resilience of its internal growth. As the key driver for the national economy, the domestic consumer market shifted towards rationality and quality, with consumer demand increasingly oriented toward health, technology and mindful wellness. As these priorities have become a necessity for the public, consumer spending on sporting goods gained robust growth momentum amidst a changing retail environment.

During the year under review, the Group reported a revenue of RMB11.1 billion, representing a year-on-year increase of 10.6%. Profit attributable to the equity shareholders was RMB1,308.9 million, representing a year-on-year increase of 14.0%. As a token of appreciation for shareholders' trust and support, the Board has recommended a final dividend for the year under review of HK11.3 cents per ordinary share ("2025 Final Dividend"). Subject to approval at the general meeting, the Group will have distributed a total dividend of HK31.7 cents per ordinary share for the current financial year, representing a dividend payout ratio of 45.0%, in a bid to share with shareholders the benefits of its business success.

## IDENTIFYING VALUE IN PROFESSIONAL SPORTS TO STRENGTHEN CORE COMPETITIVENESS OF THE BRAND

Staying true to the Group's core ethos of "ONE DEGREE BEYOND" (多一度熱愛) and its positioning as a "professional, youthful, and internationalised" brand, 361° Group endeavoured in 2025 to provide global consumer with high-value, professional-grade mass-market sports products. In response to evolving consumer trends, we continued to enhance the professionalism and market influence through systematic and multi-dimensional deployment of our brand resources. Leveraging exceptional market insights and a distinct brand character, we strengthened our differentiated competitive advantage to support sustainable long-term growth.

In event sponsorship, the Group advanced the deployment of its global brand resources with solid efforts, as it became deeply involved in the thriving development of international sporting ecosphere. In continuation of our ardent support for Asian Games-related events, we secured sponsorship for the Asian Games Aichi-Nagoya in 2026, further to our full participation in the 9th Asian Winter Games Harbin 2025 (the "Asian Winter Games"), which marks the fifth consecutive official partnership with the Asian Games. As the first sports brand to be an official partner for both the Asian Games and the Asian Winter Games, 361° Group was honored with the "Outstanding Contribution Award of the Asian Games" (亞運會傑出貢獻獎), further embedding the Asian Games DNA into our brand identity. In December 2025, we commenced a new phase of strategic cooperation with the Olympic Council of Asia ("OCA") to collaboratively explore new opportunities in Asian sports.

While deepening our presence in Asia events, we also expanded our global footprint. The Group successfully signed up as a global partner of the World Aquatics (2026–2029), while becoming an official supplier for the 2025 World Tennis Continental Cup ("WTCC"), which represented an important breakthrough in the deployment of our international sporting resources. Such deep involvement and high-frequency exposure in events that go beyond individual periods will not only provide valuable exposure for 361° products in actual tournaments, but also consistently elevate brand value and commercial growth, amplifying the brand's overall market impact.

## CHAIRMAN'S STATEMENT

Underpinned by the core strategy “technology-driven, brand-first”, the Group has fortified the competitive barrier afforded by the professional qualities of two core product categories, running and basketball, by translating solid technical strengths into valuable practical products benefits. During the year under review, we introduced upgraded versions of iconic core products and launched several new strategic offerings, sharpening our product matrix. Meanwhile, we were tapping into emerging market segments such as women’s fitness and outdoor sports, in an effort to create a versatile product ecosystem that effectively responds to diversified consumer demands. To deepen brand engagement, we were vigorously expanding into professional sports segments such as tennis, badminton, cycling and outdoor activities, on top of our deep engagement in proprietary signature events 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), with a view to further enhancing mass-market participation in greater depth across a broader spectrum. Meanwhile, our internationalised and specialised matrix of ambassadors, who offered lively interpretations of the professionalism and core values of our brand by showcasing our outfits in interactive narratives, was fuelling the brand with sustainable driving force for ongoing ascent.

The Group has brought into full play the influence of top-class sports stars by making intensive efforts to facilitate strategic coordination of such resources. In February 2025, “JOKER1 GT”, the first generation basketball signature shoes of 361° global brand ambassador Nikola JOKIĆ, made a high-profile debut at the largest professional basketball league in the United States All-Star Game to herald the brand’s active move in the basketball segment for the year, followed by Nikola’s first visit to China as ambassador in July 2025. Immediately thereafter in August, 361° brand ambassador Spencer DINWIDDIE embarked on his third visit to China while 361° brand ambassador Aaron GORDON kicked off his 2025 Asian tour. These series of high-profile, frequent and extensively publicised marketing activities led by sports stars brought us closer to the consumer groups and enhanced the brand’s competitive edge through professionalism.

Responding to increasingly diverse consumer demands, the Group has set its sight on longer term development and resorted to intensive efforts in the development of sub-segments with high potential and the penetration of diverse customer groups to broaden the reach of the brand. Driven by our deep appreciation of the vibrant women’s sports market and based on our sophisticated insights into women’s spending preference, we have launched the iterative “New Skin” (新肌) series of yoga wear, the iterative “New Movement” (新動) series of training gear and the first tennis product series, complemented by the opening of the first 361° ladies’ sports concept store and the “Softness is Strength” (柔能生力) yoga studio in an effort to strengthen the brand’s connection with female consumer groups and foster growth momentum for deep coordinated development of multiple product categories in the future.

Technological innovation remains a core driver of our development. By integrating sports science and materials innovation, we have consistently upgraded our product matrix in a bid to serve every individual consumer with ultra-professionalism and superb quality-for-money to enhance their product experience. As of 31 December 2025, we held 1,101 patents, forming technical assets which provided a solid foundation for a competitive market advantage through differentiation. We also have insisted on maintaining open-minded cooperation, with a view to enhancing the intelligent features in product manufacturing and technological elements of our product matrix by collaborating with various professional parties. The Group has received numerous national-grade credentials and accreditations, including prestigious titles such as national advanced technology enterprise, national industrial design centre, national prestigious enterprise in intellectual property, “Innovation China” doctoral innovation station (「科創中國」博士創新站), 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) and Fujian Human Factors Intelligent Textile Materials Engineering Research Centre (福建省人因智能紡織材料工程研究中心). These honors have affirmed the Group’s long-standing efforts in technological innovation and standard setting, among others.

## CHAIRMAN'S STATEMENT

### **BROADENING PRODUCT TYPES AND APPLICATION SCENARIOS WITH SPECIAL EFFORTS ON FOSTERING MOMENTUM FOR THE CHILDREN SPORTS BRAND**

Youth sports play a vital role in enhancing the overall health and quality of the national population and serve as the cornerstone in the effort to build a "sporting powerhouse" (體育強國). Supportive national policies and evolving parenting philosophies have provided intensive stimulation of both supply and demand in children's sportswear, ensuring sustainable profitability for the sector. Given this trend, children's sportswear is evolving beyond physical attributes as an elementary gear into a value carrier connected with healthy lifestyle and identity reshaping for the new generation, positioning itself at a competitive advantage in the industry on the back of its unique product appeal.

361° Kids has been an important stalwart underpinning the stable development of the Group, embodying the Group's long-term commitment to deep engagement in the segment. In line with our brand statement of "CHASING YOUR LOVE!" (熱愛吧, 少年!) and positioned as the "Youth Sports Expert" (青少年運動專家), 361° Kids has endeavoured to integrate professional functionality, health technology and playful fashion design in our creation of a diversified sports gear ecosphere that would cover their entire growth cycle. By deeply aligning with the dynamics of teenagers sports, we have established a first-mover advantage in children's sportswear, whilst laying a solid foundation for future growth driven by differentiation.

During the year under review, 361° Kids continued to make intensive efforts in resource integration and the development of specialised capabilities, maintaining its role as an official partner of the China National Rope Skipping Team and a partner of Beijing Guoan Junior Training (北京國安少訓). Leveraging a sophisticated matrix of specialised resources, strong efforts were made to drive deeper development of event organisation and brand activities, as signature events such as the "3V3 Youth Football Championship" (青少年3V3足球冠軍聯賽) and "Light Up-Junior Basketball Game" (觸地即燃•少年賽) were successfully launched. The end-retail market was invigorated through targeted community engagement efforts, enabling the brand to reach out to its target audience in a high-frequency manner. In line with the technology-driven strategy of the main brand, 361° Kids translated innovative technologies into practical functionality for products, building a multi-tier regime for popular products catered to sub-segment scenarios to explore high-quality new niche for growth on the back of an enriched product line and solid brand strengths.

In terms of channel development, 361° Kids focused on delivering sophisticated brand experiences, advancing both the differentiated revamp of retail space image and the upgrading of product display environments to enhance the brand's visual impact and appeal in close alignment with the aesthetic upgrade and scientific parenting philosophies of parents of the new generation. As of 31 December 2025, the number of 361° Kids points-of-sale has reached 2,364 in the Chinese mainland, boasting a significantly larger average store area. Our network of modernised retail stores led by the Super Premium Store (超品店) and the fifth-generation stores has ensured ongoing reaping of benefits generated from channel upgrades.

## CHAIRMAN'S STATEMENT

### DEEPENING CHANNEL REFORM ON ALL FRONTS TO IDENTIFY DIVERSE GROWTH POTENTIAL

In adherence to a global development strategy, the Group has persisted in long-term planning as it seeks to enhance its channel system on all fronts, advancing the integration of online and offline operations, retail model innovations and global business development in a coordinated manner to expedite the building of an efficient and synergetic ecosphere for our omni-channel operations. These initiatives aimed at enhancing retail customer conversion and operational sophistication have enhanced retail efficiency and expanded market share.

To address the rapidly evolving digital retail landscape, the Group has expedited the generational upgrade of its e-commerce channels to ascertain its position as the core hub for connecting consumers, promoting the brand philosophy and driving business performance and results. We have continued to enhance online product differentiation with the implementation of an online-exclusive product strategy, while improving the efficiency of customer engagement through accurate response to diverse market demands. Moreover, we implemented IP collaborations and popular product launches in a systematic manner in key marketing events to continuously broaden our brand influence. We have tapped into new retail segments by establishing an efficient instant retail network through a comprehensive integration with Meituan Flash Buy (美團閃購), Meituan Group Buy (美團團購), Taobao Flash Sale (淘寶閃購), and JD Instant Delivery (京東秒送), which has enabled us to seize business opportunities arising from new growth in local consumption scenarios in a more effective manner. During the year under review, the Group reported improvements in both online and offline retail turnover and brand momentum with robust growth across all omni-channel operations.

The 361° Super Premium Store (超品店), offering consumers with an immersive, one-stop shopping experience across full product categories, has become one of the Group's key vehicles for reinforcing the Group's competitive advantage through brand differentiation. As of 31 December 2025, we had surpassed the milestone of 100 stores nationwide with a cumulative total of 127 361° Super Premium Stores, which became a new hub for revamping our brand image and deepening customer relationships. We have expedited our expansion in the international market and overcome the limitations of geographical borders through cross-border e-commerce platforms. As of 31 December 2025, the Company had 1,253 offline points-of-sale in the Americas, Europe, and markets along the "Belt and Road" regions. During the year under review, the opening of the directly-operated overseas store in Kuala Lumpur, Malaysia and the first overseas Super Premium Store in Cambodia by 361° signified a crucial breakthrough in the brand's overseas expansion, significantly enhancing the brand's visibility in the overseas market.

During the year under review, the Group had a total of 5,394 361° core brand stores with an average store area of 165 m<sup>2</sup> in the Chinese mainland, with shopping mall and supermarket channels accounting for an increasing proportion. In addition, ONEWAY, a Finnish outdoor sports brand, has established its physical presence in the Greater China market with initial success. During the year under review, ONEWAY operated offline stores, precisely serving the sophisticated needs of core users of professional outdoor and pan-outdoor products in a pinpoint manner.

# CHAIRMAN'S STATEMENT

## EMBRACING SUSTAINABILITY AND COLLABORATING TO CREATE SHARED VALUE

The Group is profoundly aware that the sustainable development of an enterprise hinges on positive reciprocity between social prosperity and environmental sustainability. Accordingly, we have deeply integrated the concept of sustainability into our top-level strategic planning as well as day-to-day operations, taking concrete actions in contribution to the fostering of a mutually beneficial scenario conducive to economic, social as well as ecological well-being.

During the year under review, the Group vigorously promoted the deep integration of sports technology and the application of sustainable materials in a pragmatic move to contribute to the green transition of the industry. We continued to increase investment in green production and address technological challenges, with a view to facilitating the effective integration of green technologies with product R&D, creating a product matrix underpinned by functionality as well as sustainability. We sponsored and organised various sports events and offered strong support to the grooming of sporting talents and promoting the sporting culture to the public, helping to cultivate a sporting culture as part of our social responsibility efforts and laying the groundwork for future growth.

The Group undertook responsibilities as a corporate citizen in a proactive manner, as it actively participated in philanthropic activities and emergency relief actions during the year under review. These efforts include swiftly donating supplies in response to emergencies such as the earthquake in Tibet in January and the fire in Tai Po, Hong Kong in November 2025, we organised charitable donation activities to share the compassion of our brand through concrete actions. We have deeply integrated the environmental, social and governance (“ESG”) system into our core governance framework with the aim of sharing livelihood with the community and harmony with the environment, whilst driving enhancement in our environmental performance, social value and competence in corporate governance in a simultaneous manner. Our relentless effort has been widely commended by fellow members of the industry, as evidenced by the numerous ESG honours received in recognition of our true colours as a responsible brand.

## OUTLOOK

On behalf of the Board, I would like to express sincere gratitude to all shareholders and members of the public who have shown unwavering trust in and support for the development of 361° Group, to our customers and partners who have walked with us along the way, and to all our staff who have worked with diligence and dedication. As we look ahead to 2026, the journey continues and our responsibility remains significant. In a continuous effort to reinforce our positioning as a “professional, youthful, and internationalised” brand, we will draw on the endeavours of all colleagues to develop business ecosystem with greater energy and resilience. In doing so, we could contribute to the qualitative development of China's sports industry, whilst delivering greater value and making ongoing breakthroughs on the global stage.

**DING Huihuang**

*Chairman*

Hong Kong SAR of the PRC, 24 March 2026

**DING Wuhao**

*Executive Director,  
President*



# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY REVIEW

In 2025, global economic recovery was generally lacklustre due to heightened trade policy uncertainties, a tightening financial environment, and frequent outbreaks of geopolitical conflicts. Against a volatile international environment, China's economy showcased strong resilience, as the recovery of domestic demand advanced alongside the transformation and upgrade of the manufacturing industry forged into joined forces in a coordinated manner to provide solid support for stable economic performance. According to data published by the National Bureau of Statistics ("NBS"), China's Gross Domestic Product ("GDP") for 2025 reached RMB140.1879 trillion, representing a year-on-year increase of 5.0% that suggests a general trend of positive growth in stability, underpinned by ongoing improvement in the quality of growth.

In close alignment with the primary direction of steady progress for the macro-economy, the domestic consumer market, as a main engine for stable growth, has consolidated its strategic position. According to data published by the NBS, the total retail sales of social consumer goods nationwide amounted to RMB50,120.2 billion in 2025, representing a year-on-year increase of 3.7% which outpaced that of 2024. Specifically, online retail sales of physical goods nationwide amounted to RMB13,092.3 billion, representing a year-on-year increase of 5.2%, and accounting for 26.1% of the total retail sales of social consumer goods. The routinisation of online shopping and deepening integration of online sales channels were driving further improvements in the efficiency of social resources allocation. In the meantime, the structure of personal retail spending was swiftly being upgraded, with consumers increasingly seeking premium quality reflected in more advanced technologies, higher brand value and specialised services, among others. Market demand was gradually shaped by consumers resorting to rational decision-making and quality-based purchasing decisions. As a young and rising sector, the sports industry was rapidly becoming an important growth pole for driving domestic demand.

The year 2025 marked a pivotal period for the introduction of multiple government policies favorable to the sports industry. In January 2025, The "Guiding Opinion on the Construction of High-quality Outdoor Sports Destinations" (《關於建設高質量戶外運動目的地的指導意見》) issued by the National Development and Reform Commission and the General Administration of Sport and disseminated by the General Office of the State Council specifically called for the establishment of approximately 100 premium destinations for outdoor sports to be completed by 2030, in order to continuously enlarge the scale of participation and foster the outdoor sports industry as a new niche for economic growth. In March 2025, the "Special Action Plan to Boost Consumption" (《提振消費專項行動方案》) published by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council emphasises support for increasing the supply of high-quality sports programmes and special sporting events in local regions, while introducing the Winter Tourism Enhancement Initiative which encourages local regions to develop greater variety winter sports venues and relevant consumer products tailored to their individual conditions. In April 2025, the "Action Plan to Boost Health-Related Consumption" (《促進健康消費專項行動方案》) jointly issued by 12 government departments including the Ministry of Commerce proposes a pattern of consumer spending underpinned by the integration of commerce, tourism, culture and sports, in connection with which new productivity in the health spending sector should be fostered, alongside the creation of new business formats, models and scenarios. Additionally, the "Guiding Opinions on Financial Support for 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》) jointly issued by four government departments including the People's Bank of China specifically calls for the expedited establishment of a comprehensive, multi-level regime for financial products and services compatible with the development of the sports industry, which would enrich the supply of financial resources for the sporting sector and enhance the capability and standard of financial support for its qualitative development.

## MANAGEMENT DISCUSSION AND ANALYSIS



Policy support continued to grow stronger in the second half of 2025. In August 2025, the “Opinion on Unlocking the Potential of Consumer Spending on Sports to Further Promote the High-Quality Development of the Sports Industry” (《關於釋放體育消費潛力進一步推進體育產業高質量發展的意見》) published by the General Office of the State Council states the aim of grooming a group of sports enterprises and tournaments with global influence and increasing the total worth of the sports industry to more than RMB7,000 billion by 2030, such that the sports industry would play a more important role in the development of a new pattern. In September 2025, the “Guiding Opinion on Promoting High-Quality Development of the Sports-for-Health Business” (《關於推動運動促進健康事業高質量發展的指導意見》) published by the General Administration of Sport calls for the basic establishment by 2030 of a sports-for-health service regime directed by the government, coordinated by public groups and shared by all to achieve the qualitative and sustainable development of the health business. Several heavyweight policies were announced and implemented during the year under review, fostering a favorable institutional environment for the high-quality development of the sports industry.

## MANAGEMENT DISCUSSION AND ANALYSIS

In addition to pinpointed policy guidance, technological innovation was empowering the sporting goods industry on an ongoing basis with an impact on every segment, accelerating market evolution towards specialisation and diversification. As consumers' demands for product functions became increasingly refined, sports brands were competing to integrate their R&D processes with high-tech elements, strengthening the technological essence and added value of their product matrix on all fronts. At the same time, the regime of business channels embarked on a phase of rapid transformation, as physical stores, online platforms and community networks operated in coordination with consistent reconstruction of interactive experience and business transaction logic. On this basis, the boundaries of consumption scenarios continued to extend. The deep integration of instant retail, tournament resources and cultural tourism resulted in broadened dimensions and greater dynamism for the market to provide broader opportunities for identifying growth potential of the industry. As the community of young consumers were characterised by changing ideas and thoughts, the ability to share the same values with consumers was becoming a new barrier in competition which continued to drive the value ceiling of the industry to higher levels.

Meanwhile, sporting events sustained robust growth, as the event economy became deeply integrated into the process of consumer spending growth and city brand-building, effectively stimulating the inherent momentum of the sports market. Top-tier international tournaments, regional leagues and grassroots competitions have combined to form a multi-level ecology of sporting events, enriching the content regime of the sports industry to provide ongoing innovative momentum for the sector. With the support of national policies on winter sports, the cluster of winter sports events represented by the Asian Winter Games Harbin have effectively converted winter sports resources into a new spotlight for economic growth. Regional leagues such as the "Hunan Football League" (湘超) and "Jiangsu Football City League" (蘇超), together with grassroots tournaments such as the "Village Super League" (村超) and "Village Basketball Association" (村BA) enjoyed thriving development and have flourished as new platforms facilitating the integration of regional culture and tourism. Novel sports interests demonstrating robust momentum for development, such as hiking, mountaineering, frisbee and pickleball, have not only enriched the options for mass participation in sports, but have also driven the horizontal extension of the sporting goods industry chain to generate more growth opportunities for the retail sports market.



## MANAGEMENT DISCUSSION AND ANALYSIS

In 2025, the domestic kids' sportswear market was characterised by deep interaction with the education, health and culture sectors, among others, as it welcomed a golden period for development. Further improvements to the pro-natalist policy regime were noted as local governments successively introduced support measures such as parental allowance, in an effective boost to families' willingness and ability to invest in child nurturing and grooming. Meanwhile, investment in school sporting facilities continued to increase, as sporting aptitude assessment was included in the overall student development index. Given more after-school free hours for teenagers as a result of the policy calling for reduced homework and extracurricular burdens, there has been a notable rise in both the frequency of teenagers taking part in sports, fostering favourable conditions for market expansion. Given the growing preference for small families and new ideas in child education, parents of the new generation have placed a greater emphasis on scientific parenting, which means that they are more concerned with diversified overall value in terms of technological qualities, safety performance, comfort and eco-friendly properties when they purchase sporting goods for children and teenagers. In the long run, kids' sportswear is becoming an important factor that drives teenagers to develop sporting habits and expands the age demographic of the health-and-fitness-for-all strategy to cover younger groups. As such, there is potential for the inherent value of the industry to be continuously realised.



In light of the opportunities and challenges brought about by the transformation and upgrade of sporting goods, the Group has remained firmly positioned as a "professional, youthful, and internationalised" brand, resorting to technological innovation for its core driving force. The Group continuously enhances product performance and quality while enriching its brand culture on an ongoing basis to precisely align with the diverse and differentiated requirements of consumer groups across the board. Through deep involvement in international sports tournaments and steady expansion of its overseas market presence, the Group strives to evangelise the spirit of "ONE DEGREE BEYOND" (多一度热爱) far and wide and contribute strength to the development of the global sports industry.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### 361° Brands and Positioning

The 361° Group is a leading integrated sportswear company in the PRC 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), dedicated to the goal of becoming a globally respected sports brand. The Group persists in its positioning as a “professional, youthful, and internationalised” brand, as it consistently offers consumers with mass-market professional sports products with excellent quality-for-money on the back of a “technology-driven, brand-first” development strategy. At the same time, the Group taps into new consumer segments to increase its brand influence and drive solid business growth while fulfilling core customer demands.

The 361° brand primarily targets the mass sports market, specialising in professional products in categories such as running, basketball, and athleisure characterised by affordable premium quality, catering to the demands of adult consumers in relation to professional sports and athleisure.

The 361° Kids brand operates as an independent business unit, inheriting the 361° brand ethos of “ONE DEGREE BEYOND” (多一度熱愛) while articulating its own brand statement of “CHASING YOUR LOVE!” (熱愛吧, 少年!), positioning itself as the “Youth Sports Expert” (青少年運動專家) with a special focus on sports market segment for children and teenagers.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 which distribute 361° branded products on an exclusive basis in their respective designated geographical regions. These distributors may, with approval of the Group's retail channel management department, either independently establish stores or distribute 361° products to authorised retailers. This approach enables the Group to concentrate resources on brand management, product R&D and other strategic priorities, while maintaining stable cooperation with competent distributors and authorised retailers to reach the market in an efficient manner.

Currently, the Group has established a comprehensive distributor management system to ensure the accurate representation of its brand, design concept and product functions at every retail touchpoint. Annual renewals with exclusive distributors cover key terms related to geographical exclusivity, product exclusivity, payment terms, order requirements and store management. Meanwhile, through the organisation of multiple training programmes throughout the year, the Group helps distributors and authorised retailers to gain up-to-date knowledge about the latest technological attributes of products, enabling them to assist consumers in making well-informed purchase decision. Furthermore, the Group assures a consistent store image nationwide by standardising product displays and promotion materials in individual stores, whilst launching effective marketing campaigns in different timelines to ensure standardised and high quality for sales outlets across the country.



The Group employs a systematic order management model that effectively ensures efficient supply, easy tracking of stock level and stable price system. The Group organises four trade fairs each year to showcase upcoming products, inviting distributors and authorised retailers to participate. Orders from authorised retailers are consolidated by their respective primary distributors and submitted centrally to the Group, which would then review the orders and make suggestions for more logical product selection, ensuring optimal retail inventory levels and stable retail discounts, in a bid to support the sustainable development of the distributors and authorised retailers and achieve a win-win outcome for all. These trade fairs typically take place six months before the launch of the relevant new products to ensure sufficient production time and delivery cycles for orders, effectively enhancing predictability of the Group's sales revenue. During the year under review, the Group successfully hosted four 361° brand product trade fairs in total, including the 2025 Winter Trade Fair, 2026 Spring Trade Fair, 2026 Summer Trade Fair and 2026 Fall Trade Fair. Solid growth in purchase orders was recorded at all four trade fairs, driven primarily by the increase in order volumes.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 361° Core Brand's PRC Retail Network

As of 31 December 2025, the Group had a total of 5,394 361° branded stores in the Chinese mainland, with an average store area of 165 m<sup>2</sup>, representing a net increase of 16 m<sup>2</sup> compared to the end of 2024. Geographically, approximately 76.1% of the stores were located in third-tier or lower-tier cities in China, while 5.2% were in first-tier cities and 18.7% in second-tier cities in China. The Group encourages its distributors and authorised retailers to open larger stores, upgrade to the latest store image and increase the proportion of new stores in shopping malls, department stores and shopping centres. In 2025, the Group reported ongoing optimisation of its store channel mix as the average store size and average store sales efficiency continued to increase steadily with robust performance in retail sales, demonstrating the effectiveness of our channel optimisation.



The Group persists in a consumer-centric approach that seeks to consistently provide excellent shopping experience for consumers by identifying new trends and preferences in consumer spending. As of 31 December 2025, there were a total of 127 361° Super Premium Stores (超品店), including 21 Super Premium Stores for kids. The first overseas Super Premium Store has opened in Cambodia. As a new retail format, the Super Premium Store has established a distinctive competitive edge by adopting the core model of “thousand-square-metre space, comprehensive multi-category coverage, and one-stop self-service shopping” which creates an immersive, spacious and comfortable shopping experience for consumers. The in-store product layout effectively meets the demand for a comprehensive range of categories across multiple usage scenarios, integrating professional sports equipment for running, basketball, training, athleisure and more to provide a genuine “one-stop” efficient shopping experience. Concurrently, the stores operate on a self-service model that further enhances convenience and autonomy for customers. During grand opening and daily operations, the stores actively launch multiple purchase rewards. Highly-hyped products are typically launched to swiftly boost store popularity, effectively driving sales at commencement and increasing the repurchase rate. In addition, through the innovative inter-connection of “product launch – event experience – retail scenario” in relation to popular products such as “Furious” (飛騰) and “Flying Flame” (飛燃), as well as exclusive categories for Super Premium Stores such as the “K-Stride 1.0” (千行1.0) carbon-plated trainer running shoes and swimsuits, the Group has transformed new product launches into sophisticated consumer engagement as well as enhanced store traffic, further reinforcing the Group's leading position in the sector of quality-for-money mass sports equipment.

## MANAGEMENT DISCUSSION AND ANALYSIS



In September 2025, ONEWAY, a Finnish outdoor sports brand, inaugurated the opening of its first store in Greater China in Zhengzhou. Representing a benchmark for all-round innovation and upgrade of the brand, the store was inspired by the immersive Nordic outdoor aesthetics to meticulously create a retail space that combines functionality and atmosphere, and precisely cover various outdoor scenarios such as professional skiing, hardcore outdoor exploration, and urban casual outdoor activities. As of 31 December 2025, ONEWAY has established 6 offline stores in the Chinese mainland. In the future, the brand will continue to drive the evolution of consumer experience from “product-oriented” to “scene-driven” approach, constantly expanding its depth and boundaries in the outdoor lifestyle field.



## MANAGEMENT DISCUSSION AND ANALYSIS

Authorised retail stores of 361° core brand by region are set out in the following table:

	As of 31 December 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 <sup>(1)</sup>	1,100	20.4	1,124	19.5
Southern region <sup>(2)</sup>	651	12.0	664	11.5
Western region <sup>(3)</sup>	1,147	21.3	1,294	22.5
Northern region <sup>(4)</sup>	2,496	46.3	2,668	46.5
<b>Total</b>	<b>5,394</b>	<b>100.0</b>	<b>5,750</b>	<b>100.0</b>

Notes:

- (1) Eastern regions include Jiangsu, Zhejiang, Hubei, Anhui, Hunan, Shanghai and Jiangxi.
- (2) Southern regions include Guangdong, Fujian, Guangxi and Hainan.
- (3) Western regions include Sichuan, Yunnan, Guizhou, Shaanxi, Xinjiang, Gansu, Chongqing, Qinghai, Ningxia and Tibet.
- (4) Northern regions include 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 robust matrix encompassing large-scale sports events, professional teams, elite athletes, and brand ambassadors. Building on its established foundation, the Group plans and allocates its brand resources with a global strategic vision.

The Group has long been committed to advancing the development of sports sector and have consistently supported multiple Asian Games events, steadily strengthening its influence on the Asian sports stage: from the 2010 Guangzhou Asian Games, through Incheon and Jakarta to the most recent one in Hangzhou. At the unveiling of the official sports outfit for the 20th Asian Games held at Nagoya, Japan in August 2025, it was confirmed that the Group would continue to support the Asian Games Aichi-Nagoya on all fronts as an official partner in 2026. In February 2025, the Group entered into its first collaboration with the Asian Winter Games Harbin, further expanding its presence in the winter sports sector, conveying the brand spirit of "ONE DEGREE BEYOND" (多一度熱愛), and contributing to the popularity of winter sports across Asia and the world. In July 2025, 361° signed a global partnership agreement with the World Aquatics, covering the period from 2026 to 2029. Both parties will conduct in-depth cooperation in promoting aquatic sports, event expansion and enhancement of global influence. In December 2025, the Group announced on its brand promotion day that it had entered into a new phase of strategic cooperation with the OCA. As an official partner of the OCA for 17 consecutive years, 361° has been deeply involved in robust efforts to drive the development of sporting events in Asia over the years. The Group has become the first sports brand to serve both the Asian Games and the Asian Winter Games, and has been awarded the "Outstanding Contribution Award of Asian Games" (亞運會傑出貢獻獎). In December 2025, as an official supplier to 2025 WTCC, 361° provided professional sports gear in a bid to support development of the tennis sports as it marked its presence at this intercontinental tennis extravaganza. Looking ahead, 361° will continue to reinforce its professional brand image, explore the global market and lay a solid foundation for long-term sustainable development through diversified and international sports collaborations.



## MANAGEMENT DISCUSSION AND ANALYSIS

In addition to sponsoring major sports events, the Group continuously developed diversified marketing campaigns that aligned closely with consumer preferences and behaviors. In the running sector, we recorded significant growth in our professional racing products through systematically building a nationwide running community alliance system. Throughout 2025, 361° successively sponsored and supported professional marathon events both domestically and internationally, including the Qingdao Marathon, the Surf City Marathon, the Tangshan Marathon and the Fuzhou Marathon, among others, assisting many runners to race on the track with our professional running gears. Meanwhile, the Group actively participates in industry exchanges and cooperation, closely following global technological development trends. In April 2025, 361° showcased multiple innovative products at the 26th China (Jinjiang) International Footwear and the 9th International Sports Industry Expo, highlighting the latest achievements in integrating environmental protection technology with professional sports performance.

In September 2025, 361° set up an exhibition booth at the Berlin Marathon Expo, further enhancing its brand awareness and professional reputation in the international market. In November 2025, 361° collaborated with the globally leading specialty chemical company Evonik to showcase at the 8th China International Import Expo (“CIIE”), where jointly launching the “Flying Flame 5” (飛燃5) running shoes, crafted with the Second-Generation Mass Balance Low-Carbon Environmental-friendly Technology, demonstrating its sustained investment and collaborative achievements in sustainable product innovation.



## MANAGEMENT DISCUSSION AND ANALYSIS

The Group continues to deepen its strategy of “empowering product innovation and upgrades through technology”, actively expanding collaborative partnerships across diverse fields, and developing cutting-edge technology application fields. In August 2025, 361° Group strategically partnered with Standard Robots to jointly explore intelligent manufacturing and retail digitalisation upgrading and boost the brand’s advancement towards intelligence. On its brand promotion day in December 2025, the Group officially signed a strategic cooperation agreement with Tianjin University of Sport. Both parties will conduct in-depth collaboration around the “education-research-industry” synergic system to jointly promote the sports technology R&D and talent cultivation and assist the high-quality development of the sports industry. On the same day, 361° announced a deep cross-border cooperation with China’s aerospace industry partner Cleancool (康綸航天), focusing on material and technological innovation in the running series products, marking 361°’s official entry into a new stage of empowering sports gear with aerospace technology.

Going forward, 361° will continue to uphold the brand spirit of “ONE DEGREE BEYOND” (多一度熱愛), actively supporting and participating in various domestic and international sports events, and collaborate with all partners to jointly boost the robust development of the sports industry.



## MANAGEMENT DISCUSSION AND ANALYSIS

The professional marathon racing shoes of 361° delivered outstanding performances in multiple important events, claiming the spotlight on the track and assisting runners to achieve breakthroughs. At the Qingdao Marathon held in April 2025, products in our professional racing matrix such as "Furious FUTURE 2" (飛騰 FUTURE2) and "Flying Flame 4" (飛燃4), equipped with innovative technology, assisted elite runners in breaking event records. In particular, 361° elite runner Pius Karanja KIMANI claimed the men's full marathon championship while 361° running ambassador WANG Jiahao (王佳浩) won the men's full marathon championship for Chinese nationals. In September 2025, our racing shoes series, featuring prominently "Flying Flame 5" (飛燃5) and "Flying Flame 5 FUTURE" (飛燃5 FUTURE), marked its presence at the 2025 Berlin Marathon, showcasing the brand's professional strength at the international stage. In the same month, Swiftstar athletes donned in "Miro NUDE 2" (栗蜂2) participated in the Tokyo World Athletics Championships. At the Tangshan Marathon held in October 2025, 361° witnessed the birth of four champions as brand ambassador LI Zicheng (李子成) won the men's full marathon with "Flying Flame 5 FUTURE" (飛燃5 FUTURE) with a record-breaking time, whilst 361° running ambassadors YAO Yuzhou (姚玉舟) and FENG Dan (馮丹) won the women's full marathon and women's half marathon with the aid of "Furious FUTURE 2" (飛騰 FUTURE2). 361° elite runner Yelas HAILATI (葉拉斯·哈依拉提) won the men's half marathon and broke his personal best record with "Jizi Yuguang" (冀子餘光), a limited coloured edition of "Flying Flame 4.5" (飛燃4.5) specially designed for the Tangshan Marathon. The competitive spirit and excellent performance of runners constantly raising the bar on the track provides the strong testimony to the professional performance and technological strength of 361° products. Going forward, we will continue to empower athletic performance with innovative technology, accompanying more runners to race on the track and surpass themselves.

The "3#-Track 10 Kilometres Racing Series" (三號賽道10KM競速系列賽) is a benchmark professional racing event created by 361° on a proprietary basis, striving to offer a platform for high-standard competition for elite runners pursuing speed. The series has developed into one of the most prominent branded proprietary races in China in recent years with increasing influence amongst the running community. In 2025, a total of 9 sessions of the "3#-Track 10 Kilometres Racing Series" (三號賽道10KM競速系列賽) successfully took place in core business cities for the Group's operations, including Shenzhen, Jinan, Wuhan, Harbin, Zhengzhou and Tianjin, providing participants with a professional, immersive road running experience. In the same year, the tournament underwent a comprehensive upgrade, further demonstrated the brand's in-depth pursuit of professionalism and long-term commitment in the running sector. The initiatives include the introduction of an elite women category alongside professional pacers system, showcasing the brand objective of offering meticulous care and service to diverse runner groups and enhancing the tournament as an inclusive event underpinned by human-centered value. In the future, 361° will continue to position itself as a "companion and motivator," supporting runners' growth in all aspects through continuously optimising race experiences and providing professional sports equipment, thereby fostering the healthy development of China's road running culture.



## MANAGEMENT DISCUSSION AND ANALYSIS



In the basketball sector, the Group continues to deepen its collaborations with international basketball stars. Through the strategic integration of ambassador resources and innovative marketing approaches, we are accelerating the brand's globalisation process and strengthening its professional sports image. During the year under review, 361° collaborated with brand ambassador and international basketball superstar Spencer DINWIDDIE to successively launch his personal signature shoes "DVD3" and "DVD4", further enriching the professional basketball product portfolio. In February 2025, 361° global brand ambassador Nikola JOKIĆ started an appearance for the Western Conference All-Star team in his seventh All-Star selection in a row, wearing the 361° "JOKER1 GT" All-Star coloured shoes edition in an official debut of the product in this event. This has significantly enhanced our brand exposure. In July 2025, to coincide with Nikola JOKIĆ's scheduled visit to China, 361° launched the exclusive "JOKER1 GT" JOKIĆ to China coloured edition, which was complemented by the "Maestro JOKIĆ in China Package" (約老師中國行套裝) designed by new-wave artists working with the brand. Through online-offline integration, event interactions, and signing events, it has consistently generated market attention and sparked consumer discussion. In August 2025, Spencer DINWIDDIE visited China and successfully met with his fans, while Aaron GORDON attended the Zhengzhou leg of the "Light Up" (觸地即燃) tournament in person during his Asia tour to deeply connect with local grassroots players. Coupled with interactive marketing campaigns featuring tailor-made accessories packs exclusively made in connection with GORDON's Asia tour, this has further bridged the gap with local consumers. 361°'s "ZEN VII" (禪7) and "AG5 SOAR" basketball shoes have repeatedly played decisive roles in key playoff games of the largest professional basketball league in the United States alongside brand ambassador Aaron GORDON. His performance as the "King of Playoff Buzzer-Beaters" (季後賽絕殺之王) has earned widespread acclaim, strongly validating the products' professional capabilities and suitability for high-stakes competition. In December 2025, the brand globally launched Nikola JOKIĆ second signature shoes, "JOKER2," and Aaron GORDON's sixth signature shoes, "AG6", simultaneously in the United States, marking a new stage in 361°'s product strength and brand influence within the international basketball equipment sector. Moving forward, the Group will continue to systematically develop signature shoes, apparel, and accessories tailored to the unique characteristics of its ambassadors. By leveraging athlete narratives, in-game exposure, and localised activations, we will further deepen our professional brand image and drive the penetration and growth of the basketball category in global markets.

## MANAGEMENT DISCUSSION AND ANALYSIS

At the same time, the Group has achieved success with its proprietary basketball event, “Light Up” (觸地即燃), which is designed to motivate numerous basketball enthusiasts and teams and further enhanced its brand influence in the basketball community. The 2025 season of the “Light Up” event featured multi-tiered tournament series: the National Series, the Overseas Series, the Zone Series, and the Regional Series, thereby extending its reach to a broader spectrum of participants. During the year under review, the “Light Up” events extended its footprint to core business cities such as Wuhan, Chengdu, Shenzhen, Zhengzhou and Guangzhou successively. Such events not only provided a high-level competitive and showcase platform for grassroots players, but also strengthened the deep connection between our brand and the basketball community through interactions with star players and training exchanges, thereby further solidifying 361°’s participatory role and brand reputation among grassroots basketball.

By promoting the global reach of the “Light Up” series, the international impact of the 361° brand has been further elevated. In May 2025, the 361° “Light Up” extended its footprint to Japan for the first time. The joint “Light Up” team led by ZHONG Xianchao (鐘顯超) and TANG Rihui (唐日輝), with a fine display of the spirit and vitality of China’s grassroots players, achieved the best result for Chinese grassroots players in this event. In the meantime, the 2025 season of “Light Up” series continued to feature a junior version, providing a platform for young players dreaming for success and growth in basketball to showcase their talents. The event pursued downstream geographical expansion by actively seeking to engage prefecture-level cities as hosts, further solidifying its position as one of the most influential platforms for grassroots basketball tournament in China.

In the sports fashion segment, 361° closely monitors market trends and shifts in consumer demand, accelerating its expansion into new sports category and focusing on strengthening connections with the younger generation. In March 2025, 361°’s brand ambassador AO Ruipeng (敖瑞鵬) made appearances at stores in Linyi and Shijiazhuang to host the themed event “Let’s Bathe in the Sun with Peng Friends” (好鵬友出來曬). The event attracted a large number of young consumers to participate in the experience through setting up interactive fun games, launching fan co-creation sessions, limited edition peripheral gifts and other ways. During the event, new sun-protection products from the “Lightweight Adventure Series” (輕野系列) were unveiled. AO Ruipeng friendly interacted with fans while wearing the lightweight outdoor “Ice Skin” (冰皮) sun-protection apparel, which featured sun-protective fabric incorporating “Ice Cool Technology” (冰沁科技). In September 2025, a presentation for the launch of new products in the “Lightweight Adventure Series” under the theme of “Charge through the rain to protect the mountains and seas” (衝鋒破雨護山海) was held in Hangzhou. 361° brand ambassador SUN Yang (孫楊), wilderness survival expert ZHU Weiqiang (朱煒強) and senior laboratory technician ZHAO Qinghua (趙青華) of Wuhan Textile University (武漢紡織大學) jointly attended the event, during which the “Heavyweight Screen Shield Windbreaker” (禦屏衝鋒衣) in the “Lightweight Adventure Series” featuring “Three-State Film” (三態膜) technology, highlighting the product’s innovation in integrating outdoor protection with technology. In November 2025, the brand teamed up with AO Ruipeng again in the “Warmth in Winter – Heartwarming Winter Meet-up with Peng Friends” (冬日暖感守恆—暖『鵬』友冬日會面計劃) event held in Chengdu and Jinzhong, creating a warm and immersive experiential atmosphere. During the event, AO Ruipeng presented the 361° “Cotton Feather Series” (棉羽系列) products, vividly showcasing their warmth retention functionality and trendy style.

## MANAGEMENT DISCUSSION AND ANALYSIS



In May 2025, the first stop of 361°'s self-created skateboarding-themed event, 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 sports ambassador, and American skateboarder “Mimi's Adventure” (米米冒險) was invited to participate as special guest, with Chinese and international skateboarders engaged in exchanging competition skills, showcasing the multicultural charm of skateboarding. Afterwards, “Meet Up on Skateboards” event continued to be held in Shijiazhuang, Chengdu and



Chongqing, drawing numerous local skateboarding enthusiasts to join and compete with each other, further expanding the brand's influence within the skateboarding community. In 2025, the 361° “SWING AS ONE” (一拍即合) citywide badminton tournament was successfully held in cities including Dongguan and Nanjing. During the event, the brand successfully launched its new series of badminton products. 361° badminton promotion ambassador and World Junior Champion LIN Guipu (林貴埔) was invited to attend the Dongguan tournament in support of the event. He engaged with participants and fans, contributing to the promotion of badminton and enhancing the professional image of the products.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, 361° continues to deepen its presence in the women's sports market through product innovation, experiential activities, and the creation of dedicated spaces, further solidifying its brand influence in the field of women's sports. In March 2025, the brand launched the "Friendship Through Yoga for Resilience" (韌個新朋友) offline event on the International Women's Day. The brand ambassador and Asian Rhythmic Gymnastics Champion ZHANG Doudou (張豆豆) was invited as yoga instructor. This initiative offered yoga experience to female participants to promote the integration of sports socialisation and a healthy lifestyle. Meanwhile, the brand continued to empower women's product matrix upgrade through technology, successively introducing the iterative "New Skin" (新肌) yoga series outfit and the "New Movement" (新動) series of training gear. The women's tennis product series "Sweet Classic" (甜典) debuted in April 2025, followed by the brand new functionally advanced series "New Skin PRO" (新肌 PRO) in September 2025, the lightweight and body-hugging "New Skin SE" (新肌 SE) in October 2025 and the brand new "Mini Eggshell 1.0 Series" (小蛋殼 1.0 系列) for women in November 2025, providing female consumers with professional sports options for multiple scenarios. In July 2025, the first women sports concept store of 361° was officially opened in Shijiazhuang. The store is designed with a community-oriented and scenario-based concept, creating an interactive space and experiential venue dedicated to female sports enthusiasts. This showcases the brand's systematic planning and long-term commitment in women's sports.



To further closely align brand communication and consumer preferences and achieve an organic integration of professional sports and trend culture, the Group continues to launch series of IP co-branded products, reaching younger demographic while enhancing brand vitality and emotional resonance. 361° has actively collaborated with popular IPs of wide-reaching influence, launching a range of co-branded products such as DuckYo (小劉鴨), Peppa Pig (小豬佩奇), and SpongeBob (海綿寶寶), which have been highly favored by young consumers. In terms of collaboration models, the Group continuously explores innovative pathways by integrating the creative strengths of brand resources, IP owners, designers and others. This collaborative approach infuses products with unique elements that combine playfulness and design sensibility, consistently expanding the boundaries of the sports lifestyle. Moving forward, we will continue to deepen our dialogue with younger generations through flexible and diverse cross-over collaborations, driving ongoing innovation for the brand in the realm of sports and trends.



## 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
2023–2025	France	Paris Star 10km Race	Sponsor
2023–2025	Germany	Berlin Marathon	Exhibitor
2023–2026	Spain	Palma de Mallorca Marathon	Major Sponsor
2024–2025	The US	OC Marathon	Official Footwear Sponsor
2024–2025	China	Fuzhou Marathon	Top Strategic Partner
2024–2026	China	Qingdao Marathon	Honourary Sponsor
2025	China	Asian Winter Games Harbin	Official Partner
2025	China	Tangshan Marathon	Strategic Partner
2025	China	World Tennis Continental Cup	Official Supplier
2025	France	Mont Blanc Marathon	Exhibitor
2025	Germany	Berlin Half Marathon	Exhibitor
2025	Germany	Hamburg Marathon	Exhibitor
2025	Germany	Challenge Roth	Exhibitor
2025	Germany	World Triathlon Hamburg	Exhibitor
2025	Germany	Allgäu Triathlon	Exhibitor
2025	Italy	Milan Marathon	Exhibitor
2025	Japan	Tokyo Marathon	Exhibitor
2025	Serbia	Valjevo Half Marathon	Sponsor
2025	Serbia	Western Serbia Trail Running Series	Sponsor
2025	Spain	Jose Medina Basketball Training Camp and Championship	Sponsor
2025	Spain	Valencia Marathon	Exhibitor
2025	Spain	Malaga Marathon	Exhibitor
2025	Sweden	Tiemilun Women's 10km Race	Exhibitor
2025	The UK	Hale 10km Race	Sponsor
2025	The UK	Marlow Half Marathon	Exhibitor
2026	Japan	Asian Games Aichi-Nagoya	Official Partner

## MANAGEMENT DISCUSSION AND ANALYSIS

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

### Names of organisations and institutions

Olympic Council of Asia	Official Partner
World Aquatics	Global Partner

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The following table sets out all of the Group's sporting team sponsorships during the year 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)
Tianjin University of Sport	Beijing Muxiyuan Sports Technology School
Beijing Xiannongtan Sports Technology School	

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## MANAGEMENT DISCUSSION AND ANALYSIS

The following persons have or had been the Group's spokespersons during the year 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 3rd in Women of China in the 2025 Taiyuan Marathon 1st in Women in the 2025 Tangshan Half Marathon 1st in Women in the 2025 Xichang Qionghai Half Marathon 1st in Women in the 2025 Guang'an Half Marathon 3rd in Women in the 2025 Yiwu Half Marathon 2nd in Women in the 2025 Fuzhou 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
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 1st in Men in the 2025 Yuxi Marathon 3rd in Men in the 2025 Yibin Yangtze River First City Half Marathon 1st in Men in the 2025 Chengdu Marathon 2nd in Men in the 2025 Xichang 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

## MANAGEMENT DISCUSSION AND ANALYSIS

Name of spokespersons	Sports	Key achievements in recent years
LI Bo 李波	Running	<p>1st in Men of China in the 2024 Xichang Qionghai Wetland Marathon</p> <p>1st in Men in the 2024 Putian Marathon</p> <p>3rd in Men of World and 2nd in Men of China in the 2024 Fuzhou Marathon</p> <p>3rd in Men in the 2024 Qujing Luoping Marathon with Grand Blossom</p> <p>1st in Men in the 2024 Hechuan Diaoyucheng Half Marathon</p> <p>1st in Men of China in the 2024 Binzhou Half Marathon</p> <p>1st in Men in the 2024 Gaoping Half Marathon</p> <p>1st in Men of China in the 2023 Nanchang Marathon</p> <p>2nd in Men of China in the 2023 Chengdu Marathon</p> <p>1st in Men of China in the 2023 Harbin Marathon</p> <p>1st in Men in the 2023 Baoji Marathon</p> <p>2nd in Men of China in the 2023 Chongqing Marathon</p> <p>1st in Men in the 2023 Yongchuan Half Marathon</p>
LI Zicheng 李子成	Running	<p>2nd in Men in the 2025 Nanjing Pukou Marathon</p> <p>1st in Men in the 2025 Qidong Half Marathon</p> <p>3rd in Men of China in the 2025 Qingdao Marathon</p> <p>1st in Men in the 2025 Baoqing Marathon</p> <p>1st in Young Men in the 39th Mount Tai International Mountain Climbing Festival</p> <p>1st in Men in the Panjin Red Beach Marathon 2025</p> <p>1st in Men in the 2025 Tianjin Wuqing Half Marathon</p> <p>1st in Men in the 2025 Tangshan Marathon</p> <p>1st in Men in the 2025 Xiaogan Marathon</p> <p>1st in Men of China in the 2025 Nanjing Marathon</p> <p>1st in Men in the 2025 Fujian Xianyou Marathon</p> <p>1st in Men in the 2025 Fuzhou Marathon</p> <p>1st in Men of China in the 2024 Fuzhou Marathon</p> <p>1st in Men in the 2024 Yantai Marathon</p> <p>1st in Young Men in the 38th Mount Tai International Mountain Climbing Festival</p> <p>1st in Men of China in the 2024 Tianjin Wuqing Half Marathon</p> <p>1st in Men in the 2024 Yantai Golden Beach Starry Sky Half Marathon</p> <p>1st in Men in the 2024 Xiaogan Marathon</p> <p>1st in Men in the 2024 Xianyou Marathon</p> <p>2nd in Men of World and 1st in Men of China in the 2024 Fuzhou Marathon</p> <p>4th in Men of China in the 2024 Xiamen Marathon</p> <p>1st in Men of China in the 2024 Jinji Lake Half Marathon</p> <p>1st in Men of China in the 2024 Ninghai Half Marathon</p> <p>2nd in Men of China in the 2024 Chongqing Marathon</p> <p>1st in Men in the 2024 Changdao Island Marathon</p> <p>1st in Men in the 2023 Yantai Marathon</p> <p>1st in Men in the 2023 Xuwei Marathon</p> <p>1st in Men of China in the 2023 Changxing Marathon</p>

## MANAGEMENT DISCUSSION AND ANALYSIS

Name of spokespersons	Sports	Key achievements in recent years
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 3rd in Men in the 2025 Xi'an Marathon 1st in Men in the 2025 Baoji Marathon 2nd in Men of China in the 2025 Nanjing Marathon
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 1st in Women of China in the 2025 Shenyang Marathon 2nd in Women of China in the 2025 Taiyuan Marathon 3rd in Women of China in the 2025 Yellow River Estuary (Dongying) Marathon 1st in Women in the 2025 Tangshan Marathon 3rd in Women in the 2025 Yichang Marathon 2nd in Women in the 2025 Chuzhou Marathon 3rd in Women of 2025 Changzhou Elite Tournament 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
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

## MANAGEMENT DISCUSSION AND ANALYSIS

Name of spokespersons	Sports	Key achievements in recent years
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
JIANG Wenwen 蔣文文 and JIANG Tingting 蔣婷婷	Artistic swimming	World artistic swimming champions
SUN Yang 孫楊	Swimming	Champion in the Men's 4 × 100 metre freestyle relay at the 15th National Games of the People's Republic of China Runner up in the Men's 4 × 200 metre freestyle relay at the 15th National Games of the People's Republic of China Champion in the Men's 4 × 200 metre freestyle relay at the 2025 National Swimming Championships 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 Game 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

## MANAGEMENT DISCUSSION AND ANALYSIS

Name of spokespersons	Sports	Key achievements in recent years
ZHANG Doudou 張豆豆	Gymnastics	6th in Group All-Around at the 2013 Rhythmic Gymnastics World Championships
LIN Guibu 林貴埔	Badminton	Champion in the Men's Singles at the 2019 National Badminton Championships Champion in the Men's Singles at the 2014 BWF World Junior Championships
GAO Qunxiang 高群翔	Skateboarding	2nd runner up in Skateboarding Men's Street of the 15th National Games of the People's Republic of China 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
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
Maria LEGELLI	Running	Athlete in the Munich Athletics Team
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
Solomon Kirwa YEGO	Running	Runner up in Men's Professional Division at the 2025 Shanghai 10km Elite Tournament 2nd runner up in Men in the 2024 Shanghai Marathon
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 year under review, 361° Kids business recorded a revenue of RMB2,582.5 million, accounting for approximately 23.2% of the Group's total revenue, and representing a year-on-year increase of 10.4%.

361° Kids inherits the professional athletic DNA of our primary 361° brand with its own brand statement of "CHASING YOUR LOVE!" (熱愛吧, 少年!), positioning itself as the "Youth Sports Expert" (青少年運動專家). With a product line covering professional and lifestyle segments such as running, basketball, football, rope skipping, badminton, outdoor activities and campus life, 361° Kids is committed to meeting the diversified needs for sporting goods for children and teenagers. As a first mover in the domestic kids' sportswear market, 361° Kids has maintained its leading market position through continuous in-depth cultivation and product innovation and developed into one of the important drivers for the Group's steady growth.

As parents increasingly prioritise enhancing their children's health through sports activities, coupled with the ongoing promotion of sports and exercises as a matter of national education policy, the kids' sporting goods market is welcoming broader prospects for growth. In response, 361° Kids has further broadened its product portfolio, accurately targeting the scenarios of assessed sports activities in schools as well as sports in daily life. On top of specialised areas such as running, basketball, football and rope skipping where it has already made significant inroads, 361° Kids have officially commenced the development of and launched badminton and outdoor product series, with a view to meeting the diversified demands for sports products in the children and teenagers segment by offering a more comprehensive sporting gear matrix. With a strong focus on the development of product matrices, the Group has launched functional products that could meet different athletic requirements. For example, the children's sun-protection apparel series has been upgraded to include three levels: basic, professional, and advanced, underpinned by improvements in both functionality and design. Leveraging in-depth insights into the teenage sports market, the Group has broadened the product line of 361° Kids to cover the 16-year-old age group and launched products that are better aligned with teenagers' athletic characteristics and aesthetic preferences, while expanding the size range of products to larger sizes to accommodate the needs of a wider range of young consumers. In terms of the application of technologies, 361° Kids has been engaged in the ongoing development of a proprietary product technology regime catered to children and teenagers, with the aim of empowering performance upgrade of professional sports products. Our product strengths have been enhanced by the introduction of innovative technologies, such as the SWIFT REBOUND technology (迅彈科技) and technologies for protection of the metatarsal bone (蹠趾保護科技). Meanwhile, 361° Kids frequently introduces popular products to enhance its brand influence and market recognition. With the support of 361° global brand ambassador Nikola JOKIĆ, the Group has launched the "Drift" (漂移) series of basketball shoes, a gear developed to facilitate breakthroughs in training and tournaments. 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. The "Flash Gazelle" (閃羚) and the "Flash Leap" (閃躍) speed rope skipping shoes (the latter of which are used by the national team) jointly developed by the Group and professional rope skipping institutions help improve skipping performance. Meanwhile, the Group has launched "Mountain Travel" (山行) designed for complex outdoor terrain and lightweight outdoor shoes "Conqueror" (征途) to meet children's needs for multi-scenario outdoor activities.

Through continuous refinement of the product matrix and deepening of technological functions, 361° Kids is committed to providing professional, systematic and safe sports equipment support for children and teenagers, consolidating its position as a professional leader in the children's sportswear field.

## MANAGEMENT DISCUSSION AND ANALYSIS



As at 31 December 2025, the Group had a total of 2,364 points-of-sale (POSS) in the Chinese mainland offering 361° Kids products, among which, 374 POSS were located within 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 was 124 m<sup>2</sup>, representing a net increase of 12 m<sup>2</sup> as compared to the end of 2024. Geographically, approximately 67.5% of the POSS were in third-tier or lower-tier cities in China, while 7.1% and 25.4% of the POSS were located in first-tier and second-tier cities in China, respectively. Since 2025, the channel image of 361° Kids has continued to be refreshed with ongoing optimisation of the channel mix, laying a solid foundation for sound business development in the future. The Group actively adapted to changes in consumption trends and adjusted its retail layouts and product displays accordingly. An array of more diverse new retail formats will be introduced in the future. As of 31 December 2025, the number of Super Premium Store (超品店) and fifth-generation store of 361° Kids increased to 387, representing 16.4% of the total number of 361° Kids POSS.

## MANAGEMENT DISCUSSION AND ANALYSIS

The number of authorised 361° Kids POSs (including those operated within the 361° core brand authorised retail stores) by region is set out as follows:

	As of 31 December 2025		As of 31 December 2024	
	Number of 361° Kids authorised POSs	As % of total number of 361° Kids authorised POSs	Number of 361° Kids authorised POSs	As % of total number of 361° Kids authorised POSs
Eastern region <sup>(1)</sup>	474	20.0	503	19.7
Southern region <sup>(2)</sup>	323	13.7	358	14.1
Western region <sup>(3)</sup>	485	20.5	533	20.9
Northern region <sup>(4)</sup>	1,082	45.8	1,154	45.3
<b>Total</b>	<b>2,364</b>	<b>100.0</b>	<b>2,548</b>	<b>100.0</b>

Notes:

- (1) Eastern regions include Jiangsu, Zhejiang, Hubei, Anhui, Hunan, Shanghai and Jiangxi.
- (2) Southern regions include Guangdong, Fujian, Guangxi and Hainan.
- (3) Western regions include Sichuan, Yunnan, Guizhou, Shaanxi, Xinjiang, Gansu, Chongqing, Qinghai, Ningxia and Tibet.
- (4) Northern regions include 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 year under review, 361° Kids brand successfully hosted four trade fairs in total, which were the 2025 Winter Trade Fair, 2026 Spring Trade Fair, 2026 Summer Trade Fair and 2026 Fall Trade Fair. Orders placed across these four trade fairs achieved solid growth, primarily driven by continuous increase of order volumes.



## MANAGEMENT DISCUSSION AND ANALYSIS

In terms of connecting brand resources with end customers, 361° Kids as the official partner of China National Rope Skipping Team and a partner of Beijing Guoan Junior Training (北京國安少訓), has continuously integrated professional sports resources to empower brand development. The brand appointed LV Xiaoming (呂曉明), a renowned former basketball player, as the head coach for 361° Youth Basketball. The brand has also invited DU Tingting (杜婷婷), China's first World women's rope skipping master and Asian rope skipping master, to be the Rope Skipping Product Recommender of both 361° and 361° Kids, and appointed leading rope skipping influencer AN Xiaoyu (安小雨) as Chief Product Recommender of 361° Kids, which strengthened professional endorsement of products. Meanwhile, the Group has connected with more children and teenagers who are passionate about sports through a diverse range of brand activities, which drove the transformation of professional resources into momentum for retail growth. During the year under review, 361° Kids organised the "4th National Rope Skipping Competition" (第四屆全國跳繩大賽) at which renowned domestic and international rope skipping influencers and members of the Chinese National Rope Skipping Team gathered to showcase their skills and compete, thereby broadening the event's reach and enhancing the brand's influence. In 2025, wearing a full set of professional rope skipping equipment provided by 361° Kids, the China National Rope Skipping Team delivered an outstanding performance at the World Championships. They won 70 gold medals, 40 silver medals and 27 bronze medals, totaling 137 medals, and broke the world record 15 times, topping both the gold medal tally and overall medal tally at the event and fully demonstrating the professional capability of the products in top-tier competitions.

Meanwhile, 361° Kids launched the "Light Up-Junior Basketball Game" (觸地即燃•少年賽) as a standalone event segment, with the distributors in various regions actively replicated and implemented the competition model and leveraging social media for extensive promotion of both the event and its products, effectively strengthened interaction and stickiness between the brand and consumers.



361° Kids partnered with the top-tier Chinese Super League Club Beijing Guoan F.C. (北京國安足球俱樂部) to host the "3V3 Youth Football Championship" (青少年3V3足球冠軍聯賽), a benchmark youth football event in China, which was successively rolled out in key operational cities, further expanding the brand's influence in the youth football sector. As the earliest sports brands to venture into the youth football sector in China, 361° Kids has continued to support the development of youth football training in China, providing support for young athletes through professional events and product systems.

## MANAGEMENT DISCUSSION AND ANALYSIS



### **361° International Business**

During the year under review, the Group had a total of 1,253 POSs in overseas markets, with business covering regions such as the Americas, Europe, and the “Belt and Road Initiative” regions. In 2025, 361° international retail sales (in term of the sales value) marked a year-on-year increase of approximately 125.4%, clearly reflecting the effectiveness of the international strategy and brand-building initiatives.

Since 2015, the Group has consistently pursued a proactive approach to strategically position itself in international markets and steadily enhance brand recognition worldwide. The Group has actively expanded its overseas business by leveraging cross-border e-commerce platforms. In the Southeast Asian market for example, through collaborating with well-known platforms, we developed targeted operational strategies and tailored marketing approaches to suit consumer preferences across different countries, so as to successfully penetrate local markets, enhancing the brand’s visibility and influence within overseas e-commerce channels. In January 2025, 361° opened its first directly operated overseas store in Kuala Lumpur, Malaysia and operations have been sound, marking a significant step forward for the brand expansion in the Southeast Asian market. Looking to the future, the Group will continue to steadily push forward its internationalisation process by proactively strengthening its market foundation in the Americas, Europe, and the “Belt and Road Initiative” regions, while tapping into new markets with high growth potential to further enhance 361°’s global brand influence.

The products under 361° International business have gained recognition in global markets for their outstanding performance, with quality standards comparable to internationally renowned brands. During the year under review, the professional capabilities of our international product line continued to build market reputation, providing solid support for the brand’s global expansion.

# MANAGEMENT DISCUSSION AND ANALYSIS

## E-COMMERCE BUSINESS

During the year under review, the Group's revenue from the e-commerce business amounted to RMB3,286.1 million and accounted for 29.5% of the Group's total revenue, representing a year-on-year increase of 25.9%.

Our e-commerce business carries the dual mission of sales and brand reshaping, serving as both an important product distribution channel and a key platform for conveying brand identity. In recent years, 361° e-commerce business has maintained robust growth momentum. Through strategies such as online-exclusive products and online-offline synergetic development, it has achieved outstanding retail performance, becoming a key growth engine for the Group. The Group places high importance on leveraging e-commerce channels to respond agilely to consumer trends and precisely match user needs, committed to providing consumers with products that combine "appealing aesthetics, advanced technology, and exceptional value". In August 2025, 361° announced business cooperation with Meituan Flash Buy (美團閃購) and Meituan Group Buy (美團團購). Over 1,000 stores nationwide officially launched on the Meituan platform in August 2025, marking a significant step for the brand in the instant retail sector. This collaboration leverages digital channel innovation to create more convenient and efficient shopping experiences for consumers while opening new growth pathways for the brand and driving the upgrade of sports consumption models. In November 2025, 361° fully launched its Taobao Flash Sale (淘寶閃購). Following systematic preparations, over 1,000 stores simultaneously joined the platform, with initial operations first launched in Chongqing. Subsequent expansion will gradually extend to major cities such as Beijing, Shanghai, and Guangzhou, further broadening the digital retail coverage network.

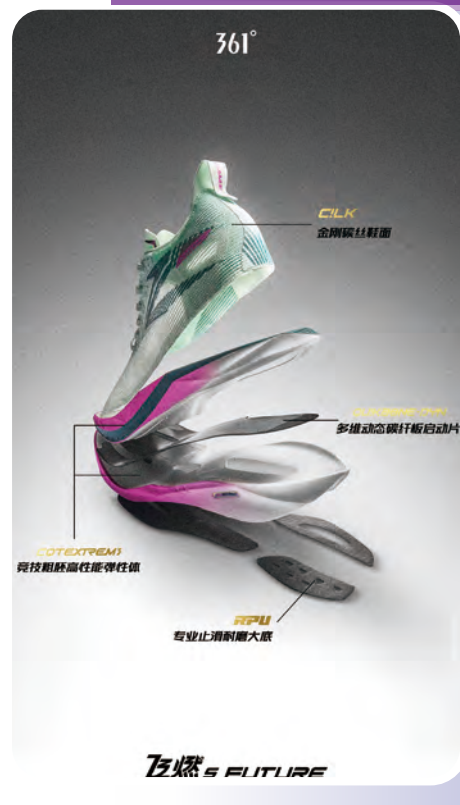
Operating primarily under a direct-to-consumer model, the e-commerce business serves as a vital platform for deep interaction between brands, products, and consumers. This approach simultaneously drives the development of online retail channels and strengthens the online brand image. This model facilitates in-depth insights into consumer needs and enables rapid responses, conveying brand value through compelling product narratives. Meanwhile, the Group maintains a differentiated product strategy across online and offline channels, fully leveraging the unique advantages of online-exclusive offerings to deliver a differentiated shopping experience for consumers.

In addition, the Group has continued to enhance product design and quality, increasing investments in technology, materials, and design to continually expand its product portfolio, aiming to meet diverse consumer demands while driving complementary and synergistic growth across online and offline channels. Our e-commerce business prioritises core profit channels and operational capability development. By integrating high-quality platforms and resources both on-site and off-site, it enhances target group penetration and strengthens original content capabilities. Furthermore, it leverages expanded brand influence, enhanced follower engagement, and vertical community marketing to improve marketing effectiveness across multiple dimensions.

The Group conducts its business primarily through renowned e-commerce platforms in China, including Tmall, Taobao, JD.com, VIP.com, Meituan Flash Buy and Taobao Flash Sale. At the same time, it actively expands into various emerging e-commerce channels and effectively utilises offsite traffic attraction tools to achieve efficient promotion of its brands and products.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, 361° launched co-branded products with IPs such as DuckYo (小劉鴨), Peppa Pig (小豬佩奇), and SpongeBob (海綿寶寶) through innovative collaborations with cross-sector IPs, which were well received among consumers, especially the younger generation. In addition, the Group actively capitalised on key e-commerce marketing events, concentrating promotions on core premium products during major promotion periods to effectively drive online retail growth. During the first wave of pre-sales and advance purchases for the “618” Shopping Festival in 2025, 361° launched various professional products in the running and basketball categories, including basketball shoes such as “JOKER1 GT”, “Biospeed BB” (飈速 BB), and “BIG3 6.0PRO”, and running shoes such as the “Furious FUTURE 2” (飛飈 FUTURE 2), “Flying Flame” (飛燃), and “Biospeed CQT” (飈速) series, effectively reaching target consumer groups through multi-channel integrated communication and in-depth content. Our products have consistently focused on empowering product innovation and upgrades through technology, with the renovated and upgraded “SPIRE FLOAT 2” (速湃 FLOAT2) and “SPIRE CQT 2” (速湃 CQT2) delivering excellent performance and superior cushioning for running enthusiasts. In September 2025, the Group capitalised on major e-commerce platform promotions, including the Tmall Super Brand Day (天貓超級品牌日) and the JD Promoting 24 Hours (京東燃動24小時) to debut core items in the running and basketball categories, such as “ZEN VII” (禪7) and “Flying Flame 4.5” (飛燃4.5). During major e-commerce festivals such as “November 11th” and “December 12th”, 361° achieved solid growth in retail sales for its e-commerce products due to its outstanding brand strength and exceptional product performance. In particular, professional sports categories such as running and basketball demonstrated strong performance. Facing a complex and volatile market environment, our e-commerce business will continue to exhibit robust growth resilience and competitive market strength.



# MANAGEMENT DISCUSSION AND ANALYSIS

## PRODUCTION

During the year under review, the Group maintained its production policy that emphasised a balanced approach between inhouse production and outsourcing to original equipment manufacturers (“OEMs”) in terms of cost optimisation, production efficiency and protection of intellectual property rights. For footwear products, the Group manufactured approximately 35.6% of its footwear products at its two self-owned factories at Jiangtou and Wuli in Jinjiang City of Fujian Province in the PRC, while the remaining is outsourced to a number of high-quality OEMs. The Jiangtou factory houses 13 production lines with an annual production capacity of approximately 11 million pairs of footwear products. The Wuli Industrial Complex houses 11 production lines with an annual production capacity of approximately 11 million pairs of footwear products. For apparel products, the Group’s Wuli Industrial Complex is capable of manufacturing approximately 18.5% of the Group’s production requirements, while the remaining is outsourced to several high-quality OEMs.

The Group is committed to upgrading its supply chain system through sustained efforts to enhance its market-responsive capabilities and exercise effective control over production costs, thereby supporting overall business development. In addition, the Group actively encourages its core suppliers to expand their production capacities and optimise layout, driving overall upgrading of the supply chain. Such efforts have not only effectively supported the growth of the supply chain partners, but have also effectively addressed challenges arising from issues such as energy supply, labour recruitment, raw material costs and unforeseen events, thus enabling them to provide better and more stable production services to the Group. The long-term synergy between the Group and its supply chain partners has enabled the establishment of stable, mutually beneficial strategic partnerships.

## R&D

During the year under review, the Group’s expenditure on R&D accounted for 3.4% of the Group’s total revenue, representing a year-on-year increase of 10.8%. In line with its focus on professional sports, the Group continued to increase investment in professional sports such as running and basketball, in an effort to drive the systematic upgrade of its products functionality and technical services system.

The Group’s research and innovation centre in Wuli Industrial Complex in Jinjiang City of Fujian Province possesses advanced R&D capabilities and research facilities capable of supporting experiments and development across multiple types including intelligent sports equipment, structural sports equipment, functional sports equipment and innovative materials R&D. The Group has been recognised with various national-level qualification certifications 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 qualifications and platforms reflect the Group’s profound accumulation in sports technology R&D, human factors engineering applications and intellectual property system development, laying a solid foundation for continuous product innovation and professional performance enhancement.



## MANAGEMENT DISCUSSION AND ANALYSIS

361° always leverages technology innovation as the primary driver of the Company's continuous growth, striving for ultra-professionalism and exceptional value in its products. Underpinned by innovations in materials technology, product matrix expansion and sports science, the Company continues to introduce new products designed to deliver outstanding performance.

In January 2025, the "SPIRE" (速湃) product line introduced new models of cushioning running shoes, the 361°s "SPIRE FLOAT 2" (速湃 FLOAT2), and the "SPIRE CQT 2" (速湃 CQT2). Concurrently, the "Biospeed CQT" (飈速) was upgraded, with the full launch of "Biospeed 4 PRO" (飈速4PRO), "Biospeed 3.5 PRO" (飈速3.5PRO), and "Biospeed TEAM 2.0" (飈速TEAM2.0). 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, help runners tackle challenges of complex terrain. The iterated "Fierce 5" (赤焰5) featured enhanced sports functionality, making it more suitable for beginners' longer-distance slow runs and daily walks of commuters. The "Cyclone ET" (疾風 ET) speed training shoes launched in March 2025 features an outsole supported by advanced EXTREME LITE super-critical midsole technology, providing lightweight, comfort and soft elasticity. The nylon plate, which enhances running efficiency is beneficial in physical examinations and fitness tests, while the internal framework selectively reinforces foot wrapping and stability. Furthermore, a new lightweight mixed-material is used to enhance cooling and breathability. Newly launched in April 2025, the "Furious FUTURE 2" (飛飈 FUTURE2) professional racing running shoes feature comprehensive technological upgrades to better meet runners' needs for acceleration. "K-Stride 1.0" (千行1.0), the carbon-injected training running shoes have officially been released nationwide, offering high quality at an accessible price for mass runners. The "Cyclone Q-Bounce Super 6th Generation" (疾風 Q彈超6代), high-mileage training shoes, was launched with new features. Launched in May 2025, the "Running Heroic Trio" (漫跑三劍客), namely "Fierce MAX" (赤焰 MAX), "Boom Foam 5" (爆沫5), and "Half-Time Run 2" (半時跑2), prioritised stability, cushioning and lightweight elasticity, respectively, offering diverse options for running enthusiasts. In June 2025, the Titan family of running shoes was expanded, with "Titan III MAX" (泰坦 III MAX), "Titan III CQT" (泰坦 III CQT), and "Titan III LITE" (泰坦 III LITE) designed for top-tier stability and support, stability and cushioning, and lightweight stability, respectively. "Flying Flame 4.5" (飛燃4.5), the professional marathon racing shoes launched in August 2025, feature midsole materials with enhanced anti-tearing performance. A zonal design is adopted for the forefoot area using dynamic carbon plates to optimise a natural feel of running. During the same period, "Flying Dagger-axe 1.0 SE" (飛戈1.0SE), the racing shoes for teenagers designed to accommodate teenage foot development, was launched as part of the kids category. "Rain-block G-9" (雨屏9代), an upgraded new running shoe product launched in September 2025, features the DWS dynamic water repellent system which offers more lasting water resistance with breathability to handle rainy conditions. During the same period, the "Soft Bounce G-II" (軟彈柱 II 代) running shoes under 361° Kids was launched, featuring SWIFT REBOUND technology (迅彈科技) 5.0 which facilitates a bounce rate of over 55%. In December 2025, brand new models from the family of racing shoes, "Flying Flame 5" (飛燃5) and "Flying Flame 5 FUTURE" (飛燃5 FUTURE), were launched. "Flying Flame 5" features upgrades in thickness of materials and the midsole silhouette that enhance foot comfort and rebound, providing a steady choice for advanced runners in daily training and races. "Flying Flame 5 FUTURE" is targeted at elite runners and advanced runners, as its top-rate crafting techniques and materials for the midsole offer enhanced performance in lightness, elasticity and stamina. Meanwhile, the third generation of the "SPIRE" family came with comprehensive upgrades as "SPIRE FLOAT 3" (速湃 FLOAT3) offers greater cushioning protection and faster rebound with the brand new CQT QUICK midsole technology. "SPIRE CQT 3" (速湃 CQT3) adopts a surrounding TPU structure to provide reliable protection in slow running and training on diverse surfaces. The high-performance dual-density cushioning cross-country shoes "Peak Pierce 1st Generation" (凌刺1代) was officially launched, featuring a full-length Michelin rubber outsole, rocker toe-tip and dual-density midsole technology to provide excellent grip and foot protection in hill running.

## MANAGEMENT DISCUSSION AND ANALYSIS

In the basketball category, the Group continued to drive professional performance upgrades through technological innovation and co-branded products with players, strengthening its product matrix and professional image in the basketball sector. Spencer DINWIDDIE's third-generation signature shoes "DVD3" were officially launched in January 2025. Inspired by the performance of sports cars and integrated with CQT carbon-critical technology (CQT 碳臨界科技), the model boasts 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 super-critical foam midsole, combined with a QUIKDONE carbon plate and a RPU outsole to enhance cushioning, stability and grip performance. Elements of horse racing and Chelsea boot are integrated into the upper design, to achieve a balance of style and functionality. In March 2025, the brand new "BIG3 6.0" was launched and quickly received the market recognition with its stable performance and innovative design. Launched in April 2025, "ZEN VII" (禪7), part of the Aaron GORDON's ZEN series, upgraded to a full-length super-critical midsole for the first time and optimised underfoot comfort in couple with the SOAR SYSTEM concept. The upper features a large area of microfibre combined with a mesh woven structure, enhancing support and breathability. In June 2025, "Rampage 2" (狂飆2) was specially launched for agile guards. Its new wear-resistant rubber formula offers an extremely light foot feel and exceptional court responsiveness. In August 2025, Spencer DINWIDDIE's fourth-generation signature shoes "DVD4" were unveiled in Shanghai during the DINWIDDIE's China tour. "DVD4" features a full-length CQTQU!K midsole, an abrasion-proof rubber material named DIAMONDGRIP, and an ergonomically designed DRIVE AREA design. "Rampage 2 PRO" (狂飆2 PRO) was also upgraded with a sole resembling a "racing car intake grille". The insole and midsole are both made from the coarse embryo process to enable faster rebound. Meanwhile, "AG6", the Aaron GORDON sixth-generation signature basketball shoes launched in November 2025, uses the SOARING-AREA jump zone and a specially adjusted C-FLOW midsole to enhance stability and rebound performance. "JOKER2", given a global debut at Ball Arena in Denver, U.S.A. in December 2025, is equipped with the carboncritical midsole technology and a technological framework for light bounce at the forefoot to meet the actual requirements of a variety of consumers. Elsewhere, "Biospeed BB 2.0" (飈速 BB2.0), has inherited the core philosophy of the "Biospeed" (飈速) series, while the adoption of full-length CQT QU!K super-critical technology (全掌CQTQU!K超臨界科技) and the running-type design provides stronger rocker motion and support in actual play. By continuously launching basketball products that combine technological content with on-court performance, the Group has further consolidated its innovation capability and market influence in the professional basketball equipment field.



## MANAGEMENT DISCUSSION AND ANALYSIS

In the badminton category, 361° launched its first professional badminton shoes, “Winning PRO” (制勝 PRO), in April 2025. The model adopts dual-layer midsole structure comprising super-critical foamed materials for the upper layer and EVA materials for the lower layer, achieving a balance of cushioning, rebound, stability, and support, and a mixed-material engineered upper that generally enhances wrapping and fit, aiding athletic performance.

For women’s training products, 361° launched the “New Skin 5.0” (新肌5.0) series in April 2025. The series covers sports bras and leggings. In particular, the “New Skin BRA 5.0” (新肌 BRA5.0) features elastic dual shoulder straps design to distribute pressure, while its two-piece combination design enables use for both training and daily wear. The “New Skin Legging 5.0” (新肌褲5.0) incorporates sun-protection and body-shaping technologies. During the same period, 361° launched its women’s sports “Sweet Classic” (甜典) tennis series, which includes classic POLO tennis vests, pleated skirts, dresses and athletic sets. The series focuses on heat dissipation and multi-scenario styling with a fine integration of fashion design and functional technology that satisfies consumers’ pursuit for high quality in tennis gear. In July 2025, the “New Movement” (新動) series greeted the market with new products such as “New Movement BRA” (新動 BRA) and “New Movement Pants” (新動褲). In September 2025, the Group launched the brand new “New Skin PRO” (新肌 PRO) series which includes products such as “New Skin BRA PRO” (新肌 BRA PRO) and “New Skin Legging PRO” (新肌褲 PRO). The “New Skin BRA PRO” (新肌 BRA PRO) sports vest features a built-in bra design and heat-tech materials to offer warmth as well as support. The “New Skin Legging PRO” is made with nylon 66 double-sided fabric that gives a naked feel. The belly-shaping high-waist design allows freedom in stretches and movements. In October 2025, 361° launched the “New Skin SE” (新肌 SE) series, which covers daily sportswear items including pullover hoodie, zip-up hoodie, pullover sweatshirt and knitwear pants. In November 2025, 361°’s brand new “Mini Eggshell 1.0 Series” (小蛋殼 1.0 系列) for women down jackets was launched, achieving a balance of lightweight comfort and warmth performance with ultra-light down weighing just 105g.



## MANAGEMENT DISCUSSION AND ANALYSIS

In connection with rope skipping products, 361° Kids introduced a rope skipping shoes matrix in July 2025, including “Flash Leap 1.0 PRO” (閃躍 1.0 PRO), “Spry Hop 1.0” (靈躍 1.0), and “Leaping Antelope 4.0” (閃羚 4.0). Targeting the core demand of stable landing support, 361° Kids carried out dedicated R&D to meet the performance requirements of professional rope skipping equipment for target users. “Flash Leap 1.0 PRO” features a FLASH dual-density midsole system, the first of its kind created by 361° Kids which improves softness and elasticity. The upper is enhanced by PP film which affords close compactness in motion to enable sturdy support at landing. The triangular breathability support design enhances fresh airflow during summertime, while an advanced version insole offers enhanced cushioning. “Spry Hop 1.0” is equipped with a translucent EVA wide and thick midsole that enhances load-bearing support and elastic feedback and adopts a full-mesh breathable upper to accelerate sweat dissipation and keep feet dry. “Leaping Antelope 4.0” (閃羚 4.0) features the SWIFT REBOUND technology (迅彈科技) that provides ultra-strong elasticity, while the wavy design of the forefoot allows easy folding for a cushioned and agile landing. The large-area abrasion-proof and anti-slip sole coupled with metatarsal protection technology provides an energy recycling rate of  $\geq 60\%$ . With the employment of RUDOLF antibacterial technology, the product boasts an antibacterial rate of  $\geq 95\%$ , ensuring athletic comfort and hygiene. This product series, through targeted technological configurations, comprehensively addresses functional demands in rope skipping, such as stability, rebound, breathability, and protection, providing professional equipment support for youth rope skipping training.

Furthermore, with the continuous expansion of the market scale for sports shoes and apparel, the speedy rise of the camping economy and increasing consumer demand for products relating to outdoor activities, the Group has also continued to increase its R&D effort and investment in outdoor performance products. In terms of products, the “Energy Release” (釋能) cycling series launched by 361° in May 2025 includes crewneck short-sleeve T-shirts, running shorts, track pants, among others. The series comprises three major types of products: professional, training, and daily wear, designed to meet the diverse athletic needs. During the same period, 361° launched the “Mini Ice-Skin 2.0” (小冰皮 2.0) series, which offer A-line and H-line styles and accommodates various body shapes. With the incorporation of three major technologies including the light shield technology with a heat-blocking rate of  $\geq 30\%$ , the sun protection technology which offers a UPF of 100+, and the ice cooling technology which provides continuous cooling sensation, this series comes well-suited for multiple scenarios such as daily commuting, training, and outdoor cycling. Designs such as cuff finger-hole and the widened brim combined with a sun-shading mask enhance outdoor protection performance. In July 2025, the Group launched a lightweight outdoor windbreaker equipped with rain shield technology, as well as the “Hiking” (行山) outdoor shoes featuring a main sole made with QUIKFOAM LITE technology to enhance stability and protection for the foot arch. During the same period, 361° launched a new product in the “Energy Release” cycling wear series, featuring a fabric made with wind penetration technology that allows quick drying and heat dissipation in sprinting. The product is especially suitable for long-distance cycling. Meanwhile, the brand new outdoor shoes “Mountain Travel 1.0” (山行 1.0) for children was launched. Its enhanced abrasion-proof properties and anti-slip grip allow more flexible adaptation to outdoor terrain. The “Lightweight Adventure Windproof Jacket” (輕野禦屏衝鋒衣) launched in August 2025 was equipped with Rain-block Technology EX 2.0, boasting a waterproof index of  $\geq 3,000\text{mm H}_2\text{O}$ . It applies seamless design to improve thermal insulation and protection, which is ideal for complete outdoor conditions. In October 2025, 361° launched the “Wing Shield Coat” (翼屏風衣), a functional and fashionable outfit featuring rain shield 3.0 technology with a waterproof index of  $2,000\text{mm H}_2\text{O}$ , which should enable the wearer to embrace moderate rain showers with ease. The “URBAN Jacket” (URBAN衝鋒衣) in the “Lightweight Adventure Series” (輕野系列) launched in the same month features PU processing and a waterproof zipper coupled with “Three-state Film” (三態膜) fabric, enhancing windproof and cold-resistant performance. The “Windproof Shoes” (溯風鞋) grandly launched in November 2025 feature an inside lining equipped with superposition technology and boast the first-ever application of snow tire technology on the main sole, improving thermal insulation and anti-slip grip performance on complex terrains. By consistently launching technology-driven, scenario-specific outdoor products, the Group is actively expanding its presence in the rapidly growing outdoor sports market, further broadening the brand’s product boundaries in the professional sports domain.

As of 31 December 2025, the Group had obtained a total of 1,101 patents with a total of 843 technicians engaged in R&D, comprising 413 footwear research staff, 317 apparel research staff and 113 children and accessories R&D staff. As the Group continues to advance its product upgrading programmes, deepening the integration of functionality and design, and remains committed to creating more distinctive and precisely tailored innovative products that meet consumer needs, it is anticipated that future R&D expenditures will remain at a relatively high level.

# MANAGEMENT DISCUSSION AND ANALYSIS

## AWARDS

The following table sets out key awards won by the Group during the year under review.

January 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
	New Fortune “Most Promising Consumer Sector Hong Kong Listed Companies”
February 2025	Excellence Award at the 53rd (2026 Spring/Summer) Chinese Popular Fabrics
March 2025	2024 China Intelligent Manufacturing Best Practice Award
	“BIO BB” won Gold Award at the 2025 MUSE Design Awards
	“FLAME4” 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
April 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 Sports Design Award
June 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)
	“FLAME4” won Gold Award at the 2025 London Design Awards
	“BIO BB” won Silver Award at the 2025 London Design Awards
	Tianma Award (天馬獎) for the 16th Investor Relations Management for Hong Kong-listed Companies
	The “Best IR Company”, the “Best IR Team”, and the “Best IRO” in the small-cap category at the 11th Hong Kong Investor Relations Association Award
July 2025	2024 Top 100 Technology Enterprises in China’s Light Industry
	2024 Top 200 Enterprises in China’s Light Industry
	“Intelligent Scheduling for Smart Production Planning in Footwear and Apparel 5G Supply Chain Visualisation Scenarios – A Typical Application Scenario of Artificial Intelligence” (鞋服 5G 供應鏈可視化場景智能排產調度—人工智能典型應用場景) won the First Prize of Fujian Provincial Enterprise Management Modernisation Innovation Achievements 2025

## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out key awards won by the Group during the year under review.

August 2025	Excellence Award at the 54th (2026/27 Autumn/Winter) Chinese Popular Fabrics
	New Fortune Award for Best Investor Relations (Hong Kong Listed Companies)
September 2025	"361 Degrees 5G+ Smart Factory" has been included in the National 5G Factory Directory
	2025 China Light Industry Digital Transformation "Pioneer" Case
	The second prize of the China National Textile and Apparel Council's Science and Technology Progress Award 2025
	Top Ten Enterprises in China's Light Industry Footwear Manufacturing Sector
	Gold Seal for the Pilot Programme on Sustainability-related Financial Information Disclosure
October 2025	"Excellence Award" of 2025 China Fashion Fabric Design Competition
	Top Ten Textile Innovation Products – "Continuous Innovation Unit"
	"Feiyan Technology" (飛燕科技) speed running shoes won the 2025 Top Ten Textile Innovation Products Award
	361° Kids Fifth-Generation Space Concept Store won Gold Award at the MUSE Design Awards
November 2025	Chairman Unit of the National Textile and Apparel Industry Digital Economy Industry-Education Integration Consortium (Elected as the Chairman of the First Session)
December 2025	"CQT Carbon Critical Technology Process" (CQT 碳臨界科技工藝) was accoladed the award of the "Annual ESG Innovation Practice Case" at the ESG Sustainable Innovation Ecosystem Conference
	"FUTURA3" won Silver Award at the 2025 London Design Awards
	"Emerging Growth Brand of the Year" and "Sports and Outdoor Products of the Year" at the 2025 TBI Top Brand Innovation Awards
	Sustainable Brand Models "Responsible Product Award"
	The 8th China HR Sirius Awards - Best Employer Brand for Globalised Enterprises
	"2025 Best Investor Relations Management Award" for the inaugural "ESG and Corporate Value Growth" Summit
January 2026	2025 Annual Sports Marketing Case of SPORTS MONEY – 361° Brand spokespersons China Tour Event
	The 9th China IR Annual Awards (第九屆中國卓越IR) "Outstanding Value Creation Award", "Outstanding Leadership Award", and "Outstanding IR Director Award"

# MANAGEMENT DISCUSSION AND ANALYSIS

## SUSTAINABLE DEVELOPMENT

361° makes continuous effort in sustainable development with consistent endeavors to deepen practices and innovations in the ESG. The Group firmly believes that, through unremitting efforts, it will not only create greater corporate values, but will also contribute to the sustainable development of society, working hand-in-hand with all sectors to create a better future. In early 2025, the Group published its 2024 ESG Report which systematically highlights a series of accomplishments across core ESG issues.

In connection with environmental protection, 361° reduces its ecological footprint through technological innovation, as well as the extensive adoption of eco-friendly materials in product development. The “Furious FUTURE 2” (飛颯 FUTURE2) running shoes represent a perfect integration of high breathability and sustainable development that utilises 50% carbon fibre materials and 30% eco-friendly yarn. The “Flying Flame 4” (飛燃4) professional marathon racing shoes offer offline an exclusive colour option MIRO, which is inspired by the “Merops Philippinus Reserve” (栗喉蜂虎鳥保護區), a habitat adjacent to the 361° headquarters. The product adopts a carbon dioxide recycling process for its midsole, while the large area of green tone on the shoe body echoes the theme of environmental protection, conveying a commitment to preserving nature and protecting animals. 361°’s brand new upgraded “Flying Flame 4.5” (飛燃4.5) running shoes is made with a fixed proportion of recycled yarn, while the basketball youth hooded sweatshirt uses selected eco-friendly yarn, highlighting the Group’s vigorous practice of sports technology and sustainable development. The “Rain-block” (雨屏) technology utilises several fluorine-free water repellents, which do not contain fluorinated compounds such as PFOS, PFOA, etc.. It has minimal environmental impact during production, use, and disposal, and does not damage the ozone layer. In November 2025, 361° collaborated with Evonik to showcase at the China International Import Expo (CIIE) and jointly held the “Global Pre-launch Ceremony for the Second-Generation Mass Balance Low-Carbon Environmental Running Shoe: 361° “Flying Flame 5.0” (飛燃5.0). The products are made with Evonik’s VESTAMID® eCOE40 nylon 12 elastomer foam material (贏創 VESTAMID® eCOE40 尼龍12 彈性體發泡材料) by adopting an innovative “Mass Balance Methodology” (質量平衡法) technology through integrating recycled raw materials such as waste tires and green production processes like biogas power generation to achieve 70% reduction in carbon emissions. From product design and raw materials procurement through every procedure of the production process, 361° rigorously implements environmental principles at every stage, endeavoring to minimise the negative impact of production on the environment at source. We actively address the industry challenge of balancing high performance with sustainability, providing the sports industry with a viable path for green development that delivers both practical value and environmental significance.

## MANAGEMENT DISCUSSION AND ANALYSIS



In connection with social responsibility, 361° has built a diverse responsibility system and continuously refined the green procurement evaluation mechanism to ensure steady improvement in product quality. Following a magnitude 6.8 earthquake in Dingri County, Shigatse City, Tibet on 7 January 2025, 361° Group responded promptly and donated RMB8.0 million worth of cold-weather supplies for delivery to the earthquake-stricken area to support the community in their rebuilding efforts with concrete actions. On 26 November 2025, a fire broke out at Wang Fuk Court in Tai Po, Hong Kong. In the aftermath of the fire, the Group made urgent donations of cash and supplies with a total worth of RMB15.0 million to aid post-disaster relief in Tai Po, Hong Kong. The Group will actively work with the local government and public sector to support the community with solid actions. Furthermore, in a persistent effort to deepen its mission of “promoting the development of the sports industry”, the Group collaborated with Beijing Institute of Fashion Technology to create the official sportswear for torchbearers, escort runners, volunteers, technical officials, and security personnel at the 9th Asian Winter Games Harbin as its official partner. The official sportswear meets the clothing requirements under extreme cold conditions while featuring regional cultural characteristics of Harbin, showcasing the mission and social responsibility of a national sports brand. In August 2025, 361° duly launched the official sportswear for the Asian Games in Nagoya, Japan. The collection provides professional gear for multiple roles, including torchbearers, escort runners, volunteers, staff, and technical officials, offering comprehensive support for the efficient operation of the Games. Upholding the “Green Asian Games” philosophy, the series integrates technological innovation and sustainable development. It utilises ultra-lightweight, quick-drying polyester microfiber fabrics that meet the environmental standards of the OCA. Additionally, some products incorporate eco-friendly recycled polyester fibers and digital printing process, ensuring excellent functionality while actively fulfilling the commitment to low-carbon and environmental sustainability.

## MANAGEMENT DISCUSSION AND ANALYSIS

In the governance aspect, 361° has been engaged in ongoing improvement of its governance structure and optimisation of responsibilities at all levels to ensure scientific and efficient decision-making in business management. We have continued to intensify our effort in the building of management systems and enhance the transparency of ISO certifications, whilst an open and interactive communication platform is established for stakeholders with diverse interests, fostering mutual trust and enabling the creation of shared values. Looking ahead, the Group will continue to raise its overall governance standards by formulating long-term plans with specific goals in sustainability.

Regarding ESG recognition, in September 2025, 361° was awarded the certification of “Gold Seal for the Pilot Programme on Sustainability-related Financial Information Disclosure” from the Hong Kong Quality Assurance Agency (HKQAA) of China. In December 2025, the Group’s “CQT Carbon Critical Technology Process” (CQT碳臨界科技工藝) was honored as the “Annual ESG Innovation Practice Case” at the “ESG Sustainable Innovation Ecosystem Conference”. In the same month, 361° won the “2025 Sustainable Brand Models • Responsible Product Award”, fully affirming its pioneering position in green manufacturing and low-carbon technology application segments. Furthermore, 361° was awarded the “Best Employer Brand for Global Companies” at the 8th China Human Resource Sirius Awards, highlighting the Group’s outstanding achievements in fostering a diverse and inclusive workplace and facilitating sustainable talent development.

Going forward, 361° will steadfastly advance sustainable development, actively fulfill corporate social responsibility, and promote harmonious coexistence between business, society, and the environment. We will continue our journey towards sustainability, contributing to a brighter future for society and the ecosystem.



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

The following table sets out the breakdown of the Group's revenue by product category for the years ended 31 December 2024 and 2025:

	For the year ended 31 December 2025		For the year ended 31 December 2024		Changes (%)
	RMB'000	% of revenue	RMB'000	% of revenue	
<b>Adults</b>					
Footwear	4,629,598	41.5	4,287,298	42.6	+8.0
Apparel	3,422,637	30.7	3,093,189	30.7	+10.7
<b>Kids</b>					
Footwear	1,412,068	12.7	1,098,465	10.9	+28.5
Apparel	1,119,898	10.0	1,211,283	12.0	-7.5
<b>Others<sup>(Note)</sup></b>	<b>561,628</b>	<b>5.1</b>	383,275	3.8	+46.5
<b>Total</b>	<b>11,145,829</b>	<b>100.0</b>	10,073,510	100.0	+10.6

Note: Others comprised sales of accessories and shoe soles.

During the year under review, the Group achieved a year-on-year revenue growth of approximately 10.6%, reaching RMB11,145.8 million (2024: RMB10,073.5 million). This growth was mainly underpinned by resilient demand for the Group's products across both adult and kids categories, reflecting the notable effectiveness of strategic initiatives in navigating a stabilising yet increasingly competitive market environment. Key drivers included the Group's focus on the effective integration of online and offline channels. With the rapid development of China's on-demand retail landscape, 361° proactively expanded into this new online channel. The Group announced collaborations with both Meituan Flash Buy (美團閃購) and Meituan Group Buy (美團團購) in August, followed by a presence on Taobao Flash Sale (淘寶閃購) in November. This strategy significantly broadens its digital touchpoints and enhances its consumer reach. The expansion of innovative retail formats such as the 361° Super Premium Store (超品店), and a proactive strategy for international market penetration, all of which effectively enhanced operational efficiency and bolstered brand equity amid improving macroeconomic conditions and a rebound in tourism-related consumption.

The 361° Kids business sustained its upward trajectory, driven by heightened parental awareness of children's health and supportive government policies that promote youth sports participation. By broadening its product portfolio to include specialised categories such as running, alongside established lines in rope-skipping, outdoor and basketball, the Group addressed diverse needs across age groups, incorporating advanced performance features and stylish designs to foster greater market penetration and consumer loyalty.

## MANAGEMENT DISCUSSION AND ANALYSIS

In a year marked by divergent global economic trends and steady domestic progress in China, the Group capitalised on policy-driven consumption upgrades, a resurgence in tourism-related activities and the expanding application of sports goods in everyday scenarios. Through sustained investments in material innovation, category diversification, and the integration of sports science, the Group cultivated a robust product ecosystem that resonated with evolving consumer preferences, driving consistent sales volume growth across major categories while maintaining competitive pricing discipline.

With a strategic focus, the *361° Kids* segment continues to support overall growth by providing a healthy revenue stream. *361° Kids* reinforced its leadership in China's children's sportswear market by strategically expanding its customer base to teenagers up to age 16, offering a more professional and comprehensive product portfolio that successfully balances functionality with style. Coupled with continuous R&D investment, this has cemented the segment as an indispensable contributor to the Group's revenue.

The Group's e-commerce business recorded a year-on-year increase of 25.9% to RMB3,286.1 million (2024: RMB2,609.4 million), accounting for approximately 29.5% (2024: 25.9%) of the Group's total revenue. *361°* effectively leveraged various e-commerce platforms to promote its core products and enhance brand awareness. Recognising the maturing online consumption habits and the diversification of consumer behavior, the Group views the e-commerce business as an ongoing contributor to both revenue and brand promotion, with the online-offline model subject to continuous refinement.

Despite near-term macroeconomic headwinds, the global sportswear industry is poised for structural expansion. The convergence of rising consumer spending in emerging markets, a pervasive focus on health and wellness, and a major global sporting events cycle is creating a historic window of opportunity for brands with strong overall strength and agile supply chains to expand international footprint.

## 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 years ended 31 December 2024 and 2025:

	For the year ended 31 December 2025		For the year ended 31 December 2024		Changes in percentage point
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	
<b>Adults</b>					
Footwear	1,989,527	43.0	1,840,688	42.9	+0.1
Apparel	1,451,806	42.4	1,276,632	41.3	+1.1
<b>Kids</b>					
Footwear	589,084	41.7	454,699	41.4	+0.3
Apparel	473,033	42.2	508,129	41.9	+0.3
<b>Others<sup>(Note)</sup></b>	125,086	22.3	103,144	26.9	-4.6
<b>Total</b>	<b>4,628,536</b>	<b>41.5</b>	<b>4,183,292</b>	<b>41.5</b>	<b>–</b>

Note: Others comprised sales of accessories and shoe soles.

The Group achieved a gross profit of RMB4,628.5 million during the year under review (2024: RMB4,183.3 million), with the gross profit margin remaining stable at 41.5%. The increase in the gross profit margin of the Group's major product categories reflects the Group's continued focus on structural efficiency gains and disciplined cost management.

During the year under review, the gross profit margin of adults' footwear remained stable as compared with that of 2024, while the gross profit margin of adults' apparel increased by 1.1 percentage points year-on-year. The increase was driven by effective cost control measures, strategic pricing policies, and the gradual integration of acquired OEM factories, which has strengthened in-house production capabilities and enhanced utilisation efficiency of external supplies.

## MANAGEMENT DISCUSSION AND ANALYSIS

	Footwear		Apparel	
	For the year ended 31 December 2025	For the year ended 31 December 2024	For the year ended 31 December 2025	For the year ended 31 December 2024
In-house productions	35.6%	36.7%	18.5%	19.5%
Outsources products	64.4%	63.3%	81.5%	80.5%
	100.0%	100.0%	100.0%	100.0%

During the year under review, the Group maintained a flexible and hybrid production model, strategically manufacturing technologically complex and brand-defining products in-house while collaborating with a select group of qualified OEM partners for other lines. A major strategic step was the acquisition of plant and machinery and patents from two independent third parties at the end of 2025, which strengthened vertical integration and enhanced control over manufacturing costs through improved capacity utilisation and reduced external reliance. Although the immediate financial impact was limited, the Group expects these acquisitions and the increasing in-house production ratio to deliver long-term benefits by reinforcing cost efficiency, safeguarding proprietary technologies, and supporting future scalability.

Additionally, evolving tariff policies provided the Group with enhanced negotiating leverage, facilitating further cost reductions while supporting the incorporation of advanced materials and technologies into product lines.

The gross profit margin for kids' products experienced a slight increase by 0.2 percentage point year-on-year. Looking ahead, the internalisation of production through the Group's owned OEM facilities is expected to bolster cost control and support margin stabilisation in this segment.

In accessories and shoe soles, the gross profit margin reduced by 4.6 percentage points year-on-year to 22.3% (2024: 26.9%), mainly due to the introduction of more value-oriented accessory products. The Group intends to further capitalise on its integrated manufacturing platform to achieve greater economies of scale, mitigate cost volatility, and sustain margin improvements across its product portfolio.

### Other revenue

Other revenue totalled RMB293.1 million (2024: RMB355.7 million), which was mainly composed of (i) interest income from Hong Kong and PRC bank deposits (RMB11.1 million; 2024: RMB54.4 million); (ii) discretionary government subsidies granted in acknowledgment of the Group's local economic contributions (RMB203.1 million; 2024: RMB217.0 million); (iii) commissions charged for the sales of distributor's inventories through e-commerce business (RMB34.7 million; 2024: RMB52.7 million); and (iv) royalty income from licensees for the sales of licensed products (RMB30.4 million; 2024: RMB20.5 million).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Other net gains/(losses)

The other net gains, during the year under review was RMB0.7 million (2024: net losses of RMB10.1 million), primarily comprising a net foreign exchange gain of RMB3.2 million (2024: net foreign exchange loss of RMB4.7 million), offset by a net loss on disposals of property, plant and equipment of RMB2.5 million (2024: RMB5.4 million). As the Group's functional currency is RMB and its principal operations are located in the PRC, the appreciation of the RMB led to exchange gain for certain subsidiaries using other functional currencies. Such fluctuations typically arise from timing differences in currency conversion, and the settlement timing of advances and repayments between subsidiaries.

### Selling and distribution expenses

During the year under review, the Group executed a deliberate and budgeted increase in marketing investments to strengthen brand equity and capture e-commerce growth. During the year under review, the Group's selling and distribution expenses witnessed an upward trend of 2.0% year-on-year increase to RMB2,255.7 million (2024: RMB2,211.4 million), largely driven by our strategic expansion into e-commerce. As the Group achieved better performance in this segment, there was a corresponding increase in platform-related fees and fulfillment costs (notably packaging and warehousing). These expenses are directly correlated with the surge in online sales volume and represent the Group's commitment to capturing market share in the PRC e-commerce landscape.

The marketing strategy is dynamic and ROI-focused, allowing the Group to optimise promotional impact while maintaining financial discipline. This approach directly supports sustainable revenue expansion and shareholder value creation. During the year under review, advertising and promotional expenses represented 10.5% of total revenue (2024: 12.8%), remaining within the planned budgetary framework. This reflects the Group's disciplined capital allocation approach, where marketing investments are actively calibrated against channel performance – particularly in developing e-commerce platforms – ensuring spend efficiency and scalability. Key initiatives included sponsorships of world-class sports events and partnerships with elite athletes, which enhanced the Group's professional sports positioning and deepened consumer engagement. These investments were guided by the annual budgeting process, which prioritises initiatives expected to deliver measurable returns on brand visibility and sales growth.

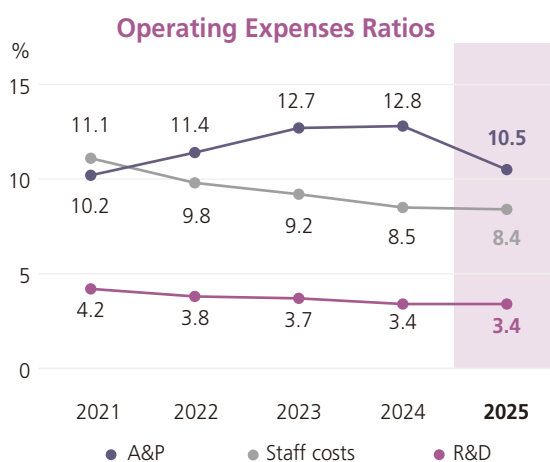
During the year under review, service fees paid to major e-commerce platforms such as Tmall, Taobao, JD.com and Meituan increased by 18.3% year-on-year to RMB281.7 million (2024: RMB238.2 million). These increases in e-commerce related costs correspond directly to the growth in revenue generated through our online channels during the same period.

### Administrative expenses

Administrative expenses increased by 22.2% year-on-year to RMB854.1 million during the year under review (2024: RMB698.9 million), representing approximately 7.7% (2024: 6.9%) of the Group's total revenue. This rise was primarily driven by an increase in donations, R&D expenditures and depreciation and amortisation expenses, particularly donations contributed to an increase of RMB92.2 million in the administrative expenses during the year under review, which was primarily to support disaster-affected regions in China in 2025 and other vulnerable groups in the society as part of our corporate social responsibility efforts. Despite this growth, the Group maintained disciplined cost control across all administrative functions, ensuring that expenditures remained aligned with operational priorities and efficiency targets.

## MANAGEMENT DISCUSSION AND ANALYSIS

R&D expenses increased by 10.8% year-on-year to RMB378.3 million (2024: RMB341.5 million), accounting for 3.4% (2024: 3.4%) of the Group's total revenue. While overall administrative costs are closely managed, the Group remains committed to sustained and strategic investment in R&D, which is considered as essential for driving innovation, enhancing product competitiveness, and securing long-term market leadership. This balanced approach ensures that cost control without compromising the innovation capability necessary to maintain the Group's competitive edge.



### Provision for expected credit losses ("ECL") on trade receivables

The pace of consumption recovery has moderated amid a more challenging global economic environment in 2025. In response, the Group has adopted a conservative stance in credit risk management. There was no bad debt being written off since the listing of the Group. The Group maintained a conservative stance and recorded a general provision for ECL of RMB45.5 million on trade receivables for the year under review. As of 31 December 2025, the total provision for ECL on trade receivables stood at RMB341.4 million (2024: RMB295.9 million), equivalent to 6.8% (2024: 6.4%) of the outstanding trade receivables before provision.

### Finance costs

During the year under review, finance costs decreased by 21.9% year-on-year to RMB10.5 million (2024: RMB13.5 million). This consisted of interest expense on bank borrowings of RMB10.0 million (2024: RMB13.4 million) and interest on lease liabilities of RMB0.5 million (2024: RMB0.1 million). The reduction in interest expense was primarily attributable to a decline in the average interest rate during the year under review.

As of 31 December 2025, the Group held total bank borrowings of RMB299.0 million for working capital purposes.

### Income tax expense

The Group's income tax expense during the year under review was RMB419.3 million (2024: RMB370.2 million), representing an effective tax rate of 23.9% (2024: 23.7%).

No provision for Hong Kong profits tax was recognised during both years ended 31 December 2024 and 2025, as the Group's Hong Kong subsidiaries either generated no assessable profits or had their estimated assessable profits fully offset by tax losses brought forward.

## MANAGEMENT DISCUSSION AND ANALYSIS

Included in the income tax expense for the year ended 31 December 2024 was a provision of RMB9.0 million for withholding tax relating to the planned remittance of dividends from the Group's operating subsidiaries in China to the Company, for the purpose of paying the proposed final dividend for 2024.

### CAPITAL AND OTHER INFORMATION

#### Liquidity and capital resources

As of 31 December 2025, the Group's cash and cash equivalents amounted to RMB4,093.8 million (2024: RMB4,254.2 million). The decrease was mainly attributable to the following:

1. Net cash inflow from operating activities amounted to RMB814.6 million, which was contributed by profit before income tax of RMB1,756.6 million, decrease in inventories of RMB31.0 million and increase in trade and other payables of RMB231.6 million, partially offset by increase in trade and bills receivables of RMB394.8 million, increase in the deposits, prepayments and other receivables of RMB627.1 million and the payment of PRC income tax of RMB363.6 million.
2. Net cash outflow from investing activities amounted to RMB369.4 million, which mainly arose from the purchase of property, plant and equipment of RMB285.2 million and the acquisition of plants and machineries and patents from two independent third parties of RMB94.5 million, partially offset by the receipt of bank interest income of RMB11.1 million.
3. Net cash outflow from financing activities amounted to RMB608.3 million, which was mainly due to the dividends payment of RMB584.5 million and net consideration paid for the acquisition of non-controlling interests of RMB45.0 million, partially offset by the net proceeds from additional bank borrowings of RMB37.9 million.

The increase in trade receivables corresponds with the Group's revenue growth and reflects continued strategic support for distributors to facilitate regional expansion and the rollout of innovative retail formats, such as the 361° Super Premium Store (超品店). The Group has historically extended favourable credit terms to support such market development initiatives.

While periodic uncertainties persist in both the domestic and global economic environment, the Group remains committed to actively monitoring receivables and will continue to optimise credit terms at an appropriate pace to enhance financial efficiency and capital turnover. During the year under review, the Group successfully maintained the average turnover days of trade and bills receivables at 149 days (2024: 149 days). The Group will continue to work on shortening credit periods for local distributors in relatively matured provinces where market share has stabilised, in order to further enhance the Group's cash flow.

The increase in deposits, prepayments and other receivables was strategically directed towards several key areas: (i) RMB576.8 million in prepayments to secure critical raw materials, ensuring supply chain stability for key product lines; and (ii) RMB18.1 million in prepayments to e-commerce platforms for marketing and promotional activities, supporting the growing contribution and visibility of the online channel.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

RMB'000	As at 31 December 2025	As at 31 December 2024
Pledged bank deposits	9,214	8,705
Cash and cash equivalents	4,093,846	4,254,236
<b>Total cash (including bank deposits, and cash and cash equivalents)</b>	<b>4,103,060</b>	4,262,941
Total borrowings (Bank borrowings)	299,001	261,220
<b>Net cash (including bank deposits, and cash and cash equivalents)</b>	<b>3,804,059</b>	4,001,721

### Capital structure and gearing ratio

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

RMB'000 (except the per share data)	As at 31 December 2025	As at 31 December 2024
Non-current assets	1,584,073	1,355,479
Current assets	12,827,269	12,058,073
<b>Total assets</b>	<b>14,411,342</b>	13,413,552
Non-current liabilities	24,847	221,690
Current liabilities	3,836,256	3,362,734
<b>Total liabilities</b>	<b>3,861,103</b>	3,584,424
<b>Net assets</b>	<b>10,550,239</b>	9,829,128
<b>Net assets per share</b>	<b>RMB5.1</b>	RMB4.8

## MANAGEMENT DISCUSSION AND ANALYSIS

Gearing ratio is defined as the total interest-bearing debt divided by the Group's total assets, and the gearing ratio of the Group as at 31 December 2024 and 2025 was calculated as below:

RMB '000	As at 31 December 2025	As at 31 December 2024
Total interest-bearing debt (Bank borrowings)	299,001	261,220
Total assets	14,411,342	13,413,552
Gearing ratio	2.1%	1.9%

During the year under review, the Group continued to finance its day-to-day operations primarily through internally generated cash flows and maintained an exceptionally strong and healthy balance sheet with one of the most relatively low gearing ratios in the industry. This prudent capital structure provides ample flexibility for future growth and preserves a robust and healthy financial position while effectively deploying resources to deliver sustainable value to its shareholders.

In 2025, we achieved notable results through continuous optimisation of working capital management, particularly in trade and bills receivables and inventory management, which helped keeping related balances at healthier and more stable levels. Although advance payments were required for some procurements to ensure the supply of high-quality raw materials and OEM products, the net cash flow generated from the Company's operating activities for the year under review still reached RMB814.6 million, representing a significant increase of 1067.0% compared to the previous year. This fully demonstrates the Company's strong operational efficiency and robust internal cash flow generation capability. Looking ahead, the Company will continue to focus on improving cash management, further enhancing operating cash flow performance, and providing solid support for the ongoing creation of shareholder value.

### Treasury policy and foreign exchange risk

The Group's operations are principally carried out in the PRC with most of the transactions settled in RMB. Part of the Group's cash and bank deposits are denominated in Hong Kong dollars ("HKD"). The Group pays declared dividends in HKD. The Group manages its foreign exchange risk by matching the currency of its loans and borrowings with the Group's functional currency of major cash receipts and underlying assets as far as possible.

As of 31 December 2025, all borrowings were unsecured and fixed rate loans with effective interest rate per annum ranging from 1.9% to 2.0%.

As part of its policy, the Group continues 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 year under review, the Group did not conduct any hedging activity against foreign currency risk.

### Pledge of assets

Furthermore, the Group has pledged bank deposits to certain banks as performance guarantee deposits of RMB9.2 million (2024: RMB8.7 million) 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 were 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 years ended 31 December 2024 and 2025:

	For the year ended 31 December 2025	For the year ended 31 December 2024	Changes in days
<b>Working Capital Turnover Days</b>			
Trade and bills receivables	149	149	+0
Inventories	117	107	+10
Trade and bills payables	74	88	-14

During the year under review, the Group successfully maintained the average turnover days of trade and bills receivables at 149 days. The following table sets out the ageing profile of trade and bills receivables, based on the date of delivery of goods and net of allowance for ECL, for the years ended 31 December 2024 and 2025:

	For the year ended 31 December 2025		For the year ended 31 December 2024		Changes in percentage point
	Trade and bills receivables RMB'000	% of Total %	Trade and bills receivables RMB'000	% of Total %	
Within 90 days	3,576,650	75.5%	2,744,050	62.5%	+13.0
91 to 180 days	639,486	13.5%	1,105,603	25.2%	-11.7
181 to 360 days	519,675	11.0%	538,909	12.3%	-1.3

The ageing profile of trade and bills receivables continuously improved during the year under review. As of 31 December 2025, trade and bills receivables within 90 days increased by 13.0 percentage points to 75.5% (2024: 62.5%), reflecting more efficient collections. Consequently, the total share of trade and bills receivables within 180 days remained high at 89.0% (2024: 87.7%), while the over-180-day category declined to approximately 11.0% (2024: 12.3%). An improvement in the trade and bills receivables aged within 180 days compared to the prior year under review, was driven primarily by the Group's targeted initiative to shorten credit periods for local distributors in mature provinces where market share has stabilised. The Group will continue to closely monitor trade and bills receivables from all distributors. While supported by the ongoing stabilisation of the domestic economy, the Group is confident that the average trade and bills receivable turnover cycle will shorten steadily in the upcoming periods.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group, demonstrating a prudent approach to financial management, recorded an additional provision for ECL on trade receivables of RMB45.5 million during the year under review. This represents a mild increase of RMB3.2 million compared to the RMB42.3 million provided in the prior year under review. During the year under review and the prior year under review, no bad debts were written off, nor were any specific provisions for doubtful debts made.

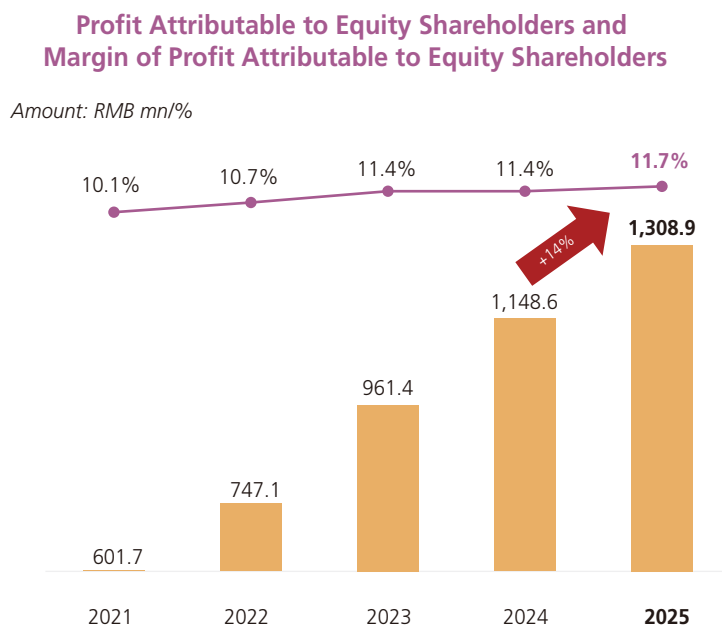
The average inventory turnover cycle for the year under review stood at 117 days, representing an increase of 10 days from 107 days in the prior year under review. This modest adjustment was a direct result of a strategic decision to proactively increase finished goods inventory levels at the beginning of the year. This targeted initiative was undertaken to robustly bolster the Group's e-commerce business, both domestically and internationally, by ensuring ample stock. This proactive measure guarantees swift shipping upon customer order receipt and efficient fulfillment of replenishment requests, enhancing customer satisfaction and operational fluidity.

Despite this strategic build-up, through diligent management and continuous deliveries during the year under review, the Group's overall inventory level commendably decreased by RMB43.2 million to RMB2,065.8 million. The Group remains fully committed to maintaining an optimally healthy inventory position, thereby steadfastly supporting its expanding e-commerce operations and consistently delivering the best possible service to its valued customer.

The average trade and bills payable cycle during the year under review decreased by 14 days to 74 days, compared to 88 days in the prior year under review. This change was the result of a deliberate strategic shift to prioritise supply chain stability. By adopting more competitive payment terms, the Group ensured the consistent availability of critical raw materials, thereby safeguarding our market-leading product lines against global supply chain volatility. With the continued growth and consolidation of our business with suppliers, the Group is confident that the average trade and bills payable cycle will be maintained within the range of 100 to 110 days in the long term.

### Profit attributable to equity shareholders

The following charts set out the profit attributable to equity shareholders and the margin of profit attributable to equity shareholders of the Company for each of the five years ended 31 December 2021, 2022, 2023, 2024, and 2025:

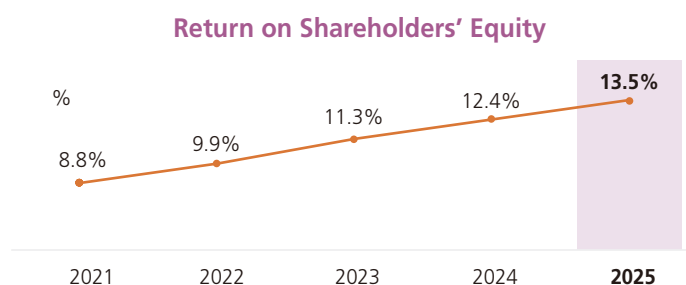


## MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, profit attributable to equity shareholders increased by 14.0% year-on-year to RMB1,308.9 million (2024: RMB1,148.6 million); and the margin of profit attributable to equity shareholders increased by 0.3 percentage point to 11.7% (2024: 11.4%). This increase in absolute earnings, despite a relatively stable profit margin, was driven primarily by strong revenue growth and disciplined operational management. The significant scale-up in revenue demonstrates the Group's operational resilience and efficiency, translating into the long-term value creation and delivering enhanced absolute returns for shareholders.

### Returns on shareholders' equity

The following chart sets out the return on equity shareholders of the Company for each of the five years ended 31 December 2021, 2022, 2023, 2024 and 2025:



Return on shareholders' equity ("ROE") reached 13.5% with an increase of 1.1 percentage points, demonstrating the Group's continued effectiveness in generating value from its equity base. This increase underscores the Group's heightened effectiveness in generating returns for its equity owners. The higher return was generated while the Group maintained one of the most relatively low gearing ratios in the industry, reflecting a conservative and robust capital structure that minimises financial risk while preserving flexibility for future expansion. The sustained uplift in ROE evidences an accretive earnings trajectory and an intensified shareholder-return discipline, highlighting the Group's commitment to prudent capital allocation and sustainable value delivery.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Dividend and payout ratio

The following table sets out the dividends of the Group for the years ended 31 December 2024 and 2025:

	For the year ended 31 December 2025	For the year ended 31 December 2024
Interim dividend per share (HK cents)	20.4	16.5
Final dividend per share (HK cents)	11.3	10.0
Total annual dividend per share (HK cents)	31.7	26.5
Dividend payout ratio	45.0%	45.0%

The Board is pleased to announce that it has resolved to declare a final dividend of HK11.3 cents per share during the year under review (2024: HK10.0 cents per share), resulting in a total annual dividend of HK31.7 cents per share (2024: HK26.5 cents per share). It underlines the Group's commitment to enhancing shareholder value and reflects its strong and sound financial position.

During the year under review and the prior year under review, the total dividend payout ratio was 45.0%, reflecting a steady and shareholder-friendly distribution policy. The dividend signifies the Board's recognition of shareholders' ongoing support and is a testament to the Group's resilient operational and financial performance throughout the year. The Group remains dedicated to maintaining a balanced approach between reinvesting for future growth and providing consistent, attractive returns to its shareholders.

## Contingent liabilities

As at 31 December 2025, the Group did not have any material contingent liabilities.

## Material acquisitions and disposals

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

## Significant investments

During the year under review, the Group made no significant investments.

As at the date of this report, the Group does not have any concrete future plans for material investment or capital assets. Meanwhile, the Group will continue to actively and regularly review its investment plan and explore any strategic investment opportunities for the Group's business development, and will use its internal resources for such investment should suitable opportunities arise.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Employees and emoluments

As at 31 December 2025, the Group employed a total of 6,932 full time employees in the PRC which included management staff, technicians, salespersons and workers. During the year under review, the Group's total remuneration paid to employees was RMB935.2 million (2024: RMB861.2 million), representing 8.4% (2024: 8.5%) of the Group's total 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 the assessment of individual performance. The Group believes that its strength lies in the quality of its employees and has placed great emphasis on fringe benefits. The Group continuously offers comprehensive training to employees with the aim of fostering a learning culture that could enhance the employees' professional knowledge and skills.

## OUTLOOK

Looking ahead to 2026, the global economic landscape is expected to become increasingly complex, as multiple intertwined risks and challenges emerge. Pending structural corrections in major economies and evolution in the geopolitical scene are posing multiple challenges and increasing uncertainties for business growth. Nevertheless, the Chinese economy will benefit from its solid foundation. On the back of the vast and deep potential of the ultra-large domestic market and ongoing intensive reform measures, China will advance technological innovation and industry upgrade in a steady manner, as major efforts will be made to incubate premium new productivity characterised by advanced technologies, high efficiency and superior quality, unleashing new momentum for growth on a continuous basis to cement the long-term foundation for qualitative development. In tandem with the overall direction of national economic development, the sports industry has increasingly grown into an important link that connects the public well-being and economic growth. By expanding scenarios for consumer spending, promoting cross-sector integration and innovating service models, the sector will provide robust support for enlarging domestic demand and optimising the economic structure.

Against the backdrop of the macro-economic environment and industry trends, China's sports industry is welcoming a critical phase where its value will be genuinely realised. Ongoing improvements to national policies and regimes have laid a robust foundation in terms of systems and institutions for the long-term development of the industry. The general quest for healthy lifestyles and quality consumer spending is driving market demands for qualities such as digitalisation, diversity and refinement in ongoing evolution. Meanwhile, technological innovation has increasingly grown into a core engine driving industry progress. The application of novel materials and techniques will not only enhance the performance of and experience with sports gear, but will lead to new opportunities for product and service innovation. 2026 will feature a number of major international sporting events, as the successive kick-offs of the Winter Olympics Milano-Cortina, FIFA World Cup and the Asian Games Aichi-Nagoya are set to further inspire the sporting fervour of the public, thereby driving consumer demand for sporting goods on all fronts and taking development of the trend of "fitness for all" to a deeper level. To seize such opportunities of the times, domestic sportswear companies are stepping up with moves to shift their strategic focus on identifying deeper values, particularly emphasising on technological breakthroughs and the development of specialised sub-segments. This approach aims to transform external opportunities into internal innovations and establish barriers through specialisation, ultimately fostering a sustainable competitive advantage supported by differentiation and green practices throughout the value chain.

## MANAGEMENT DISCUSSION AND ANALYSIS

In firm adherence to its “consumer-centric” philosophy for development and its persistent positioning as a “professional, youthful, and internationalised” brand, 361° Group will systematically coordinate R&D innovation capabilities and supply-chain resources around the globe, reinforcing the foundation for technological innovation as it advances the vertical as well as horizontal expansion of its product line in a prudent manner to build a high-value, multi-category regime of sports products that would cover more extensive scenarios and fulfill deeper market demands. We will continue to expand our presence under our internationalisation strategy, offering strategic sponsorships for international events while bringing into play at the same time the manifold efficacies of cross-border e-commerce platforms to enhance the professional image and global influence of our business. In terms of the kids brand, we will fully leverage the synergy between the kids’ line and the main brand in terms of sports technology R&D and channel resources to strengthen our position as “Youth Sports Expert” (青少年運動專家). While ensuring safety and functionality of our products, we will seek deep integration of sporting technologies and playful designs, with a view to enlarging our product regime to cover broader age groups and scenarios, thereby consolidating our leading advantage in this sub-segment. In addition, we will actively fulfill our social responsibility and deeply embrace the concept of sustainable development, delivering social value as well as commercial value as we uphold ourselves as a brand of care and compassion.

Regarding channel building, the Group will generally strengthen coordination among all online and offline channels, emphasising growth in scale as well as deep cumulation of brand assets. In relation to online channels, we will continue to identify diversified commercial values of e-commerce platforms and make improvements to the complete closed-loop from customer reach to value conversion, in order to upgrade the quality of consumer reach and efficiency in conversion, while enhancing capabilities of the channels in brand building and operations. In connection with offline channels, we will expedite the penetration and generational replacement of our retail store network to deepen brand connection with users in different consumer scenarios on the back of model innovation. In terms of the international market, we will coordinate concerted development of cross-border e-commerce and overseas stores and improve our sales network and servicing regime, taking into account the characteristics of regional markets, to enlarge our global market coverage. In the meantime, the Group will advance the building of its overseas offline network in a steady manner to deepen resource integration and service penetration in the regional markets. Based on the efficient integration of omnichannel resources empowered by technology, we will further enhance the global influence of the 361° brand and optimise pathways worldwide for qualitative and sustainable growth in brand value.



# REPORT OF THE DIRECTORS

The Directors are pleased to present the annual report together with the audited financial statements for the year ended 31 December 2025.

## BUSINESS REVIEW

### General

For the review of the business of the Group for the year ended 31 December 2025, please refer to the section headed “Management Discussion and Analysis – Business review” on pages 20 to 58 of this report.

### Principal risks and uncertainties facing the Group

The following section lists out the key risks and uncertainties faced by the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below. Besides, this annual report does not constitute a recommendation or an advice for anyone to invest in the securities of the Company, and investors are advised to make their own judgment or consult their own investment advisers before making any investment in the securities of the Company.

#### Risks pertaining to the sportswear market in the PRC

The Group relies primarily on a number of third-party distributors for sales of the Group’s products. Each distributor has exclusive distribution rights over a certain geographical area. The failure by such distributor to perform its obligations under its distributorship agreement with the Group may result in material adverse effect on the business of the authorised retailers in such area. Besides, the Group does not have direct control over the authorised retailers to ensure their compliance with the Group’s policies, including operational requirements, exclusivity, customer service, store image and pricing. Non-compliance with the Group’s policies may cause material adverse effect on the business, financial condition, results of operations and prospects of the Group.

#### Risk pertaining to the Group’s operations

The Group’s operations are subject to a number of risk factors distinctive to the sportswear market and the market in general. Default on the part of the Group’s distributors, suppliers and joint ventures partners, and inadequacies or failures of internal processes, personnel and systems or other external factors may have various levels of negative impact on the results of operations. Additionally, accidents may happen despite systems and policies set up for their prevention, which may lead to financial loss, litigation, or damage in reputation. Furthermore, the Group’s products are non-essential commodities, and thus the Group’s sales may be affected by the spending power and disposable income of the retail customers and general consumer sentiments. For instance, with the US-China trade war waging and the uncertainty of whether any deal will be reached between the two countries in the near future, the Directors believe it has caused certain negative impact on the consumers’ sentiment towards non-essential commodities such as the Group’s products during the year under review.

#### Risks pertaining to force majeure events, natural disasters or outbreaks of contagious diseases

The Group’s business could be adversely affected by natural disasters or outbreaks of epidemics, which may affect the procurement of raw materials and manufacture, sale and exportation of the Group’s products. Epidemics, pandemics or outbreaks or escalation of diseases, including, among others, Severe Acute Respiratory Syndromes (SARS), avian influenza, swine flu (H1N1), novel coronavirus in 2019 (COVID-19) and other diseases, may affect the livelihood of people. These natural disasters, outbreaks of contagious diseases, and other adverse public health developments in the PRC could severely disrupt the Group’s business operations by restricting travel and sales activities and delaying delivery of the Group’s products and services, impact the productivity of the workforce, or reduce the demand for the Group’s products, which may materially and adversely affect business, financial condition and results of operations of the Group.

## **REPORT OF THE DIRECTORS**

### **Past performance and forward-looking statements risks**

The performance and the results of operation of the Group as set out in this annual report are historical in nature and past performance is not a guarantee of future performance. This annual report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the Directors, employees or agents of the Group assume any obligations or liabilities in the event that any of the forward-looking statements or opinions do not materialise or turns out to be incorrect.

### **Prospects**

For the future development of the Group's business, please refer to "Management Discussion and Analysis – Outlook" on pages 72 to 73 of this report.

### **Post year-end events**

Except as disclosed in this annual report, since 31 December 2025, being the end of the financial year under review, no important event has occurred affecting the Group.

### **Analysis of key financial performance indicators**

For details of the key financial performance indicators to the performance the Group's business, please refer to "Five-Year Financial Summary" on pages 8 and 9 of this annual report.

### **Environmental policies and performance**

The Group emphasises environmental protection during its production process and doing its part in curbing the global climate change.

The Group continues to update the requirements of the relevant environmental laws and regulations applicable to it to ensure compliance. The Group does not produce material waste nor emit material quantities of pollutants during its production process. During the year under review, the Group has complied with the relevant environmental laws and regulations applicable to it in all material respects, including wastewater emission permit, solid waste disposal requirements and others.

The Group has adopted measures in order to achieve efficient use of resources, energy saving and waste reduction. The measures include wastewater and solid waste managements, noise control, greenhouse gas emission and resources management.

The Company will separately publish the Environmental, Social and Governance Report for the year ended 31 December 2025 in compliance with Appendix C2 to the Listing Rules in due course.

## REPORT OF THE DIRECTORS

### Compliance with laws and regulations

The Group continues to update the requirement of the relevant laws and regulations in various countries, particularly in the PRC and Hong Kong, applicable to it to ensure compliance. Substantially, a majority of the Group's assets are located in the PRC and the Group's revenue is mainly derived from operations in the PRC.

The Group was listed on the Stock Exchange of Hong Kong since 30 June 2009. During the year under review, the Group complied with the relevant laws and regulations in various countries applicable to it in all material respects.

### Account of the Group's relationships with its key stakeholders

#### (i) Employees

The Group offers a comprehensive range of staff facilities and fringe benefits to attract, retain and motivate employees. Key personnel have been part of the management team since the inception of business. During the year under review, the Group considered the relationship with employees was well and the turnover rate was acceptable.

#### (ii) Suppliers

The Group's suppliers include raw material suppliers and contract manufacturers. A majority of footwear products is produced by the Group itself while the Group outsources a portion of manufacturing of its footwear products, majority of apparel products, and all of its accessories products to third-party contract manufacturers. All key suppliers have a close and long-term relationship with the Group. During the year under review, the Group considered the relationship with its suppliers was well and stable.

#### (iii) Distributors

The Group adopted the distributorship model for its products in the PRC ever since the beginning of 2008. Under this model, the Group primarily sells products to distributors in the PRC under distributorship agreements, which generally have a term of one year. Each of the distributors has exclusive distribution right over a certain geographical area in the PRC. The Group maintains very good relationship with all the distributors.

#### (iv) Authorised retailers

The Group sells products primarily to distributors in the PRC, who in turn sell the same to authorised retailers. Authorised retailers then sell products to consumers. The Group's distributors enter into separate agreements with authorised retailers and require them to comply with the Group's standard operating procedures or policies, which include guidelines on the design and layout of authorised retail outlets, product pricing and customer service. The Group keeps a good relationship with all the authorised retailers through distributors, who act as the bridge of communication.

## REPORT OF THE DIRECTORS

### REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Company is incorporated in the Cayman Islands and has its registered office at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

Its principal place of business in Hong Kong is at Room 1609, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the Company's subsidiaries are set out in note 14 to the consolidated financial statements on pages 167 to 173 of this annual report.

### MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the sales and purchases attributable to the major customers and suppliers of the Group respectively during the year under review is as follows:

	Percentage of the Group's total	
	sales	purchases
The largest customer	5.9%	
Five largest customers in aggregate	20.5%	
The largest supplier		5.5%
Five largest suppliers in aggregate		20.2%

At no time during the year under review have the directors, their close associates or any shareholder of the Company (which to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital (excluding treasury shares)) had any interest in these major customers and suppliers.

### FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2025 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 123 to 212 of this annual report.

### TRANSFER TO RESERVES AND DIVIDENDS

Profits attributable to equity shareholders, before dividends, of RMB1,308,884,000 (2024: RMB1,148,615,000) have been transferred to reserves. As of 31 December 2025, aggregate amount of reserves available for distribution to equity shareholders of the Company amounted to approximately RMB644,730,000 (2024: RMB698,189,000). Other movements in reserves are set out in the consolidated statement of changes in equity.

An interim dividend of HK20.4 cents per share (2024: HK16.5 cents) was paid on 25 September 2025. The Directors recommend, subject to the Company shareholders' approval at the forthcoming AGM, the payment of a final dividend of HK11.3 cents per share (2024: HK10.0 cents) for the year ended 31 December 2025.

## REPORT OF THE DIRECTORS

### CHARITABLE DONATIONS

Charitable donations made by the Group during the year under review amounted to RMB103,437,000 (2024: RMB11,181,000).

### FIXED ASSETS

Details of the movements in fixed assets during the year are set out in note 11 to the consolidated financial statements.

### SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 24 to the consolidated financial statements.

### PURCHASES, SALES OR BUY-BACKS OF THE COMPANY'S SECURITIES

The Company or any of its subsidiaries did not make any purchase, sale or buy-back of listed securities of the Company for the year ended 31 December 2025. The Company did not hold any treasury shares during the year ended 31 December 2025.

### PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's second amended and restated articles of association (the "Second Amended and Restated Articles"), or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

### DIRECTORS

The Directors during the financial year and as at the date of this annual report were:

#### Executive Directors

Mr. Ding Huihuang, Chairman  
Mr. Ding Wuhao, President  
Mr. Ding Huirong, Vice President  
Mr. Wang Jiabi, Vice President

#### Independent non-executive Directors

Mr. Wu Ming Wai Louie  
Mr. Hon Ping Cho Terence  
Mr. Chen Chuang  
Ms. Ferheen Mahomed

Pursuant to Article 84 of the Second Amended and Restated Articles at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation.

Pursuant to Article 84(1) of the Second Amended and Restated Articles, Mr. Ding Huihuang, Mr. Wang Jiabi and Mr. Hon Ping Cho Terence will retire from office by rotation at the forthcoming AGM. Mr. Mr. Ding Huihuang, Mr. Wang Jiabi and Mr. Hon Ping Cho Terence are eligible and offer themselves for re-election.

## REPORT OF THE DIRECTORS

### DIRECTOR'S SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

### PERMITTED INDEMNITY PROVISION

Under the Second Amended and Restated Articles, generally, the Directors shall be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses for acts done, concurred in or omitted in when discharging their duties in the affairs of the Company, other than any matter in respect of any fraud or dishonesty.

In addition, the Company has taken out and maintained insurance for the Directors against liabilities to third parties that may be incurred in the course of performing their duties as at the date of this report.

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

As at 31 December 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.

## REPORT OF THE DIRECTORS

- (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.
- (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 31 December 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 eligible participants of the Share Option Scheme include the following:

- (a) any employee (whether full-time or part-time, including any executive Director, but excluding any non-executive Director) of the Company or any of its subsidiaries (and including persons who are granted options or awards under the Share Option Scheme as an inducement to enter into employment contracts with these companies);
- (b) any non-executive Directors (including independent non-executive Directors) of the Company or any of its subsidiaries; and

## REPORT OF THE DIRECTORS

- (c) any person (whether a natural person, a corporate entity or otherwise) who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, and excludes (for the avoidance of doubt) (i) placing agents or financial advisers providing advisory services for fund-raising, mergers or acquisitions, (ii) professional service providers (such as auditors or valuers) who provide assurance, or are required to perform their services with impartiality and objectivity (“Service Provider”), who falls under the following category or categories or who may meet with the eligibility criteria below:
- (i) Supplier and manufacturer. Service Providers under this category are mainly raw material suppliers and contract manufacturers, which the Group engages for its outsourcing of a portion of manufacturing of its footwear products, majority of apparel products, and all of its accessories products;
  - (ii) Distributor. Service Providers under this category are mainly distributors of the Group’s products. The Group adopted the distributorship model for its products in the PRC. The Group relies primarily on a number of third-party distributors for sales of the Group’s products. Each of the distributors has exclusive distribution right over a certain geographical area in the PRC;
  - (iii) Contractor, agent, consultant and adviser. Service Providers under this category are mainly independent contractors, agents, consultants and advisers who provide design, research, development or other support or any advisory, consultancy, professional or other services (but for the avoidance of doubt exclude placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition, professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity) to the Group on areas relating to the Group’s main businesses of manufacturing and trading of sporting goods, including footwear, apparel, accessories and others in the PRC and/or other principal business activity(ies) that may be carried out by the Group from time to time, or on areas that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group by way of introducing new customers or business opportunities to the Group and/or applying their specialised skills and/or knowledge in the abovementioned fields; or
  - (iv) Business or joint venture partner. Service Providers under this category are mainly business or joint venture partners who provide services to the Group on areas that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group by way of introducing new customers or business opportunities to the Group.

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 (excluding treasury shares) 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 (i.e. the maximum entitlement of each participant), 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.

## REPORT OF THE DIRECTORS

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. As at the date of this annual report, the remaining life of the Share Option Scheme was approximately 7 years. 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 31 December 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 31 December 2025.

The Company does not have any other share option scheme 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 year under review, no share option was granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme.

## REPORT OF THE DIRECTORS

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

As at 31 December 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 <sup>(1)</sup>	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:

- (1) The letter "L" indicates long position whereas the letter "S" indicates short position.
- (2) 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.
- (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.

## **REPORT OF THE DIRECTORS**

Save as disclosed above, as at 31 December 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.

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Directors are satisfied that the Company has maintained the prescribed minimum public float under Rule 8.08 of the Listing Rules.

### **TAX RELIEF AND EXEMPTION**

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

### **MANAGEMENT CONTRACTS**

Other than Directors' service contracts and employment contracts with the Group's senior management in full-time employment, no contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 December 2025.

### **DIRECTORS' INTERESTS IN CONTRACTS**

No transaction, arrangement or contract of significance to which the Company, or any of its holding companies or subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, subsisted at the end of the year ended 31 December 2025 or at any time during the year ended 31 December 2025.

No transaction, arrangement, or contract of significance had been entered into between the Company or any of its subsidiaries and the controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries, and no transaction, arrangement, or contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder of the Company or any of its subsidiaries was entered into.

### **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at 31 December 2025, none of the Directors or their respective close associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group. Please refer to the paragraph headed "Compliance with the Deed of Non-competition" below.

## REPORT OF THE DIRECTORS

### COMPLIANCE WITH THE DEED OF NON-COMPETITION

Each of Mr. Ding Wuhao, Dings International Company Limited, Mr. Ding Huihuang, Ming Rong International Company Limited, Mr. Ding Huirong and Hui Rong International Company Limited (collectively the “Covenantors” and each a “Covenantor”) confirmed that, as at 31 December 2025, he/it had complied with the terms of the deed of non-competition (“Deed of Non-competition”) dated 10 June 2009 signed by each of them in favour of the Group. To monitor the compliance of the terms of the Deed of Non-competition by the Covenantors, the independent non-executive Directors have reviewed, among others, the business activities undertaken by the Covenantors (if any) outside of the Group. Based on the result of such review, the independent non-executive Directors are satisfied that the Covenantors have complied with the terms of the Deed of Non-competition for the year ended 31 December 2025.

### BANK LOANS

Particulars of bank loans of the Group as at 31 December 2025 are set out in note 21 to the consolidated financial statements.

### RELATED PARTY TRANSACTIONS

The related party transactions conducted during the year under review as disclosed in note 29 to the consolidated financial statements did not constitute connected transactions or continuing connected transactions as defined under Chapter 14A of the Listing Rules. The Company has complied with the requirements in Chapter 14A of the Listing Rules.

### FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group is set out on pages 8 and 9 of this annual report.

### RETIREMENT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (“the MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately. No forfeited contributions may be used by the Group to reduce the existing level of contributions as the contributions are fully vested to the employees upon payments to the MPF Scheme.

The employees of the subsidiaries of the Company in the PRC are members of the retirement schemes operated by the local authorities. The subsidiaries are required to contribute a certain percentage of the eligible employees’ salaries to these schemes to fund the benefits. The only obligation of the Group with respect to these schemes is the required contributions under the schemes. No forfeited contributions will be used by the Group to reduce the existing level of contributions.

The Group’s total contributions to retirement schemes charged to the consolidated income statement during the year ended 31 December 2025 amounted to RMB68,187,000 (2024: RMB53,317,000).

## REPORT OF THE DIRECTORS

### CONFIRMATION OF INDEPENDENCE

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

### CORPORATE GOVERNANCE CODE PRACTICES

In the opinion of the Directors, the Company applied the principles and complied with all the code provisions as set out in the Corporate Governance Code contained in the Appendix C1 to the Listing Rules during the year under review. The amendments to the CG Code effective on 1 July 2025 will apply to corporate governance reports and annual reports for financial years commencing on or after 1 July 2025. For this annual report, the Company shall refer to the then effective CG Code.

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules. Upon the Company's enquiries, all the Directors have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2025.

### AUDIT COMMITTEE

The Audit Committee has reviewed with management and the external auditors the accounting principles and policies adopted by the Group and the audited annual consolidated financial statements for the year ended 31 December 2025.

### AUDITORS

Moore CPA Limited ("Moore") will retire and, being eligible, offer themselves for reappointment. A resolution for the reappointment of Moore as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By order and on behalf of the board of Directors

**DING Huihuang**

*Chairman*

Hong Kong SAR of the PRC, 24 March 2026

# CORPORATE GOVERNANCE REPORT

The Company views robust corporate governance not merely as a compliance requirement, but as a core driver of long-term shareholder value. We are steadfast in our commitment to the highest standards of governance, and we make continuous effort to ensure they are fully met. Firmly anchored in our established ethical corporate culture, our governance framework is built on a high-quality Board, rigorous internal controls, and strict accountability to shareholders. This comprehensive approach aligns fully with regulatory expectations and serves as the foundation of sustainable business growth.

## CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company applied the principles and complied with all the code provisions as set out in the then effective Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the Listing Rules during the year ended 31 December 2025, by focusing on areas such as risk management and internal control as well as effective and timely communication with shareholders so as to ensure and enhance corporate transparency and accountability.

## CORPORATE CULTURE AND STRATEGY

### Overview

The vision of 361° characterises the future development direction and the long-term goal of the Company, serving as guidance for strategic decisions of the Company. The values of 361° define the code of conduct for daily business activities in the Company, which, together with our vision, construct a basic methodological framework for all decision-making and business activities of the Company. This framework not only provides guidance and direction for its operation and management, but delineates the notion of the 361° corporate culture.

### Vision of 361°: To be an Internationalised and Respected Sports Brand

361° is principally engaged in sports-related products as well as the improvement and innovation of their functions. Well established in the domestic market of China with a global vision, 361° envisages becoming an internationally recognised sports brand, and its products and their use value being recognised widely by consumers both at home and abroad. While conducting business in many countries, we strive to maintain good relationships with and bring great value to our stakeholders, including governments, communities, media, employees, business partners, and various sports organisations.

### Core Values of 361°

1. Loyalty – Cohesion: Being honest, industrious and responsible, and prioritising corporate interest.
2. Pragmatism – Execution: Being practical and responsive, and judging by actual results.
3. Collaboration – Synergy: Seeking common ground and handling differences properly, and complementing one another for mutual benefits.
4. Efficiency – Capability: Sticking to the goal from the outset, and being punctual, credible and innovative.

By adhering to the brand belief of “ONE DEGREE BEYOND” (多一度熱愛), 361° will make continuous contribution to the society by shouldering its social responsibilities and to the sports development in China and the world through its business operations. The Company will persevere with its code of conduct so as to achieve our vision and goals.

# CORPORATE GOVERNANCE REPORT

## Practices of building corporate culture

### Promotion of corporate culture and training

The Board has established the Company's purpose, values and strategy and ensured that a complementary culture has been formulated and promoted within the Group. The culture of the Group is further supplemented by the induction training sessions of our corporate culture held by the Group for all new recruits. The participants were subject to corporate culture tests after each training session and all of the new employees passed such tests. Our corporate value orientation campaigns, including "Corporate Culture Month" (企業文化主題月) and "Corporate Value-oriented Comic Project" (價值觀漫畫專項), which have encouraged our employees to educate themselves on the corporate culture, enabling them to gain a better understanding and knowledge, as well as enhancing their recognition and identification of our corporate culture.

### Initiatives and projects on team building

Sports are the innate genes of the Company as a sports brand. Taking into account the practice of corporate culture and team building each year, the Company carries out 4 quarterly large-scale value series staff events, which aim to practise and promote our corporate culture through sports events that implant its core values.

In addition, the Company has set up various activity clubs, including basketball, badminton, running, aerobics, yoga, frisbee and reading, to enhance our organisational vitality and cultivate employees' enterprising awareness.

## BOARD OF DIRECTORS

### Responsibilities, accountabilities and contributions of the Board and the Management

The overall management of the business of the Group is vested in the Board. Key responsibilities of the Board include formulation of the Group's overall strategies and policies, setting of performance targets, evaluation of business performance, oversight of management, include designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement. The Board is responsible for ensuring sound and effective internal control systems are maintained. Please refer to "Risk Management and Internal Control" in this Corporate Governance Report for further details. The management was delegated the authority and responsibilities by the Board for the day-to-day management and operations of the Group.

The Directors acknowledge their responsibility for preparing the financial statements for each financial year which give a true and fair view of the state of affairs of the Group. However, the above statement should be read in conjunction with, but distinguished from, the independent auditor's report in the section headed "Independent Auditor's Report" which acknowledges the reporting responsibilities of the Group's auditor.

To enhance accountability, the announcements containing the interim and full year financial results are signed by the chairman of the Board, Mr. Ding Huihuang, for and on behalf of the Board to confirm that it is to the best of the Board's knowledge, nothing has come to the attention of the Board which may render such results to be false or misleading in any material respects. The Board approves the financial results after review and authorise the release of the results on the websites of the Company ([www.361sport.com.cn](http://www.361sport.com.cn)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) to the public.

# CORPORATE GOVERNANCE REPORT

## Board composition

As at 31 December 2025, the Board comprised four executive Directors and four independent non-executive Directors. Biographical details of the current Directors and the relationships between the Directors (if any) are set out in the section headed "Directors and Senior Management" of this annual report.

Among the members of the Board, Mr. Ding Huihuang and Mr. Ding Huirong are brothers and Mr. Ding Wuhao is the brother-in-law of both Mr. Ding Huihuang and Mr. Ding Huirong.

All Directors have given sufficient time and attention to the affairs of the Group. Each executive Director is suitably qualified for his/her position and has sufficient experience to hold the position to carry out his/her duties effectively and efficiently.

The composition of the Board is well balanced with the Directors having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. A summary of the board diversity policy of the Company is set out on page 104 of this annual report.

The executive Directors and independent non-executive Directors bring a variety of experience and expertise to the Company.

In determining the independence of the independent non-executive Directors, the Board follows the requirements as set out in Rule 3.13 of the Listing Rules. The Company has received from each of the independent non-executive Directors an annual confirmation of independence and considers all the independent non-executive Directors to be independent pursuant to Rule 3.13 of the Listing Rules.

## Function and Duties of the Board

The Board is entrusted with the overall responsibility of:

- (i) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;
- (ii) reviewing and monitoring the training and continuous professional development of the Company's Directors and senior management;
- (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- (iv) developing, reviewing and monitoring codes of conduct and compliance manuals (if any) applicable to the Company's employees and Directors; and
- (v) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

## CORPORATE GOVERNANCE REPORT

During the year under review, the Board has:

- (i) reviewed and monitored the training and continuous professional development of the Directors and company secretary of the Company in compliance with the CG Code and the Listing Rules;
- (ii) reviewed and monitored the Group's policies and practices, and noted that the Group had complied with the relevant legal and regulatory requirements in all material respects during the year under review;
- (iii) reviewed the employees' manual applicable to the employees of the Company; and
- (iv) reviewed the Company's compliance with the CG Code and the disclosure of this Corporate Governance Report.

### Meetings of the Board

The Board fulfills its strategic and oversight responsibilities through regular meetings convened throughout the year under review. These sessions are dedicated to reviewing and setting the Group's business strategies, comprehensively monitoring financial and operational performance, approving the annual and interim financial results, and discharging the corporate governance functions of the Board.

Directors may participate fully in these discussions either in person or by electronic means. A summary of the attendance of each Director at all Board meetings held during the year under review is set out below:

	Board Meeting	Annual General Meeting
<b>Executive Directors</b>		
Mr. Ding Huihuang (Chairman)	7/7	1/1
Mr. Ding Wuhao (President)	7/7	1/1
Mr. Ding Huirong (Vice President)	7/7	1/1
Mr. Wang Jiabi (Vice President)	7/7	1/1
<b>Independent Non-executive Directors</b>		
Mr. Wu Ming Wai Louie	7/7	1/1
Mr. Hon Ping Cho Terence	7/7	1/1
Mr. Chen Chuang	7/7	1/1
Ms. Ferheen Mahomed	7/7	1/1

To ensure the Board is fully informed and operates effectively, all Directors are provided with relevant, comprehensive materials relating to matters before the meetings. Directors maintain separate and independent access to the senior management and the Company Secretary at all times. Furthermore, they may seek independent professional advice at the Company's expense when deemed necessary. The Company commits to addressing queries raised by the Directors as promptly and fully as possible.

## **CORPORATE GOVERNANCE REPORT**

All Directors have the opportunity to propose matters for inclusion in the Board meeting agenda. Board procedures strictly comply with the Company's articles of association, as well as all relevant rules and regulations.

The Chairman held one meeting with all the independent non-executive Directors without the presence of other Directors to discuss the Company's business during the year under review.

### **Director Training and Continuous Professional Development**

The Board recognises that continuous professional development ("CPD") is integral to effective oversight and maintenance of a high-performing Board. In demonstration of this unwavering commitment, each Director proactively participated in trainings during the year under review.

### **Mandatory Training and Induction Policy**

All Directors are required to attend mandatory director training to keep abreast of their collective responsibilities and the evolving regulatory landscape.

- New Director Induction: Every newly appointed Director receives a comprehensive induction package covering the Group's operations, business, governance policies, and the statutory and regulatory obligations and responsibilities of a director of a listed company.
- Mandatory Training Hours for New Directors:
  - o Newly appointed Directors without prior directorship experience in listed companies or who have not served as a director of listed companies within the three years prior to their appointment must complete a minimum of 24 training hours within 18 months of the date of their appointment.
  - o If the newly appointed Director has prior directorship experience in listed companies within the three years prior to their appointment, the minimum training requirement is 12 hours within 18 months of the date of their appointment.

The Directors have been fully informed of the requirements under Rules 3.09F and 3.09G of the Listing Rules regarding CPD.

# CORPORATE GOVERNANCE REPORT

## Training Completed During the Year

Upon specific enquiries of each Director and according to the records maintained by the Company, the Directors received the following trainings, with an emphasis on the roles, functions, and duties of a director of a listed company, in compliance with the requirements of the Corporate Governance Code on CPD during the year under review:

	Board and directors' duties	Listing rules and Hong Kong law compliance	Corporate governance and ESG	Risk management and internal control	Industry and business updates
<b>Executive Directors</b>					
Mr. Ding Huihuang (Chairman)	I,II	I,II	I,II	I,II	IV
Mr. Ding Wuhao (President)	I,II	I,II	I,II	I,II	IV
Mr. Ding Huirong (Vice President)	I,II	I,II	I,II	I,II	IV
Mr. Wang Jiabi (Vice President)	I,II	I,II	I,II	I,II	IV
<b>Independent Non-executive Directors</b>					
Mr. Wu Ming Wai Louie	I,III	I,III	I,III	I,III	II
Mr. Hon Ping Cho Terence	I,III	I,III	I,III	I,III	II
Mr. Chen Chuang	I,III	I,III	I,III	I,III	II
Ms. Ferheen Mahomed	I,III	I,III	I,III	I,III	II

Notes:

The training course formats undertaken by the Directors are categorised and summarised as follows:

- Type I (Self-Study): Reading relevant materials prepared by the Company's legal advisor and/or materials issued by professional bodies during the year under review.
- Type II (Internal Training): Internal courses organised by the Company's company secretary and/or external professional advisor during the year under review.
- Type III (External Training): External courses organised by professional bodies during the year under review.
- Type IV (Industry Engagement): Attending industry events during the year under review.

# CORPORATE GOVERNANCE REPORT

## THE ROLES OF THE CHAIRMAN AND PRESIDENT

The divisions of responsibilities between the Chairman of the Board, Mr. Ding Huihuang, and the President, Mr. Ding Wuhao, who effectively performs the functions of the chief executive officer of the Group, are clearly defined and have been approved by the Board.

The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. He is primarily responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda.

The President is directly in charge of the daily operations of the Group and are accountable to the Board for the financial and operational performance of the Group.

## APPOINTMENTS, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from 30 June 2009 which is renewable upon expiry, subject to compliance with the Listing Rules and termination in accordance with the provisions of the service contract or by either party giving the other not less than three months' prior written notice. Each of the independent non-executive Directors has entered into a service contract with the Company for an initial term of three years from their respective dates of appointment which is renewable upon expiry, subject to compliance with the Listing Rules and termination in accordance with the provisions of the service contract or by either party giving the other not less than three months' prior written notice. In accordance with the Company's Second Amended and Restated Articles, each year, one-third of the Directors (including executive Directors and independent non-executive Directors) for the time being will retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years at the general meeting.

## TERMS OF APPOINTMENT OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from 30 June 2009, renewable upon expiry, and each of such service contracts was renewed on 30 June 2012, 30 June 2015, 30 June 2018, 30 June 2021 and 30 June 2024, respectively. Each of Mr. Hon Ping Cho Terence, Mr. Chen Chuang and Mr. Wu Ming Wai Louie, all of whom are independent non-executive Directors, has entered into a service contract with the Company for a term of three years commencing from 20 May 2019 and 27 August 2019 and 4 August 2020, respectively, which are renewable upon expiry. The service contracts with Mr. Hon Ping Cho Terence and Mr. Chen Chuang were renewed on 20 May 2022 and 27 August 2022, respectively, and were extended automatically upon expiry on 20 May 2025 and 27 August 2025, respectively. The service contract with Mr. Wu Ming Wai was extended automatically upon expiry on 3 August 2023. Ms. Ferheen Mahomed has entered into a service contract with the Company for a term of three years commencing from 15 October 2024. No Director has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

# CORPORATE GOVERNANCE REPORT

## COMPANY SECRETARY

Mr. Kong Siu Keung was appointed as the company secretary of the Company on 21 May 2024 pursuant to Rule 3.05 of the Listing Rules. Mr. Kong reports to Mr. Ding Wuhao, the President. The details of his biographical information is set out in the section headed “Directors and Senior Management” of this annual report.

The company secretary of the Company has taken no less than 15 hours of relevant professional training during the year under review.

## BOARD COMMITTEES

As an integral part of good corporate governance practices, the Board has established the following Board committees to oversee particular aspects of the Group’s affairs. These committees are governed by their respective written terms of reference approved by the Board.

## AUDIT COMMITTEE

The audit committee of the Board (the “Audit Committee”) was established on 10 June 2009 with written terms of reference in compliance with the CG Code, as revised on 6 December 2022.

During the year under review, the Audit Committee comprised three members who are all independent non-executive Directors, namely, Mr. Wu Ming Wai Louie, Mr. Hon Ping Cho Terence and Mr. Chen Chuang. Mr. Wu Ming Wai Louie, who has appropriate professional qualifications and experience in accounting matters, is the chairman of the Audit Committee. None of the members of the Audit Committee have any financial interest in or is a former partner of the existing external auditor of the Company, Moore CPA Limited.

The primary duties of the Audit Committee are mainly to:

- (i) assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the risk management and internal controls of the Group, and as to the adequacy of the external and internal audits;
- (ii) assure that appropriate accounting principles and reporting practices are followed;
- (iii) make recommendations to the Board on the appointment, reappointment and removal of the external auditors;
- (iv) approve the remuneration and terms of engagement of the external auditors, and any questions of its resignation or dismissal;
- (v) review and monitor the external auditors’ independence, objectivity and the effectiveness of the audit process in accordance with applicable standards;

## CORPORATE GOVERNANCE REPORT

- (vi) discuss with the external auditors regarding the nature and scope of the audit and reporting obligations before the audit commences;
- (vii) develop and implement policy on engaging an external auditors to supply non-audit services, identifying and making recommendations on any matters where action or improvement is needed;
- (viii) monitor integrity of the Company's financial statements, annual report, accounts and half-year report;
- (ix) review significant financial reporting judgements contained in them;
- (x) assist the Board in providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems. In reviewing these reports before their submission to the Board, the Audit Committee has focused particularly on:
  - (1) any changes in accounting policies and practices;
  - (2) major judgmental areas; significant adjustments resulting from audit;
  - (3) the going concern assumptions and any qualifications;
  - (4) compliance with accounting standards;
  - (5) compliance with the Listing Rules and legal requirements in relation to financial reporting; and
  - (6) reviewing the fairness of connected transactions and making disclosures in accordance with the Listing Rules and accounting standards;
- (xi) serve as a focal point for communication between other directors, the external auditors and the internal auditors or any person responsible for internal audit function (the "IA department") as regards their duties relating to financial and other reporting, internal controls and such other matters as the Board determines from time to time;
- (xii) meet with the external auditors, at least twice annually, in the absence of management, to discuss matters relating to its audit fees, any issues arising from the audit and any other matters the external auditors may wish to raise;
- (xiii) review audit and control related corporate representations made to external auditors, IA department and to the shareholders of the Company;

## CORPORATE GOVERNANCE REPORT

- (xiv) discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective internal control systems. This discussion includes the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financing reporting function;
- (xv) consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (xvi) where an internal audit function exists, to ensure co-ordination between the IA department and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- (xvii) report to the Board on the matters set out in section H and I of Part 1 in Appendix C1 (Corporate Governance Code) to the Listing Rules;
- (xviii) consider agreeing with the Board the Company's policies on hiring employees or former employees of the external auditors and monitoring the application of these policies;
- (xix) review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (xx) monitor and review the whistleblowing policy and system for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence, with the Committee about possible improprieties in any matter related to the Company. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and
- (xxi) monitor and review the effectiveness of the anti-corruption policy and system.

The Audit Committee held 3 meetings during the year under review with 3 meetings having been attended by external auditors. The meetings primarily discussed the auditing, internal audit function, risk management, internal controls and financial reporting matters of the Company.

A summary of the attendance of each member of the Audit Committee at all Audit Committee's meetings held during the year under review is set out below:

Name of member	Attendance/No. of meetings
Mr. Wu Ming Wai Louie (INED, Chairman)	3/3
Mr. Hon Ping Cho Terence (INED)	3/3
Mr. Chen Chuang (INED)	3/3

## CORPORATE GOVERNANCE REPORT

The Audit Committee has, in the Audit Committee's meeting, including but not limited to:

- (i) considered significant or unusual items that are, or may need to be, reflected in the reports and accounts and matters that have been put forward by the Company's staff responsible for the accounting and financial reporting function as well as external auditors;
- (ii) oversighted the Company's financial reporting system and internal control procedures to review the Company's financial controls, internal control and risk management systems;
- (iii) reviewed the effectiveness of internal audit function by the review of internal audit reports and meeting with the IA department; and
- (iv) discussed with the management about the risk management and internal control system of the Company to ensure that management has performed its duty to have an effective risk management and internal control system.

The discussion in the Audit Committee's meeting included:

- (i) the adequacy of resources;
- (ii) staff qualifications and experience;
- (iii) training programmes and budget of the Company's accounting and financial reporting function;
- (iv) major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (v) ensured co-ordination between the internal and external auditors;
- (vi) ensured the internal audit function is adequately resourced and has appropriate standing within the Company;
- (vii) reviewed and monitored the effectiveness of the internal audit function of the Group;
- (viii) review of the Group's financial and accounting policies and practices and the external auditors' management letter;
- (ix) material queries raised by the external auditors to management about accounting records, and financial accounts and systems of control as well as management's responses; and
- (x) reviewed and monitored the effectiveness of the whistleblowing and anti-corruption policies and systems of the Company.

During the year under review, the Audit Committee has reviewed the consolidated financial statements of the Group for the six months ended 30 June 2025 and the year ended 31 December 2024, including the accounting principles and practices adopted by the Group. There had been no disagreement between the Board and the Audit Committee during the year ended 31 December 2025.

# CORPORATE GOVERNANCE REPORT

## REMUNERATION COMMITTEE

The remuneration committee of the Board (the “Remuneration Committee”) was established on 10 June 2009 with written terms of reference in compliance with the CG Code, as revised on 6 December 2022.

During the year under review, the Remuneration Committee comprised three members, namely, Mr. Chen Chuang, Mr. Wang Jiabi and Mr. Hon Ping Cho Terence with Mr. Chen Chuang being the chairman.

The primary duties of the Remuneration Committee include to:

- (i) consult the chairman and/or chief executive about their remuneration proposals for other executive Directors;
- (ii) make recommendations to the Board on the Company’s policy and structure for all Directors’ and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (iii) review and approve the management’s remuneration proposals with reference to the Board’s corporate goals and objectives;
- (iv) make recommendations to the Board on the remuneration packages of individual executive Directors and senior management including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (v) make recommendations to the Board on the remuneration of non-executive Directors;
- (vi) consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (vii) review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (viii) review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (ix) ensure that no director or any of his associates (as defined in the Listing Rules) is involved in deciding his own remuneration;
- (x) in respect of any service agreement to be entered into between any members of the Group and its director or proposed director, to review and provide recommendation to the shareholders of the Company (other than shareholder(s) who is/are director(s) with a material interest in the relevant service agreements and their respective associates) as to whether the terms of the service agreements are fair and reasonable and whether such service agreements are in the interests of the Company and the shareholders as whole, and to advise shareholders on how to vote; and
- (xi) review and/or approve matters relating to share schemes of the Company under Chapter 17 of the Listing Rules.

## CORPORATE GOVERNANCE REPORT

There were no material matters relating to the Share Option Scheme of the Company which required the Remuneration Committee to review and/or approve during the financial year ended 31 December 2025.

The emolument policy of the employees of the Group is determined on the basis of their merit, qualifications and competence.

The emolument of the Directors is recommended by the Remuneration Committee, having regard to the Company's operating results, individual performance, experience, responsibility, workload and time devoted to the Company and comparable market statistics. Each of the executive Directors is entitled to a basic salary which is reviewed annually. In addition, each of the executive Directors may receive a discretionary bonus as the Board may recommend, the aggregate amount for all executive Directors shall not exceed 5% of the audited consolidated net profits after tax of the Group for the relevant financial year. Such amount has to be approved by the Remuneration Committee.

The Remuneration Committee held 1 meeting, including to assess performance of the executive Directors, review and approve the remuneration packages of Directors and senior management of the Group during the year under review.

A summary of the attendance of each member of the Remuneration Committee at all Remuneration Committee's meetings held during the year under review is set out below:

Name of member	Attendance/No. of meetings
Mr. Chen Chuang (INED, Chairman)	1/1
Mr. Hon Ping Cho Terence (INED)	1/1
Mr. Wang Jiabi (Executive Director, Vice President)	1/1

For the details of remuneration packages of each Director, please refer to the note 7 of the consolidated financial statements.

### NOMINATION COMMITTEE

The nomination committee of the Board (the "Nomination Committee") was established on 10 June 2009, with written terms of reference in compliance with the CG Code, as revised on 1 July 2025.

As at 31 December 2025, the Nomination Committee comprised four members, namely Mr. Ding Wuhao, Mr. Wu Ming Wai Louie, Mr. Hon Ping Cho Terence and Ms. Ferheen Mahomed with Mr. Hon Ping Cho Terence being the chairman.

## CORPORATE GOVERNANCE REPORT

The primary duties of the Nomination Committee include to:

- (i) review the structure, size and composition (including the skills, knowledge and experience, and other aspects of diversity as set out in the diversity policy of the Board as approved by the Board from time to time) of the Board at least annually, assist the Board in maintaining a board skills matrix, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (ii) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships by considering factors including perspective, skills and experience that the individual can bring to the Board, the contribution to diversity of the Board (as set out in the diversity policy of the Board as approved by the Board from time to time);
- (iii) assess the independence of independent non-executive directors of the Company in accordance with the provisions of the Listing Rules and other relevant laws, rules and regulations;
- (iv) review and report annually to the Board the implementation and effectiveness of mechanism to ensure independent views and input are available to the Board;
- (v) make recommendations to the Board on the appointment or reappointment of Directors and succession planning for directors, in particular the chairman and the chief executive;
- (vi) review the policy on Board diversity and any measurable objectives for implementing such policy from time to time adopted by the Board, and to review the progress on achieving these objectives;
- (vii) support the Company's regular evaluation of the Board's performance; and
- (viii) assess each director's time commitment and contribution to the Board, as well as the director's ability to discharge his or her responsibilities effectively.

The Nomination Committee is responsible for reviewing the Board Diversity Policy, developing and reviewing measurable objectives for implementing the policy and monitoring the progress on achieving these measurable objectives. The review of the Board Diversity Policy and the measurable objectives shall be carried out at least annually to ensure the continued effectiveness of the Board.

The Nomination Committee has primary responsibility for identifying suitably qualified candidates to become members of the Board and shall give adequate consideration to the Board Diversity Policy in selection of Board candidates. Board nomination and appointments will continue to be made on merit basis based on the Group's business needs from time to time with adequate consideration of diversity of Board members.

During the year under review, the Nomination Committee has assessed each director's time commitment and contribution to the Board, and concluded that the Directors were able to discharge their responsibilities effectively.

# CORPORATE GOVERNANCE REPORT

## Nomination Policy

A “Nomination Policy” for Directors was formally adopted and it incorporated the nomination criteria and principles for Directors that are set out in the Nomination Committee’s terms of reference. The Nomination Policy applies to the directors of the Company and where applicable, senior management prepared for Board positions under the succession planning of the Company.

The Nomination Policy aims to (i) set out the criteria and process in the nomination and appointment of directors of the Company; (ii) ensure that the Board of the Company has a balance of skills, experience and diversity of perspectives appropriate to the Company; and (iii) ensure the Board continuity and appropriate leadership at Board level.

In evaluating and selecting any candidate for directorship, the following criteria should be considered:

- (1) character and integrity;
- (2) qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company’s business and corporate strategy;
- (3) any measurable objectives adopted for achieving diversity in the Board;
- (4) requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- (5) any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- (6) willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and
- (7) such other perspectives that are appropriate to the Company’s business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

# CORPORATE GOVERNANCE REPORT

## Nomination Process

A summary of nomination process is as follows:

### Appointment of new director

- (1) The Nomination Committee or the Board shall, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out in the Board Diversity Policy to determine whether such candidate is qualified for directorship.
- (2) If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- (3) The Nomination Committee shall then recommend to the Board to appoint the appropriate candidate for directorship.
- (4) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and the Board shall evaluate such candidate based on the criteria as set out in the Board Diversity Policy to determine whether such candidate is qualified for directorship and where appropriate, the Nomination Committee and/or the Board shall make recommendation to shareholders in respect of the proposed election of director at the general meeting.

### Re-election of Director at the General Meeting

- (1) The Nomination Committee and the Board shall review the overall contribution and service to the Company of the retiring director including his/her attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board.
- (2) The Nomination Committee shall review and determine whether the retiring director continues to meet the criteria as set out in the Board Diversity Policy.
- (3) The Nomination Committee and/or the Board shall then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

During the year under review, the Nomination Committee held 2 meetings during the year under review. The work carried out by the Nomination Committee during the year under review included nominating the members of Board for retirement and re-election at the annual general meeting and reviewing the structure, size and composition of the Board.

## CORPORATE GOVERNANCE REPORT

A summary of the attendance of each member of the Nomination Committee at all Nomination Committee's meetings held during the year under review is set out below:

Name of member	Attendance/No. of meetings
Mr. Hon Ping Cho Terence (INED, Chairman)	2/2
Mr. Wu Ming Wai Louie (INED)	2/2
Ms. Ferheen Mahomed (INED)	2/2
Mr. Ding Wuhao (Executive Director, President)	2/2

The Nomination Committee considered the Board Diversity Policy and whether the Board had the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. After due consideration, the Nomination Committee has concluded that based on the Company's existing business model and specific needs, the current composition of the Board satisfies the Board Diversity Policy for the year under review.

### Independence of Independent Non-Executive Directors

The independent non-executive Directors play a significant role in the Board as they bring an impartial view on the Company's strategies, performance and control, as well as ensuring that the interests of all shareholders of the Company are considered. All independent non-executive Directors possess appropriate academic, professional qualifications or related financial management experience.

In addition to the annual meeting among the Chairman and the independent non-executive Directors only as well as the annual confirmation of independence pursuant to the Rule 3.13 of the Listing Rules as noted above, the Nomination Committee and the Board are committed to review and assess the Directors' independence annually in order to ensure that independent views and input of the independent non-executive Directors are made available to the Board. Factors taken into account in such independence review include, and are not limited to, the following:

- (1) required character, integrity, perspectives, skills, expertise and experience to fulfil their roles;
- (2) time commitment and attention to the Company's affairs; firm commitment to their independent roles and to the Board;
- (3) declaration of conflicts of interest (if any) in their roles as independent non-executive Directors;
- (4) no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and
- (5) further reappointment of an independent non-executive Director (including any long-serving independent non-executive Director, where applicable) is subject to a separate resolution to be approved by the shareholders.

# CORPORATE GOVERNANCE REPORT

## DIVERSITY

### Board Diversity Policy

The Company has adopted the board diversity policy on 29 August 2013, which was revised on 1 January 2019 (the “Board Diversity Policy”). The purpose of the Board Diversity Policy is to set out the basic principles to be followed to ensure that the Board has appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance.

Under the Board Diversity Policy, the selection of Board candidates shall be based on a range of diversity perspectives with reference to the Company’s business model and specific needs, including but not limited to, gender, age, cultural background, educational background, and professional experience, which are the measurable objectives for implementing the Board Diversity Policy.

While all Board appointments continue to be made on a merit basis, the Company acknowledges and embraces the benefits of Board diversity. The Company is committed to ensuring the Board maintains a necessary balance of skills, experience, and diverse perspectives appropriate to the Company’s business needs. Candidate selection will be based on a broad range of diversity metrics, including, but not limited to, gender, age, cultural and educational background, professional experience, skills, and knowledge.

Having implemented the Board Diversity Policy, the Company has achieved the following measurable objectives that the Board has set for implementing the Board Diversity Policy:

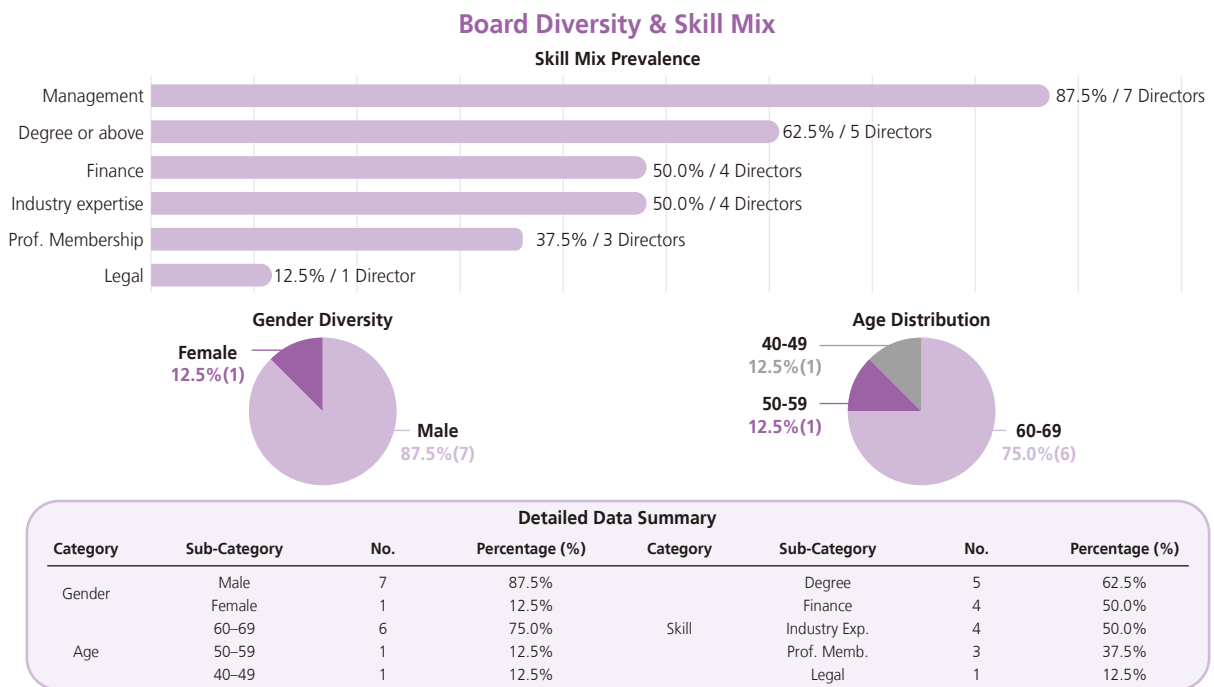
Measurable objectives	Current Board Mix
(a) To ensure at least two members of the Board shall have obtained accounting or other professional qualification.	The current Board has two members that have obtained accounting professional qualification, and one member that has obtained legal professional qualification.
(b) To ensure at least one-third of the members of the Board shall have attained bachelor’s degree or higher level of education.	Five out of eight (63%) of the members of the Board have attained bachelor’s degree or higher level of education.
(c) To ensure at least one member of the Board was or currently is a director of listed companies (including Hong Kong and other regions) other than the Company.	Three members of the Board were or currently are directors of listed companies (including Hong Kong and other regions) other than the Company.
(d) To ensure Board has members coming from different cultural backgrounds (including Hong Kong and PRC).	The current Board comprised members coming from both PRC and Hong Kong.
(e) To ensure the age distribution of the members of the Board comprised people from at least two decades.	The current Board comprised members from at least two decades.

# CORPORATE GOVERNANCE REPORT

The Board is currently a mixed-gender board, with female representation provided by Ms. Ferheen Mahomed, an Independent Non-executive Director. The Nomination Committee and the Board strongly recognise the importance and benefits of gender diversity at the Board level.

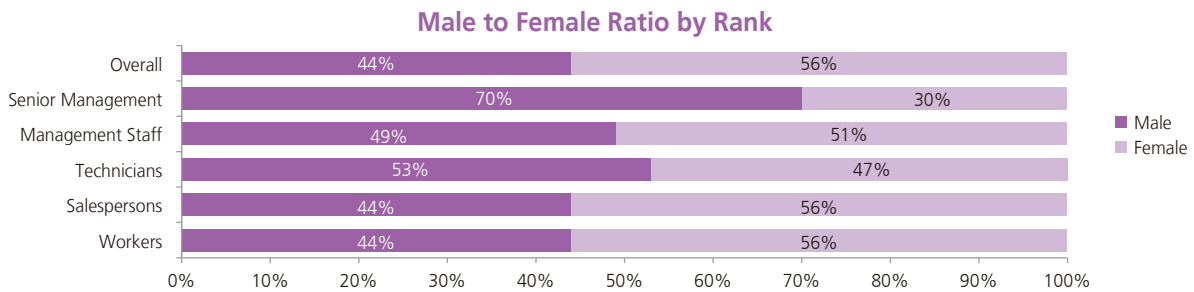
At present, the Nomination Committee and the Board consider that an appropriate balance of gender diversity is maintained, given the current corporate requirements. The Committee will continue to monitor the Group's business needs and consider the further appointment of female directors as appropriate to enhance the existing diversity.

The comprehensive diversity of the Group is illustrated by the following current metrics:



## Workforce diversity

As at 31 December 2025, the Group employed a total of 6,932 full time employees in the PRC who included senior management, management staff, technicians, salespersons and workers. The gender ratio in the workforce was as follows:



The Company will continue to take gender diversity into consideration during recruitment and increase the female proportion at all levels over time with the ultimate goal of achieving gender parity, such that there is a pipeline of female senior management and potential successors to the Board in the future.

## CORPORATE GOVERNANCE REPORT

### REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration of the members of the senior management by band for the year under review is set out below:

Remuneration bands	Number of persons
HK\$1,500,001 to HK\$2,000,000	2
HK\$2,000,001 to HK\$2,500,000	1
HK\$2,500,001 to HK\$3,000,000	2

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in notes 7 and 8 to the consolidated financial statements, respectively.

### AUDITORS' REMUNERATION

The Company has re-appointed Moore CPA Limited as its external auditor during the year ended 31 December 2025. The external auditor is refrained from engaging in non-audit services except for specific approved items, such as performing agreed-upon procedures on interim results of the Group. The Audit Committee reviews the external auditor's statutory audit scope and non-audit services and approves its fees.

During the year under review, the remuneration paid or payable to the external auditors, in respect of their audit and non-audit services are as follows:

	2025 HK\$'000
Statutory audit services	3,120
Non-audit services – Agreed upon procedures work on interim results	300
Total	3,420

### RISK MANAGEMENT AND INTERNAL CONTROL

#### Overview

The Board acknowledges its responsibility for ensuring that sound and effective internal control systems are maintained so as to safeguard the Group's assets and the interest of shareholders. The Group has developed and established an internal audit and risk management department (the "IARM Department"), which reports to the Board and the Audit Committee, to look after the Group's systems of internal control, risk management and the internal audit function.

The systems of internal control and risk management are designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board is responsible for reviewing and maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company.

# CORPORATE GOVERNANCE REPORT

The primary responsibilities of each party of the Group's risk governance structure are summarised as follows:

**(a) Board**

It determines the business strategic objectives of the Group, and evaluates the nature and extent of the risks that the Group is willing to take to achieve the strategic objectives of the Group. It ensures that the Group appropriately and effectively establishes and maintains risk management and internal control systems, and oversees the overall design, implementation and supervision of risk management and internal control systems.

**(b) Audit Committee**

It is responsible for supervising and guiding the IARM department and the management to establish and operate the internal control systems, regularly supervising the Group's risk management and internal control systems, and making recommendations to the Board. The risk management and internal control systems are reviewed, at least annually, for its effectiveness and the review includes all major aspects of control, including financial, operational and compliance controls.

**(c) IARM Department**

It assesses the effectiveness and adequacy of the Group's risk management and internal control systems and reports the findings to the Audit Committee for improvement of the identified control weaknesses or material systems deficiencies.

**(d) Management**

It is delegated and authorised to (i) design, implement and maintain risk management and internal control systems appropriately and effectively; (ii) identify, evaluate, manage and control the risks that may have potential and material impacts on the processes of the operations; (iii) monitor risks and take appropriate methods to mitigate risks; (iv) respond promptly to and follow up the findings of the risk management and internal control issues raised by the IARM department; and (v) provide confirmation to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems.

## Risk management process

The Group has established risk management manual to formulate the risk management process and the management is committed to fostering a risk aware and control conscious environment. The staff at all levels within the Group are required to take the relevant responsibility on the risk management process. The procedures for risk management are as follows:

### Risk identification

Both internal and external factors including economic, political, social, technology and environmental factors, laws and regulations, business objectives and stakeholders' expectation would be considered.

### Risk assessment

The risk identified would be assessed and rated based on the likelihood and impact of the achievement of the Group's objectives.

# CORPORATE GOVERNANCE REPORT

## Control activities

Internal control procedures have been designed and implemented to address the risks.

## Risk monitoring

Risk register has been maintained and updated regularly to monitor risks on an ongoing basis.

## Risk management review

The Board and the Audit Committee would perform a review of any change of significant risks reported by the IARM department.

## Annual Review of the Effectiveness of the Risk Management and Internal Control Systems

The Board and the Audit Committee are responsible for ensuring the Group maintains sound and effective risk management and internal control systems. A comprehensive review of the effectiveness of these systems, covering all material controls (including financial, operational, and compliance monitoring) is conducted annually.

### 1. Scope, Review, and Internal Audit Function

During the year under review, the Group conducted a rigorous review of its systems. This process was supported by the IARM Department, which conducted independent reviews of the risk management and internal control systems and reported to the Board and Audit Committee from time to time.

The reviews conducted by IARM Department and the Audit Committee covered all material controls, including but not limited to:

- financial, operational, and compliance controls; and
- the effectiveness of the internal audit function and risk management functions themselves.

The Board and the Audit Committee actively engaged with the management to ensure effective systems were in place, discussing the adequacy of resources, staff qualifications, experience, training programs, and budget allocated to the Group's accounting, internal audit, and financial reporting functions.

### 2. Assessment, Findings, and Commitment to Improvement

Based on the continuous review and the findings reported by the IARM Department, the Board and the Audit Committee made the following assessment:

- **Audit Findings:** The IARM Department reported no major findings or material control failures that could result in unforeseen outcomes or materially impact the Group's financial performance. However, areas for improvement have been identified.
- **Follow-Up Commitment:** All recommendations reported by the IARM Department will be properly followed up to ensure that significant control activities are implemented properly within a reasonable period of time.

## CORPORATE GOVERNANCE REPORT

- Resource Adequacy: The Board and the Audit Committee considered that the adequacy of resources, qualifications, experience of staff in its accounting and financial reporting functions, their training programmes and budget, and the internal audit function are effective and adequate.

### 3. Conclusion and Confirmation

After considering the scope and quality of monitoring results and the findings from IARM Department, the Board confirms that the Group has fully complied with the provisions of the CG Code regarding risk management and internal control systems for the year under review.

Accordingly, the Board and the Audit Committee are of the view that the Group's risk management and internal control systems are effective and adequate.

### Whistleblowing and Anti-Corruption Policies

The Company is committed to achieving and maintaining the highest possible standards of openness, probity and accountability. A whistleblowing policy is in place to create a system for the employees and business partners to raise concerns, in confidence and anonymity, to the Audit Committee and the Board about possible improprieties relating to the Group. The identity of the whistleblower will be treated with the strictest confidence.

The Company has established an anti-corruption policy and system to promote and support anti-corruption laws and regulations. The anti-corruption policy sets out the basic standard of conduct which applies to all directors and employees of the Company. It provides guidance on accepting advantages and handling conflicts of interest.

### Policy and Procedures of Handling and Dissemination of Inside Information

The Company has adopted an internal policy on the handling and the dissemination of inside information, which is drawn up in accordance with the Listing Rules and the Securities and Future Ordinance (the "SFO"), and with reference to the Guideline on Disclosure of Inside Information published by the Hong Kong Securities and Futures Commission in June 2012.

Each business unit is responsible for monitoring any potential inside information within its operations. If there is any potential inside information, such information will be escalated to the senior management and the company secretary of the Company so that an assessment will be made whether an announcement will need to be made. If an announcement will be made including considering whether any safe harbour is available under the SFO, such announcement will be made by the Company on timely basis to enable the public, namely shareholders, potential investors and other stakeholders of the Company, to assess such information. All inside information is kept strictly confidential and is restricted to relevant parties on a need-to-know basis to ensure confidentiality until disclosure has been made to the public by way of an announcement.

# CORPORATE GOVERNANCE REPORT

## COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

### Relationship with Investors

The Board fully recognises that establishing and maintaining timely, effective, and transparent communication with investors plays a crucial role in consolidating existing shareholders' confidence and attracting potential investors. Therefore, the Group has always placed great importance on proactive interaction with its shareholders and capital market participants and is committed to sustaining the communication of corporate strategy, operational progress, and long-term value through regular and multi-channel two-way communication.

### Change of Company Website

The website of the Company has been changed from "www.361sport.com" to "www.361sport.com.cn". All announcements, notices or other documents published by the Company on the website of The Stock Exchange of Hong Kong Limited will be simultaneously published on this new website of the Company for access by shareholders and investors.

### Shareholders' Communication Policy

By leveraging diversified communication channels (including emails, conference calls, face-to-face meetings, broker strategy conferences, and non-deal roadshows), the Group's Investor Relations Department is committed to ensuring that all shareholders and potential investors are provided with equal, convenient and timely access to accurate, comprehensive and understandable information about the Company, thereby supporting them to exercise their shareholder rights in an fully-informed manner and engaging actively with the Company. During the year under review, the Group further strengthened the two-way communication with the capital market by actively organising virtual and physical meetings (including video and audio sessions), and arranging a number of thematic events for investors and analysts, including inviting them to participate in the Group's four quarterly trade fairs and Super Premium Store (超品店) open day. Such efforts effectively deepened the market's understanding of the Company's business model, operational strategies, and development prospects while continuously enhancing corporate transparency. In addition, an annual general meeting serves as a critical platform for communication between shareholders and the Board and senior management, providing shareholders with a formal channel to offer opinions and suggestions on matters such as corporate strategy, business performance, and governance.

In pursuit of heightened corporate transparency and a strengthened investor communication, the Company has completed a comprehensive upgrade and redesign of the Group's Investor Relations website. The new version aims to provide all stakeholders with more comprehensive and user-friendly access to company information. The new website address is: <https://www.361sport.com.cn/>.

The investors may visit the Group's Investor Relations website at [www.361sport.com.cn](http://www.361sport.com.cn) where the Group's announcements and circulars, financial information, stock consultation, analyst coverage, financial briefings, press releases, investor calendar and other information are posted. The Group welcomes all investors to continue to give their opinions and suggestions to the Group. For any enquiries, please feel free to contact our Investor Relations Department via email at [nina@361sportshk.com](mailto:nina@361sportshk.com). Corporate communications such as annual reports, interim reports, circulars, and announcements are available on the website of the Stock Exchange as well.

## CORPORATE GOVERNANCE REPORT

During the year under review, the Group's continuous commitment and outstanding performance in investor relations and ESG aspects has been widely recognised in the market, with numerous accolades received. In January 2025 and January 2026, the Company consecutively received accolades, including the "Best Capital Market Communication Award" (最佳資本市場溝通獎) and the "Excellence IR Director Award" (卓越總監獎) at the 8th China IR Annual Awards (中國卓越 IR 獎項) and the "Excellence in Value Creation Award" (卓越價值創造獎), the "Excellence in IR Director Award" (卓越總監獎) and the "Excellence in Leadership Award" (卓越領袖獎) at the 9th China IR Annual Awards (中國卓越 IR 獎項). In April and August 2025, the Company successively garnered three awards from New Fortune, namely the "Most Growth-Potential Hong Kong Listed Company in the Consumer Industry Award" (消費產業最具成長性港股公司獎), the "Best IR of Hong Kong Listed Company" (最佳 IR 港股公司) and the "Best Investor Relations Award for Hong Kong-listed Companies" (港股上市公司最佳投資者關係大獎). In June 2025, the Company was presented with the "Tianma Award for Hong Kong Listed Companies Investor Relations Management" (港股上市公司投資者關係管理天馬獎). In the same month, it accolated three awards from Hong Kong Investor Relations Association ("HKIRA"), including the "Best IR Company" (最佳投資者關係公司), the "Best IR Team" (最佳投資者關係團隊), and the "Best IRO" (最佳投資者關係專員). These achievements fully demonstrate the professional capabilities and synergistic effectiveness of the Group's IR team. In addition, in December 2025, the Company was awarded the "2025 Best Investor Relations Management Award" (2025年度最佳投資者關係管理獎) from the Inaugural "ESG and Corporate Value Growth" Summit (首屆「ESG與企業價值增長」高峰論壇), further affirming the Group's firm commitment to deeply integrating ESG philosophy into corporate governance and value creation.

The Board has conducted an annual review of the implementation and effectiveness of the shareholders' communication policy of the Company and concluded that the policy was implemented effectively during the year under review.

### Voting by Poll

Resolutions put to vote at the general meetings of the Company (other than on procedural and administrative matters) are taken by poll. Procedures regarding the conduct of voting by poll are explained to the shareholders at the commencement of each general meeting, and questions from shareholders regarding the voting procedures are answered. Results of voting would be declared at the meeting and published on the websites of the Stock Exchange and the Company respectively.

### Dividend Policy

The Company has adopted a formal dividend policy specifically designed to deliver sustainable, high returns to our Shareholders. The declaration and recommendation of dividends are subject to the decision of the Board after considering the Company's ability to pay dividends. The Board has complete discretion on whether to recommend and/or pay a dividend, subject to Shareholders' approval, where applicable.

The Directors prioritise maximising shareholders' value by strategically taking into consideration, among other factors, the Group's financial results, operating performance, liquidity position, capital requirements, general business conditions, and future business strategies, alongside any relevant legal restrictions. This ensures that dividend distributions are balanced against necessary investments to fuel long-term growth. The Board commits to reviewing and reassessing the dividend policy and its effectiveness on a regular basis to maintain our focus on providing superior returns.

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDERS' RIGHTS

### Convening of extraordinary general meeting on requisition by Shareholders

Pursuant to Article 57 of the Second Amended and Restated Articles, each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

The Board may whenever it thinks fit call extraordinary general meetings. Any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) because of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

### Procedures for putting forward proposals at general meetings

Any shareholder of the Company who wishes to put forward proposals at general meetings of the Company shall submit such proposals to the Board in writing for the Board's consideration not less than 7 days prior to the date of a general meeting through the Company Secretary whose contact details are set out in the paragraph "Procedures for directing shareholders' enquiries to the Board" below.

### Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary whose contact details are as follows:

#### The Company Secretary

361 Degrees International Limited

Room 1609, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong

Email: 361@361sportshk.com

Tel No.: +852 2907 7088

Fax No.: +852 2907 7198

The Company Secretary shall forward shareholders' enquiries and concerns to the Board and/or relevant Board committees of the Company, where appropriate, in order for the Board to respond to such enquiries.

# DIRECTORS AND SENIOR MANAGEMENT

## DIRECTORS

### Executive Directors

**Mr. Ding Wuhao (丁伍號)**, aged 60, joined the Group in June 2003 and has been the President of the Company since August 2008. He is primarily responsible for the Group's overall strategies, planning and business development. He has over 20 years of experience in the PRC sportswear industry. He was a member of the Chinese People's Political Consultative Conference ("CPPCC") Fujian Province Jinjiang City Committee (中國人民政治協商會議福建省晉江市委員會) from 2006 to 2011. In October 2008, he received the award of the "2008 Most Socially Responsible Entrepreneur in China" (二零零八年度中國最具社會責任企業家) by the Annual Selection Organising Committee of China Human Resources Management (中國人力資源管理年度評選組委會). In May 2009, he received the "Contribution Award for China TV Sports Programmes" (中國體育電視貢獻獎) by CCTV Sports Channel (中央電視台體育頻道). In 2010, he was awarded "Top Ten Chinese Entrepreneur of Integrity of the Year (創業中國年度十大誠信人物獎)" by "Example for China (《榜樣中國》)" and "Outstanding Contribution Award for Asian Games (亞運突出貢獻獎)" by 16th Asian Games Organising Committee (第十六屆亞運會組委會). In 2011, he was awarded "The Most Caring Chinese Entrepreneur on Staff's Development (中國最關注員工發展企業家)" at the eighth session of China Human Resource Management Innovation Summit (第八屆中國人力資源管理創新高峰會) and "Top Ten Youth Business Leader in Asia (亞洲十大青年商業領袖)" by Forbes. In 2021, he was awarded the "Outstanding Contribution Award of Asian Games (亞洲體育傑出貢獻獎)" by Olympic Council of Asia (亞洲奧林匹克理事會). In 2023, he was honoured with the "Influential Person of the Year (年度影響力人物)" by Southern Weekly (南方週末). He completed a CEO in China's Enterprise/Finance programme at the Cheung Kong Graduate School of Business in August 2012. Mr. Ding is the brother-in-law of Mr. Ding Huihuang and Mr. Ding Huirong, both of whom are executive Directors. Mr. Ding is the sole director and sole shareholder of Dings International Company Limited, a substantial shareholder of the Company.

**Mr. Ding Huihuang (丁輝煌)**, aged 60, joined the Group in June 2003. He was appointed as an executive Director in August 2008 and is the chairman of the Company. He is primarily responsible for overall strategies, operation planning and footwear production. He has over 20 years of experience in the PRC sportswear industry. He was awarded the "Top Ten Outstanding Youths in China Industrial Economy" (中國工業經濟十大傑出青年) by the Organising Committee of China Industry Forum (中國工業論壇組委會) in January 2008 and the "Top Ten Outstanding Youth Entrepreneurs of Quanzhou City" (泉州市十大傑出青年企業家) jointly issued by 18 governmental and commercial institutions in Quanzhou City, Fujian Province, the PRC, in February 2007. He has been a standing member of the third committee of Quanzhou City Shoe Commercial Association (泉州市鞋業商會) and a vice chairman of Fujian Province Shoe Industry Association (福建省鞋業行業協會) since January 2006 and January 2007 respectively. Mr. Ding is the elder brother of Mr. Ding Huirong and the brother-in-law of Mr. Ding Wuhao, both of whom are executive Directors. Mr. Ding is the sole director and sole shareholder of Ming Rong International Company Limited, a substantial shareholder of the Company.

**Mr. Ding Huirong (丁輝榮)**, aged 54, joined the Group in June 2003 and was appointed as an executive Director in August 2008 and is a vice president of the Company. He is primarily responsible for financial management and infrastructure construction management of the Company, more specifically the construction of the new production facility and warehouse of the Group at the Wuli Industrial Park. He has over 20 years of experience in financial management. Mr. Ding is the younger brother of Mr. Ding Huihuang and the brother-in-law of Mr. Ding Wuhao, both executive Directors. Mr. Ding is the sole director and sole shareholder of Hui Rong International Company Limited, a substantial shareholder of the Company.

## DIRECTORS AND SENIOR MANAGEMENT

**Mr. Wang Jiabi (王加碧)**, aged 68, joined the Group in June 2003 and was appointed as an executive Director in August 2008 and is a vice president of the Company. He is primarily responsible for human resources and external public relationship. Mr. Wang has over 20 years of experience in the PRC sportswear industry. He has completed an EMBA programme offered by Peking University (北京大學) in January 2010. Mr. Wang is the sole director and sole shareholder of Jia Wei International Co., Ltd., a substantial shareholder of the Company.

### Independent non-executive Directors

**Mr. Wu Ming Wai Louie (胡明偉)**, aged 65, joined the Group in August 2020 and is an independent non-executive Director. Mr. Wu has over 35 years of extensive experience in corporate finance, accounting, auditing, taxation, and financial management. He was awarded a professional diploma in Accountancy from The Hong Kong Polytechnic in 1986. He is the sole practitioner of Louie Wu & Co., a certified public accountants firm in Hong Kong since 1993. Mr. Wu is a fellow member of the Hong Kong Institute of Certified Public Accountants and fellow member of both the Taxation Institute of Hong Kong and the Society of Chinese Accountants and Auditors. Mr. Wu is also a Certified Tax Adviser in Hong Kong and the honorary auditors of both Anita Mui “True Heart” Charity Foundation (梅艷芳「四海一心」基金會) and Hong Kong Federation of Drama Societies.

**Mr. Hon Ping Cho Terence (韓炳祖)**, aged 66, joined the Group in May 2019 and is an independent non-executive Director. Mr. Hon has over 30 years of experience in corporate finance, accounting, auditing, corporate administration and business development. He was awarded a master's degree in Business Administration (Financial Services) from The Hong Kong Polytechnic University in November 2004. He is currently an independent non-executive director of Xiabuxiabu Catering Management (China) Holdings Co., Ltd. (Stock code: 00520), Daphne International Holdings Limited (Stock code: 00210) and SinoMab BioScience Limited (Stock code: 03681). Mr. Hon is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

**Mr. Chen Chuang (陳闢)**, aged 48, joined the Group in August 2019 and is an independent non-executive Director. Mr. Chen has over 15 years of experience in corporate strategy, large enterprises innovation, and internal innovation. He was awarded a bachelor's degree and a master's degree in Management from the Dalian University of Technology (大連理工大學). He also received his doctorate degree in Business Administration from Tsinghua University (清華大學). He is currently an independent non-executive director of Hengan International Group Company Limited (Stock code: 01044) and a professor of business management at the Master of Business Administration Education Centre of the School of Management of Xiamen University (廈門大學管理學院工商管理教育中心). Mr. Chen is a committee member of Case Research Division of Chinese Society for Management Modernisation (中國管理現代化研究會案例研究專業委員會).

**Ms. Ferheen Mahomed**, aged 60, joined the Group in October 2024 and is an independent non-executive Director. Ms. Mahomed obtained her bachelor's degree in laws and a postgraduate certificate in laws from the University of Hong Kong in November 1987 and June 1988, respectively. She obtained her bachelor of civil law degree from St. John's College of University of Oxford in the United Kingdom in July 1990. She was admitted as a solicitor by the Supreme Court of Hong Kong and Supreme Court of England and Wales in October 1992 and March 1995, respectively. She has been appointed as an independent non-executive director of Cirrus Aircraft Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2507), since 12 July 2024. Ms. Mahomed has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 5 September 2024. She has confirmed that she understood her obligations as a director of the Company.

## DIRECTORS AND SENIOR MANAGEMENT

### SENIOR MANAGEMENT

**Mr. Chen Yongling Mophy (陳永靈)**, aged 52, joined the Group in August 2005 and serves as the vice president of the board of directors of the Group. He is primarily responsible for the strategy planning and capital operation of the Group. Mr. Chen is widely recognised as the outstanding party member of the Revolutionary Committee of the Chinese Kuomintang, and is also the executive director of Entrepreneur Union of Revolutionary Committee of the Chinese Kuomintang in Fujian, the member of the 12th and 13th Sessions of Quanzhou Committee of Chinese People's Political Consultative Conference, and the standing director of Fujian Economic Association. Mr. Chen has extensive experience in corporate strategy, corporate financial management, capital operation and new retail chain operation management, with extensive working experience in areas of finance, real estate, agriculture and national FMCG (Fast Moving Consumer Goods) retail chain industry. Mr. Chen holds qualifications for economics and accountant of the PRC, and is qualified as the International Certified Senior Accountant and National Secretary (second class). He is known for being honoured as the talent for the China Strategic Talent Pool, Xiamen Government "550" Industrial Talent, Quanzhou and Jinjiang High-level Talent, Hong Kong Quality Talent and Jinjiang Outstanding Talent. With exceptional expertise in the fields of economy and finance, Mr. Chen has received several national awards, including "China's Chief Accountant of the Year Award" and "Chinese Economist Award".

**Mr. Kong Siu Keung Richard (龔兆強)**, aged 57, joined the Group as the company secretary, chief financial officer and authorised representative of the Company in May 2024. He is responsible for the overall financial management and company secretarial functions of the Group. Mr. Kong has over 30 years of extensive experience in the accounting and various fields in the capital market. Mr. Kong holds a master's degree in business administration and is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

**Ms. Zhan Xiaoxiao Nina (詹瀟瀟)**, aged 44, joined the Group in October 2015 and served as the vice-president of investor relations of the Group. She is primarily responsible for the Group's investor relations and capital market programme. Ms. Zhan has nearly 20 years of experience in corporate finance, investor relations, corporate governance and management from her previous positions in investment banking, communication advisory and Hong Kong listed company. She received her bachelor's degree from Peking University, majoring in international relations and double majoring in economics. She received her master's degree from the University of Pennsylvania in 2005, majoring in international political economy.

**Mr. Zheng Yexin (鄭業欣)**, aged 52, joined the Group in May 2018 serving as the general manager of brand management centre. He is primarily responsible for formulation and implementation of brand strategy and construction and management of brand system. Mr. Zheng received his bachelor's degree in arts from Shanxi University in 1997. He has over 20 years of experience in brand strategy, marketing promotion and innovation management, and has over 10 years of experience in serving various international 4A and local advertisement companies, where he provided marketing strategies and innovation services to numerous leading enterprises in the PRC and abroad. Prior to joining the Group, he worked in the brand management centre of an industry leader in 2015 and was responsible for multi-product category strategy and promotion.

**Mr. Geng Huajie (耿華杰)**, aged 42, joined the Group in May 2016 and served as the general manager of the Kids business of the Group. He is primarily responsible for the daily operation of the Kids business of the Group and has over 15 years of experience in branding, sales, merchandising operation and business management. He graduated from Henan University of Economics and Law with a bachelor's degree in public service management in 2006. Prior to joining the Group, he had worked for children's sportswear industry leaders for many years.

## DIRECTORS AND SENIOR MANAGEMENT

**Mr. Wang Xinning (王新寧)**, aged 44, joined the Group in December 2012 and served as the general manager of the Group's e-commerce management centre, and is primarily responsible for the works regarding online e-commerce business of the Group. Mr. Wang received his bachelor's degree in computer and information engineering in Germany in 2005. Prior to joining the Group, Mr. Wang worked for and served a number of international and domestic leading sports brand companies. He has extensive experience in the design, development and manufacturing of footwear and the e-commerce operation of sports brands.

**Mr. Ouyang Zhiqin (歐陽志勤)**, age 49, joined the Group in March 2024 serving as the general manager of the overseas business center. He is primarily responsible for the channel development, brand building and operating management in overseas markets. Mr. Ouyang received his bachelor's degree in finance from Xiamen University in 1999 and master's degree in business administration from Brigham Young University in 2003. Mr. Ouyang has worked in the brand and retail industry for more than 10 years and has accumulated extensive and valuable practical experience in retail business model transformation, channel expansion and retail management.

**Ms. Zhang Tieying Annabel (張鐵英)**, aged 41, joined the Group in August 2016 and served as the Director of Capital Operations. She is mainly responsible for the Group's capital operations. She obtained a Master's degree in Linguistics and Applied Linguistics from Beijing Language and Culture University (北京語言大學) in 2011, specialising in psychological and language testing, and a Master's degree in Corporate Governance from the Metropolitan University of Hong Kong in 2023. She holds a board secretary qualification issued by the Shanghai Stock Exchange, a "Chartered Secretary", "Corporate Governance Practitioner" qualification for corporate governance professionals issued by the Hong Kong Corporate Governance Association, and an ESG Governance Training Certificate.

# INDEPENDENT AUDITOR'S REPORT



## Moore CPA Limited

10/F, North Tower, World Finance Centre,  
Harbour City, 19 Canton Road,  
Tsim Sha Tsui, Kowloon, Hong Kong

T +852 2375 3180  
F +852 2375 3828

[www.moore.hk](http://www.moore.hk)

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## to the Members of 361 Degrees International Limited

*(Incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of 361 Degrees International Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 123 to 212, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities, together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements as at and for the year ended 31 December 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## INDEPENDENT AUDITOR'S REPORT

### Revenue recognition: Distribution arrangements (Refer to Notes 1(t) and 3 to the consolidated financial statements)

#### The Key Audit Matter

Revenue of the Group mainly comprises sales of footwear, apparel and accessories through its network of distributors. For the year ended 31 December 2025, such revenue of the Group amounted to approximately RMB8,572,764,000, representing approximately 77% to the total revenue of the Group.

The Group generally sources, manufactures and sells its products based on purchase orders placed by the distributors during trade fairs held by the Group.

The Group enters into framework distribution agreements with its distributors every year. According to the terms of the distribution agreements, revenue is recognised when the goods are collected by the carrier companies from the Group's premises, which is the point when the control of the goods is considered to have been transferred to its distributors.

We have identified the recognition of revenue from sale of goods under the distribution arrangements as a key audit matter because revenue is one of the key performance indicators of the Group and because there is an inherent risk of manipulation of the recognition of revenue by the management to meet specific targets or expectations.

#### How the matter was addressed in our audit

Our audit procedures to address the recognition of revenue from distribution arrangements included the following:

- assessing the design, implementation and operating effectiveness of management's key internal control and procedures for revenue recognition;
- inspecting all distribution agreements signed in the current year to understand the terms of sales transactions including the terms of delivery and acceptance and any discount or return arrangements to assess the Group's revenue recognition criteria with reference to the requirements of the prevailing accounting standards;
- for sales transactions during the reporting period, comparing, on a sample basis, details in the sales invoices to the related goods delivery notes, which were signed by the carrier companies, to assess if the related revenue, especially those recognised around the reporting period end had been recognised on the basis of the terms of sales as set out in the distribution agreements;
- identifying significant sales returns, if any, during and after the reporting period end and inspecting relevant underlying documentation to assess whether sales returns had been accounted for in the appropriate reporting period;
- obtaining monthly statements issued by distributors and external confirmations of the outstanding trade receivable balances as at the end of reporting period directly from distributors, on a sample basis. Where the distributors did not return the requested confirmations, inspecting the sales invoices and related goods delivery notes signed by the carrier companies and the distributors' acknowledgement of delivery of the goods sold during the reporting period; and
- inspecting significant manual adjustments, if any, to revenue during the reporting period, enquiring of management the reasons for such adjustments and comparing the details of the adjustments to relevant underlying documentation and supporting documents.

## INDEPENDENT AUDITOR'S REPORT

### Expected credit loss assessment of trade receivables (Refer to Notes 1(i), 2(ii), 17 and 27(a) to the consolidated financial statements)

#### The Key Audit Matter

As at 31 December 2025, the gross trade receivables of the Group amounted to approximately RMB5,034,031,000 and of its related allowance for expected credit loss amounted to approximately RMB341,405,000.

The management of the Company performed periodic assessment on the recoverability of the trade receivables and the sufficiency of the allowance for expected credit loss. The management of the Company estimated the expected credit loss allowance based on provision matrix through grouping of various customers that have similar loss patterns, after considering the credit profile of respective customers, ageing analysis, historical settlement records, subsequent settlement status and on-going trading relationships with the relevant customers. The management of the Company also considered the forward- looking information that may impact the customers' ability to repay the outstanding balances as to estimate the expected credit loss allowance.

We have identified the management's assessment of the recoverability of the trade receivables and estimation of expected credit loss allowance as a key audit matter because the amounts involved were significant and the assessment required significant management judgement and estimation uncertainty.

#### How the matter was addressed in our audit

Our audit procedures to address the expected credit loss assessment of trade receivables included the following:

- obtaining an understanding of the Group's key internal controls and assessment process of the estimation of expected credit loss allowance for trade receivables and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud;
- evaluating and validating the key internal controls over the estimation of expected credit loss allowance for trade receivables;
- obtaining and testing the ageing analysis of the trade receivables, on a sample basis, to the underlying financial records and post year-end settlements to bank receipts and discussing with the management of the Company about their evaluation of the background and financial capability of the debtors and their credit assessment that the amounts were recoverable;
- inquiring the management of the Company for the status of each of the material trade receivables past due as at the end of reporting period and corroborating explanation from the management with supporting evidence, such as understanding on-going business relationship with the customers based on the trade records, checking historical and subsequent settlement status of and other correspondence with the customers;

## INDEPENDENT AUDITOR'S REPORT

### The Key Audit Matter

### How the matter was addressed in our audit

- assessing the appropriateness of the expected credit loss provisioning methodology including the identification of credit-impaired trade receivables, the reasonableness of the grouping of trade receivables in the provision matrix and the accuracy of roll rates applied on each time band and the estimated loss rates adopted;
- examining the key data inputs to assess their accuracy and relevancy and challenge the assumptions including both historical and forward-looking information especially the market data used in determination of the expected credit loss allowance with our valuation specialists; and
- assessing the adequacy of the disclosures related to expected credit loss allowance of trade receivables in the context of HKFRS Accounting Standards in the consolidated financial statements.

### INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

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

## **INDEPENDENT AUDITOR'S REPORT**

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

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

## INDEPENDENT AUDITOR'S REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### **Moore CPA Limited**

*Certified Public Accountants*

### **Mo Wing Sze Regina**

Practising Certificate Number: P06709

Hong Kong, 24 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
<b>Revenue</b>	3	<b>11,145,829</b>	10,073,510
Cost of sales		<b>(6,517,293)</b>	(5,890,218)
<b>Gross profit</b>		<b>4,628,536</b>	4,183,292
Other revenue	4	<b>293,127</b>	355,712
Other net gains/(losses)	4	<b>701</b>	(10,145)
Selling and distribution expenses		<b>(2,255,701)</b>	(2,211,389)
Administrative expenses		<b>(854,077)</b>	(698,913)
Provision for expected credit losses ("ECL") on trade receivables	27(a)	<b>(45,466)</b>	(42,317)
<b>Profit from operations</b>		<b>1,767,120</b>	1,576,240
Finance costs	5(a)	<b>(10,507)</b>	(13,457)
<b>Profit before income tax</b>	5	<b>1,756,613</b>	1,562,783
Income tax expense	6	<b>(419,313)</b>	(370,195)
<b>Profit for the year</b>		<b>1,337,300</b>	1,192,588
<b>Attributable to:</b>			
Equity holders of the Company		<b>1,308,884</b>	1,148,615
Non-controlling interests		<b>28,416</b>	43,973
<b>Profit for the year</b>		<b>1,337,300</b>	1,192,588
<b>Earnings per share</b>	10		
Basic and diluted (RMB cents)		<b>63.3</b>	55.6

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Note</i>	2025 RMB'000	2024 RMB'000
<b>Profit for the year</b>		<b>1,337,300</b>	1,192,588
<b>Other comprehensive income/(expense) for the year</b>			
Item that will not be reclassified to profit or loss:			
Equity investments designated at fair value through other comprehensive income ("FVOCI")			
– net movement in fair value reserve		<b>(266)</b>	(1,089)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements		<b>18,960</b>	(5,175)
Other comprehensive income/(expense) for the year, net of tax	<i>9</i>	<b>18,694</b>	(6,264)
<b>Total comprehensive income for the year, net of income tax</b>		<b>1,355,994</b>	1,186,324
<b>Attributable to:</b>			
Equity holders of the Company		<b>1,327,578</b>	1,142,351
Non-controlling interests		<b>28,416</b>	43,973
Total comprehensive income for the year		<b>1,355,994</b>	1,186,324

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	<i>Notes</i>	<b>2025</b> RMB'000	2024 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>1,036,599</b>	960,917
Intangible assets	12	<b>36,515</b>	–
Right-of-use assets	13	<b>103,739</b>	99,207
		<b>1,176,853</b>	1,060,124
Other financial asset	15	<b>18,618</b>	18,931
Deposits and prepayments	17	<b>184,501</b>	60,520
Deferred tax assets	23	<b>204,101</b>	215,904
		<b>1,584,073</b>	1,355,479
<b>Current assets</b>			
Inventories	16	<b>2,065,820</b>	2,109,067
Trade receivables	17	<b>4,692,626</b>	4,349,838
Bills receivable	17	<b>43,185</b>	38,724
Deposits, prepayments and other receivables	17	<b>1,922,578</b>	1,297,503
Pledged bank deposits	18	<b>9,214</b>	8,705
Cash and cash equivalents	18	<b>4,093,846</b>	4,254,236
		<b>12,827,269</b>	12,058,073
<b>Current liabilities</b>			
Trade and other payables	19	<b>2,891,505</b>	2,703,625
Lease liabilities	20	<b>5,651</b>	1,809
Bank loans	21	<b>299,001</b>	46,720
Current taxation		<b>640,099</b>	610,580
		<b>3,836,256</b>	3,362,734
<b>Net current assets</b>		<b>8,991,013</b>	8,695,339

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
<b>Total assets less current liabilities</b>		<b>10,575,086</b>	10,050,818
<b>Non-current liabilities</b>			
Lease liabilities	20	4,820	1,479
Bank loans	21	–	214,500
Deferred tax liabilities	23	20,027	5,711
		<b>24,847</b>	221,690
<b>Net assets</b>		<b>10,550,239</b>	9,829,128
<b>Capital and reserves</b>			
Share capital	24(c)	182,305	182,305
Reserves	24(d)	9,895,795	9,192,937
<b>Total equity attributable to equity holders of the Company</b>		<b>10,078,100</b>	9,375,242
<b>Non-controlling interests</b>	30	<b>472,139</b>	453,886
<b>Total equity</b>		<b>10,550,239</b>	9,829,128

The consolidated financial statements on pages 123 to 212 were approved and authorised for issue by the board of directors on and are signed on its behalf by:

**Ding Wuhao**  
Director

**Ding Huihuang**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Share capital (Note 24(c))	Share Premium (Note 24(d)(i))	Other reserves (Note 24(d)(ii))	Statutory reserve (Note 24(d)(iii))	Exchange reserve (Note 24(d)(iv))	Fair value reserve (non-recycling) (Note 24(d)(v))	Retained profits	Total	Non-controlling interests	Total equity
Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2024</b>	182,305	341	391,987	1,092,224	(17,545)	11,432	7,421,623	9,082,367	640,803	9,723,170
Profit for the year	-	-	-	-	-	-	1,148,615	1,148,615	43,973	1,192,588
Other comprehensive expense	9	-	-	-	(5,175)	(1,089)	-	(6,264)	-	(6,264)
<b>Total comprehensive income for the year</b>	-	-	-	-	(5,175)	(1,089)	1,148,615	1,142,351	43,973	1,186,324
Appropriation to statutory reserve	-	-	-	120,585	-	-	(120,585)	-	-	-
Dividends declared and paid during the year	24(b)	-	-	-	-	-	(580,366)	(580,366)	-	(580,366)
Transactions with non-controlling interests of subsidiaries	24(d)(vi)	-	-	(269,110)	-	-	-	(269,110)	(230,890)	(500,000)
<b>Balance at 31 December 2024 and 1 January 2025</b>	182,305	341	122,877	1,212,809	(22,720)	10,343	7,869,287	9,375,242	453,886	9,829,128
Profit for the year	-	-	-	-	-	-	1,308,884	1,308,884	28,416	1,337,300
Other comprehensive income	9	-	-	-	18,960	(266)	-	18,694	-	18,694
<b>Total comprehensive income for the year</b>	-	-	-	-	18,960	(266)	1,308,884	1,327,578	28,416	1,355,994
Appropriation to statutory reserve	-	-	-	104,041	-	-	(104,041)	-	-	-
Dividends declared and paid during the year	24(b)	-	-	-	-	-	(584,458)	(584,458)	-	(584,458)
Transactions with non-controlling interests of subsidiaries	14(v), 24(d)(vi)	-	-	(40,262)	-	-	-	(40,262)	(10,163)	(50,425)
<b>Balance at 31 December 2025</b>	182,305	341	82,615	1,316,850	(3,760)	10,077	8,489,672	10,078,100	472,139	10,550,239

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>Operating activities</b>			
Profit before income tax		1,756,613	1,562,783
Adjustments for:			
Depreciation of property, plant and equipment	5(c)	115,665	72,367
Amortisation of intangible assets	5(c)	1,325	–
Depreciation of right-of-use assets	5(c)	8,956	4,610
Effect of foreign exchange rates changes		(3,234)	4,723
Finance costs	5(a)	10,507	13,457
Provision for ECL allowance of trade receivables		45,466	42,317
Interest income	4	(11,100)	(54,375)
Net loss on disposals of property, plant and equipment	4	2,533	5,422
Provision for impairment of inventories	5(c)	10,721	2,139
<b>Changes in working capital:</b>			
Inventories		31,037	(759,862)
Trade receivables		(390,357)	(606,568)
Bills receivable		(4,461)	8,136
Deposits, prepayments and other receivables		(627,059)	(66,015)
Trade and other payables		231,631	116,087
<b>Cash generated from operations</b>		<b>1,178,243</b>	345,221
The People's Republic of China income tax paid		(363,628)	(275,414)
<b>Net cash generated from operating activities</b>		<b>814,615</b>	69,807
<b>Investing activities</b>			
Payment for the purchase of property, plant and equipment		(285,219)	(268,664)
Proceeds from disposals of property, plant and equipment		997	2,868
(Increase)/decrease in pledged bank deposits		(509)	3,710
Uplift of fixed deposits held at banks with maturity over three months		–	1,600,000
Acquisition of businesses	25	(94,469)	–
Increase in amount due from non-controlling interests		(1,256)	(16,379)
Interest received		11,100	44,706
<b>Net cash (used in)/generated from investing activities</b>		<b>(369,356)</b>	1,366,241

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	<i>Notes</i>	<b>2025</b> RMB'000	2024 RMB'000
<b>Financing activities</b>			
Principal element of lease rentals paid	18	<b>(6,312)</b>	(1,644)
Interest element of lease rentals paid	18	<b>(529)</b>	(94)
Proceeds from bank loans	18	<b>457,000</b>	189,960
Repayment of bank loans	18	<b>(419,110)</b>	(221,405)
Interest paid	18	<b>(9,978)</b>	(13,363)
Acquisition of non-controlling interests (net of cash and cash equivalents acquired)	14(v)	<b>(44,950)</b>	(150,000)
Dividends paid to shareholders	24(b)	<b>(584,458)</b>	(580,366)
<b>Net cash used in financing activities</b>		<b>(608,337)</b>	(776,912)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(163,078)</b>	659,136
Cash and cash equivalents at 1 January		<b>4,254,236</b>	3,596,489
Effect of foreign exchange rate changes		<b>2,688</b>	(1,389)
Cash and cash equivalents at 31 December	18	<b>4,093,846</b>	4,254,236

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION

### (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all individual Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued several amendments to HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial adoption of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

### (b) Basis of preparation

The Company and other investment holding subsidiaries incorporated in the Cayman Islands, the British Virgin Islands (the “BVI”) and Hong Kong have their functional currency in Hong Kong dollars (“HK\$”) and subsidiaries established in the People’s Republic of China (the “PRC”) have their functional currency in Renminbi (“RMB”). As the Group mainly operates in the PRC, RMB is used as the presentation currency of the Group’s consolidated financial statements. All financial information presented is rounded to the nearest thousand except otherwise stated. The measurement basis used in the preparation of the consolidated financial statements is the historical costs basis except for equity investments designated as at fair value through other comprehensive income (“FVOCI”) as explained in Notes 1(f), 15 and 27(g)(ii).

Judgements and estimates made by management in the adoption of HKFRSs that have significant effect on these consolidated financial statements and major sources of estimation uncertainty are discussed in Note 2.

### (c) Change in accounting policies

The significant account policies and methods of computation used by the Group in the preparation of the consolidated financial statements for the year ended 31 December 2025 are consistent with those adopted in the consolidated financial statements for the year ended 31 December 2024, except for the adoption of the amendments to HKFRS Accounting Standards as explained in below.

Amendments to HKAS 21

Lack of Exchangeability

The adoption of the above amendments to HKFRS Accounting Standards has had no material impact on the Group’s financial performance and position for the current and prior periods and/or the disclosures set out in these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (d) Basis of consolidation

The consolidated financial statements for the year ended 31 December 2025 comprise 361 Degrees International Limited (the “Company”) and its subsidiaries (together referred to as the “Group”).

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity holders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity holders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(n) or (o) depending on the nature of the liability.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed. If the test is not met, or if the acquirer elects not to apply the test, the Group shall then perform the assessment to determine if the inputs and substantive process that together significantly contribute to the ability to create output are present to determine whether the set of activities and assets is a business.

Business combinations not under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation at fair value or at the non-controlling interests’ proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (e) Business combinations and goodwill

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKFRS 9, is measured at fair value with changes in fair value recognised in profit or loss in accordance with HKFRS 9. Other contingent consideration that is not within the scope of HKFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the consolidated income statement as a bargain purchase gain.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (f) Other investments in equity securities

The Group's policies for investments in equity securities, other than investments in subsidiaries, are set out below.

Investments in equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 27(g)(ii).

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss.

Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in Note 1(t)(vi).

### (g) Property, plant and equipment

Property, plant and equipment (excluding construction in progress) are stated at cost less accumulated depreciation and impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the item has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to profit or loss in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of the item and the cost of such item can be measured reliably, the expenditure is capitalised as an additional cost of the item.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 1(v)).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (g) Property, plant and equipment (Continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion
- Plant and machinery 5–10 years
- Office equipment and other fixed assets 2–10 years
- Motor vehicles 5 years

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Construction in progress represented the operating and accounting systems under construction and is stated at cost less accumulated impairment losses. Cost includes the costs of construction of system, installation, testing and other direct costs. No reclassification to the appropriate category of property, plant and equipment and provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

### (h) Intangible assets

The Group's intangible assets represent the patents relating to materials innovations and advanced manufacturing technologies in the business combination during the year, and they are recognised at fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful life are carried at costs less accumulated amortisation and accumulated impairment losses, if any. Amortisation for intangible assets with finite useful lives of ten years is provided on a straight-line basis over their estimated useful lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (i) Credit losses and impairment of assets

#### (i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (“ECL”) on financial assets measured at amortised cost (including cash and cash equivalents, pledged bank deposits, trade and bills receivables, deposit and other receivables).

Financial assets measured at fair value, including equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the effective interest rate determined at initial recognition or an approximation thereof for fixed-rate financial assets, trade, bills and other receivables where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

For trade and bills receivables, the Group has measured the loss allowance at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For other financial assets (including deposits and other receivables, cash and cash equivalents, pledged bank deposits, fixed deposits held at banks with original maturity over three months), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (i) Credit losses and impairment of assets (Continued)

#### (i) Credit losses from financial instruments (Continued)

##### *Significant increases in credit risk*

In assessing whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset assessed at the end of reporting period with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

##### *Basis of calculation of interest income*

Interest income recognised in accordance with Note 1(t)(iv) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (i) Credit losses and impairment of assets (Continued)

#### (i) Credit losses from financial instruments (Continued)

##### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

##### *Write-off policy*

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (j) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### (k) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see Note 1(t)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 1(t)(iv)).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional only if the passage of time is required before payment of that consideration is due. Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 1(i)(i)).

Bills receivable are derecognised if substantially all the risks and rewards of ownership of the bills receivable are transferred. If substantially all the risks and rewards of ownership of bills receivable are retained, the bills receivable are continued to be recognised in the consolidated statement of financial position.

### (m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 1(i)(i).

### (n) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

### (o) Bank loans and interest-bearing borrowings

Bank loans and interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, bank loans and interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 1(v)).

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period. Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (p) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### (q) Leases when the Group is a lessee

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of laptops and office furniture that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### (q) Leases when the Group is a lessee (Continued)

##### Right-of-use assets

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities (other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient).

The right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets and lease liabilities separately in the consolidated statement of financial position.

##### Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (q) Leases when the Group is a lessee (Continued)

#### Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments included in the measurement of the lease liability comprise the following payments during the lease term:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (q) Leases when the Group is a lessee (Continued)

#### Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

### (r) Income tax

Income tax represents the sum of current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (i) when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and at the time of the transaction does not give rise to equal taxable and deductible temporary differences; and

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (r) Income tax (Continued)

- (ii) in respect of taxable temporary differences associated with investments in subsidiaries, associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- (i) When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and at the time of the transaction does not give rise to equal taxable and deductible temporary differences; and
- (ii) in respect of deductible temporary differences associated with investments in subsidiaries, associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax is calculated, without discounting, at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (r) Income tax (Continued)

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

### (s) Expenditures on research and development cost and advertising

Expenditure on research and development is recognised as an expense in the period in which it is incurred. Expenditure on advertising is recognised as an expense in the period in which the relevant services have been rendered to the Group over the period covered by the agreement.

### (t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (t) Revenue and other income (Continued)

Further details of the Group's revenue and other income recognition policies are as follows:

#### (i) Sale of goods-distributor

The Group manufactures and sells sports goods to distributors. Sales are recognised when control of the products has transferred, being when the products are delivered to the distributors, the distributors has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the distributors' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the distributors, and either the distributors has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

No element of financing is deemed present as the sales are made with a credit term of 90 days to 180 days for the remaining balance based on the invoice date, which is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

#### (ii) Sale of goods – retail

For retail business, which represents the Group's sales from direct operation, sales of goods are recognised when the Group sells a product to the customer. Retail sales are usually in cash, by credit or payment cards or through on-line payment platforms.

#### (iii) Sale of goods – e-commerce

For e-commerce business, the control of the sporting goods is transferred when the sporting goods are delivered to and accepted by the customers. Consideration is usually settled by credit cards, debit cards or through on-line payment platforms. The Group grants a 7 to 15-day period for returning goods under the e-commerce channel.

In any case customers have a right to return products under certain circumstances, the Group then may not be entitled to the consideration received or receivable. Therefore, the Group recognises a refund liability (included in other payables) and a right to the returned goods (included in other receivables) in relation to refund for the products expected to be return. Accumulated experience is used to estimate such returns at the time of sale. Such estimates are reviewed at the end of each reporting period. The consideration of the goods that expected to be returned to the Group are not recognised as revenue and the corresponding inventories cost are also not recognised as cost of sales in the profit or loss.

#### (iv) Interest income

Interest income is recognised as it accrues using the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 1(i)(i)).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (t) Revenue and other income (Continued)

#### (v) Commission income

Commission income represents service income by providing e-commerce platforms for distributors which is calculated based on online sales amount. Such income are recognised at a point in time when the services are rendered which is generally the time when the ultimate customers had received the goods.

#### (vi) Dividends

Dividend income from unlisted investments is recognised in profit or loss when the shareholder's right to receive payment is established.

### (u) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

The results of subsidiaries with functional currency other than RMB are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and retained profit or accumulated loss separately in equity in the exchange reserve.

Exchange differences recognised in profit or loss in Group entities' separate financial statements on the translation of monetary items forming part of the Group entities' net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the exchange reserve on consolidation.

On disposal of a subsidiary with functional currency other than RMB, the cumulative amount of the exchange differences relating to that subsidiary is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

### (v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### (w) Employee benefits

#### Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Group participates in defined contribution retirement benefit schemes for those employees who are eligible to participate. Contributions are charged to profit or loss as they are paid/become payable in accordance with the rules of the scheme, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

#### Employee long service payment

The provision for long service payment ("LSP") is provided based on the employees' basic salaries and their respective length of service in accordance with the applicable rules and regulations in their respective countries of employment.

### (x) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

### (y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

No geographic information is shown as the revenue and profit from operations of the Group are mainly derived from activities in the PRC.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2. ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the financial statements requires the directors of the Company to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors have considered the development, selection and disclosure of the Group's critical accounting judgements and estimates.

In the process of applying the Group's accounting policies, the directors have made the following estimates and judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

### Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

#### (i) Useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation/amortisation charges for the property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation/amortisation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

#### (ii) Impairment losses on financial assets

The Group estimates the ECL allowances for trade receivables, deposits and other receivables and cash and cash equivalents which requires the use of estimates and judgements. ECLs are based on the Group's historical credit loss experience, adjusted for factors that are specific to the counterparties, and an assessment of both the current and forecast general economic conditions at the end of reporting period. Where the estimation is different from the previous estimate, such difference will affect the carrying amounts of the financial assets and thus the impairment loss in the period in which such estimate is changed. The Group keeps assessing the ECL of the financial assets during their respective expected lives.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2. ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

### Estimation uncertainty (Continued)

#### (iii) Net realisable value of inventories

The Group recognises write-down on inventories based on an assessment of the net realisable value of the inventories. Write-down is applied to the inventories where events or changes in circumstances indicate that the net realisable value is less than cost. The determination of net realisable value requires the use of judgement and estimates. Where the expectation is different from the original estimates, such difference will impact carrying value of the inventories and write-down on inventories charged to profit or loss in the period in which such estimate has been changed.

#### (iv) Income tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

## 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 3. REVENUE AND SEGMENT REPORTING (Continued)

#### (a) Revenue (Continued)

##### Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or sales channel is as follows:

	2025 RMB'000	2024 RMB'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by product category:		
– Footwear	6,041,666	5,385,763
– Apparel	4,542,535	4,304,472
– Accessories	375,746	191,704
– Others	185,882	191,571
	<b>11,145,829</b>	<b>10,073,510</b>

Revenue by geographical location above is determined on the basis of the destination of shipment/delivery.

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

During the year ended 31 December 2025, the Group's customer base is diversified and had no (2024: Nil) customer with whom transactions have exceeded 10% of the Group's revenue. Details of concentrations of credit risk arising from these customers are set out in Note 27(a).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 3. REVENUE AND SEGMENT REPORTING (Continued)

#### (b) Segment reporting

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 year. Accordingly, no analysis by geographical segments has been provided for the year. In addition, no information on segment assets and liabilities was prepared for review by the Group's most senior executive management for the year 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 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 the 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		Kids		Total	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
<b>Disaggregated by timing of revenue recognition</b>						
Point in time	8,563,293	7,734,247	2,582,536	2,339,263	11,145,829	10,073,510
Revenue from external customers	8,563,293	7,734,247	2,582,536	2,339,263	11,145,829	10,073,510
Inter-segment revenue	23,060	30,143	–	–	23,060	30,143
Reportable segment revenue	8,586,353	7,764,390	2,582,536	2,339,263	11,168,889	10,103,653
Cost of sales	(5,034,787)	(4,550,283)	(1,502,798)	(1,366,461)	(6,537,585)	(5,916,744)
Reportable segment profit (gross profit)	3,551,566	3,214,107	1,079,738	972,802	4,631,304	4,186,909

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 3. REVENUE AND SEGMENT REPORTING (Continued)

#### (b) Segment reporting (Continued)

##### (ii) Reconciliations of reportable segment revenues and profit before income tax

	2025 RMB'000	2024 RMB'000
<b>Revenue</b>		
Reportable segment revenue	11,168,889	10,103,653
Elimination of inter-segment revenue	(23,060)	(30,143)
Consolidated revenue ( <i>Note 3(a)</i> )	11,145,829	10,073,510
<b>Profit before income tax</b>		
Reportable segment profit	4,631,304	4,186,909
Elimination of inter-segment profits	(2,768)	(3,617)
Reportable segment profit derived from the Group's external customers	4,628,536	4,183,292
Other revenue	293,127	355,712
Other net gains/(losses)	701	(10,145)
Selling and distribution expenses	(2,255,701)	(2,211,389)
Administrative expenses	(854,077)	(698,913)
Provision for ECL on trade receivables	(45,466)	(42,317)
Finance costs	(10,507)	(13,457)
Profit before income tax	1,756,613	1,562,783

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 4. OTHER REVENUE AND OTHER NET GAINS/(LOSSES)

	2025 RMB'000	2024 RMB'000
<b>Other revenue</b>		
Interest income on financial assets measured at amortised cost	11,100	54,375
Government subsidies ( <i>Note (a)</i> )	203,146	217,048
Commission income ( <i>Note (b)</i> )	34,714	52,704
Royalty income ( <i>Note (c)</i> )	30,444	20,500
Others	13,723	11,085
	<b>293,127</b>	<b>355,712</b>
<b>Other net gains/(losses)</b>		
Net loss on disposals of property, plant and equipment	(2,533)	(5,422)
Net foreign exchange gain/(loss)	3,234	(4,723)
	<b>701</b>	<b>(10,145)</b>

Notes:

- (a) Government subsidies 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.
- (b) 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.
- (c) 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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2025 RMB'000	2024 RMB'000
<b>(a) Finance costs</b>		
Interest on lease liabilities ( <i>Note 20</i> )	529	94
Interest on bank loans	9,978	13,363
	<b>10,507</b>	<b>13,457</b>
<b>(b) Staff costs (including directors' emoluments (<i>Note 7</i>))<sup>®</sup></b>		
Contributions to defined contribution retirement plans	68,187	53,317
Salaries, wages and other benefits	867,050	807,870
	<b>935,237</b>	<b>861,187</b>
<b>(c) Other items</b>		
Auditor's remuneration		
– audit services	2,872	2,881
– non-audit services	276	277
Depreciation of property, plant and equipment ( <i>Note 11</i> ) <sup>***</sup>	115,665	72,367
Amortisation of intangible assets ( <i>Note 12</i> )	1,325	–
Depreciation of right-of-use assets ( <i>Note 13</i> ) <sup>**</sup>	8,956	4,610
Provision for impairment of inventories ( <i>Note 16(b)</i> ), included in cost of inventories	10,721	2,139
Expense relating to short-term leases ( <i>Note 13</i> ) <sup>^</sup>	11,889	9,568
Expense relating to variable lease payments not included in the lease liabilities, including in selling and distribution expense	868	–
Advertising and promotional expenses	1,165,717	1,292,502
E-commerce platform service expenses	281,674	238,204
Packaging fee and storage fee, included in selling and distribution expense	324,051	303,563
Logistics fee, included in selling and distribution expense	130,013	110,093
Subcontracting charges	138,307	122,287
Research and development costs*	378,300	341,519
Cost of inventories	5,807,738	5,200,183

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 5. PROFIT BEFORE INCOME TAX (Continued)

Notes:

- \* Research and development costs include the materials cost of approximately RMB179,112,000 (2024: RMB165,878,000) and staff costs of employees in the research and development department as disclosed in Note 5(b). Research and development costs included in administrative expenses in the consolidated statement of profit or loss.
- \*\* Depreciation of right-of-use assets of approximately RMB458,000 (2024: Nil), RMB2,003,000 (2024: RMB671,000), RMB6,495,000 (2024: RMB3,939,000) are charged to cost of goods sold, selling and distribution expense and administrative expenses, respectively for the year ended 31 December 2025.
- \*\*\* Depreciation of property, plant and equipment of approximately RMB37,265,000 (2024: RMB16,431,000), RMB8,827,000 (2024: RMB4,622,000), RMB8,172,000 (2024: RMB6,414,000) and RMB61,401,000 (2024: RMB44,900,000) are charged to cost of sales, selling and distribution expense, research and development and administrative expenses, respectively for the year ended 31 December 2025.
- ⊙ Staff costs of approximately RMB433,181,000 (2024: RMB405,151,000), RMB173,093,000 (2024: RMB159,475,000), RMB151,945,000 (2024: RMB136,457,000) and RMB177,018,000 (2024: RMB160,104,000) are charged to cost of sales, selling and distribution expense, research and development and administrative expenses, respectively for the year ended 31 December 2025.
- ^ Expenses relating to short-term leases of approximately RMB7,581,000 (2024: RMB6,425,000), RMB1,229,000 (2024: RMB2,089,000) and RMB3,079,000 (2024: RMB1,054,000) are charged to cost of sales, selling and distribution expense and administrative expenses, respectively for the year ended 31 December 2025.

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

#### (a) Income tax expense in the consolidated statement of profit or loss represents:

	2025 RMB'000	2024 RMB'000
<b>Current tax – PRC</b>		
Enterprise Income Tax	393,147	415,748
Withholding tax	–	9,000
	<b>393,147</b>	<b>424,748</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences ( <i>Note 23</i> )	26,166	(54,553)
	<b>26,166</b>	<b>(54,553)</b>
	<b>419,313</b>	<b>370,195</b>

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI (2024: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 6. INCOME TAX EXPENSE IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

#### (a) Income tax expense in the consolidated statement of profit or loss represents: (Continued)

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 year (2024: Nil).

No provision has been made for Profits Tax in Brazil, USA and the Netherlands as the Group did not have any assessable profits subject to Profits Tax in Brazil, USA and the Netherlands during the year (2024: Nil).

All PRC subsidiaries are subject to income tax at 25% (2024: 25%) for the year under the Enterprise Income Tax law ("EIT law"), except for one of the subsidiaries of the Company operating in the PRC which was approved to be high and new technology enterprises ("HNTE"). HNTE is 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 2024 to 29 November 2025 and the validity period has been extended from 29 November 2025 to 29 November 2027.

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.

The Organisation for Economic Co-operation and Development ("OECD") published Pillar Two model rules in December 2021, with the effect that a jurisdiction may enact domestic tax laws ("Pillar Two Tax Legislation") to implement the Pillar Two model rules on a globally agreed common approach. The Group is within the scope of the OECD Pillar Two model rules as the Group's consolidated annual revenue has exceeded EUR750 million.

The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12, and will account for the Pillar Two income taxes as current tax when incurred.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 6. INCOME TAX EXPENSE IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

#### (a) Income tax expense in the consolidated statement of profit or loss represents: (Continued)

Under the Pillar Two Tax Legislation, if the constituent entities in one tax jurisdiction fail to satisfy any safe harbour rules and the Global Anti-Base Erosion (GloBE) effective tax rate is lower than the minimum rate of 15%, the Group is liable to pay a top-up tax for the difference between the GloBE effective tax rate per tax jurisdiction and the minimum rate of 15%. Since the major operations of the Group are in Mainland China, based on the information currently available, the impact of these rules on the Group's income tax position is not material. The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its consolidated financial statements.

#### (b) Reconciliation between income tax expense and profit before income tax at applicable tax rates:

	2025 RMB'000	2024 RMB'000
Profit before income tax	1,756,613	1,562,783
Notional tax on profit before income tax, calculated at the rates applicable to profits in the jurisdictions concerned	400,555	350,673
Tax effect of non-deductible expenses	3,535	4,827
Tax effect of non-taxable income	(1,149)	(360)
Utilisation of unused tax losses not recognised	(1,443)	–
Tax effect of unrecognised tax loss	17,815	6,055
Withholding tax on dividends	–	9,000
Income tax expense	419,313	370,195

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 7. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
<b>For the year ended 31 December 2025</b>				
<b>Executive directors</b>				
Ding Wuhao	–	1,401	17	1,418
Ding Huihuang	–	1,152	17	1,169
Ding Huirong	–	1,128	17	1,145
Wang Jiabi	–	570	–	570
<b>Independent non-executive directors</b>				
Hon Ping Cho Terence	387	–	–	387
Chen Chuang	387	–	–	387
Wu Ming Wai Louie	515	–	–	515
Ferheen Mahomed	460	–	–	460
	<b>1,749</b>	<b>4,251</b>	<b>51</b>	<b>6,051</b>

#### For the year ended 31 December 2024

##### Executive directors

Ding Wuhao	–	1,362	17	1,379
Ding Huihuang	–	1,137	17	1,154
Ding Huirong	–	1,102	17	1,119
Wang Jiabi	–	588	–	588

##### Independent non-executive directors

Hon Ping Cho Terence	388	–	–	388
Chen Chuang	388	–	–	388
Wu Ming Wai Louie	517	–	–	517
Ferheen Mahomed	97	–	–	97

	<b>1,390</b>	<b>4,189</b>	<b>51</b>	<b>5,630</b>
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 7. DIRECTORS' EMOLUMENTS (Continued)

Fees, salaries, allowances and benefits in kind paid to or for the executive directors of the Company are generally emoluments paid or receivable in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries. The independent non-executive directors' emoluments shown above were for their services as directors of the Company. No discretionary bonus was granted to the directors (2024: Nil) for the year ended 31 December 2025.

No emolument was paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2024: Nil). No arrangement under which directors of the Company waived or agreed to waive any emoluments during the year (2024: Nil).

### 8. INDIVIDUALS WITH HIGHEST EMOLUMENTS

None of the directors of the Company are the five individuals with the highest emoluments (2024: Nil). The emoluments payable to the five (2024: five) individuals during the year are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other emoluments	8,752	7,878
Bonus	1,902	1,506
Retirement scheme contributions	126	64
	<b>10,780</b>	<b>9,448</b>

The emoluments of the five (2024: five) individuals with the highest emoluments are within the following bands:

	2025 Number of individuals	2024 Number of individuals
HK\$1,500,001 to HK\$2,000,000	2	4
HK\$2,000,001 to HK\$2,500,000	1	–
HK\$2,500,001 to HK\$3,000,000	2	1

No emolument was paid or payable by the Group to the five (2024: nil) highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 9. OTHER COMPREHENSIVE INCOME

Tax effects relating to each component of other comprehensive income:

	2025			2024		
	Before-tax amount RMB'000	Tax credit RMB'000 (Note 23)	Net-of-tax amount RMB'000	Before-tax amount RMB'000	Tax credit RMB'000 (Note 23)	Net-of-tax amount RMB'000
Equity investments designated at FVOCI (non-recycling) – net movement in fair value reserve (Note 27(g)(iii))	(313)	47	(266)	(1,281)	192	(1,089)
Exchange differences on translation of financial statements	18,960	–	18,960	(5,175)	–	(5,175)
Other comprehensive income	18,647	47	18,694	(6,456)	192	(6,264)

### 10. 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 RMB1,308,884,000 (2024: RMB1,148,615,000) and the weighted average of 2,067,682,000 (2024: 2,067,682,000) ordinary shares in issue during the year.

#### (b) Diluted earnings per share

For the year ended 31 December 2025, diluted earnings per share is the same as basic earnings per share as the Company did not have dilutive potential shares outstanding during the year (2024: Same).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 11. PROPERTY, PLANT AND EQUIPMENT AND INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES

	Buildings situated on leasehold land classified as right-of-use assets RMB'000	Plant and machinery RMB'000	Office equipment and other fixed assets RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
<b>Cost:</b>						
At 1 January 2024	1,217,128	265,681	262,788	37,047	6,879	1,789,523
Exchange realignment	1,840	–	13	–	–	1,853
Additions	–	74,969	14,027	1,046	184,974	275,016
Transfer	191,853	–	–	–	(191,853)	–
Disposals	(636)	(47,765)	(24,527)	(897)	–	(73,825)
At 31 December 2024	1,410,185	292,885	252,301	37,196	–	1,992,567
<b>Accumulated depreciation and amortisation:</b>						
At 1 January 2024	638,063	153,967	201,205	31,112	–	1,024,347
Exchange realignment	471	–	–	–	–	471
Charge for the year ( <i>Note 5(c)</i> )	57,701	8,174	6,315	177	–	72,367
Written back on disposals	–	(42,867)	(22,074)	(594)	–	(65,535)
At 31 December 2024	696,235	119,274	185,446	30,695	–	1,031,650
<b>Net book value:</b>						
At 31 December 2024	713,950	173,611	66,855	6,501	–	960,917

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 11. PROPERTY, PLANT AND EQUIPMENT AND INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES (Continued)

	Buildings situated on leasehold land classified as right-of-use assets RMB'000	Plant and machinery RMB'000	Office equipment and other fixed assets RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
<b>Cost:</b>						
At 1 January 2025	1,410,185	292,885	252,301	37,196	–	1,992,567
Exchange realignment	(2,566)	–	6	–	–	(2,560)
Additions	274	24,012	14,054	243	110,056	148,639
Arising from business combination (Note 25)	–	43,144	4,867	94	–	48,105
Transfer	69,895	2,321	–	–	(72,216)	–
Disposals	(98)	(21,588)	(6,254)	(318)	–	(28,258)
<b>At 31 December 2025</b>	<b>1,477,690</b>	<b>340,774</b>	<b>264,974</b>	<b>37,215</b>	<b>37,840</b>	<b>2,158,493</b>
<b>Accumulated depreciation and amortisation:</b>						
At 1 January 2025	696,235	119,274	185,446	30,695	–	1,031,650
Exchange realignment	(677)	–	(16)	–	–	(693)
Charge for the year (Note 5(c))	79,559	25,215	10,487	404	–	115,665
Written back on disposals	(7)	(18,899)	(5,536)	(286)	–	(24,728)
<b>At 31 December 2025</b>	<b>775,110</b>	<b>125,590</b>	<b>190,381</b>	<b>30,813</b>	<b>–</b>	<b>1,121,894</b>
<b>Net book value:</b>						
<b>At 31 December 2025</b>	<b>702,622</b>	<b>215,184</b>	<b>74,551</b>	<b>6,402</b>	<b>37,840</b>	<b>1,036,599</b>

As at 31 December 2024, a building located in Hong Kong with net book value of approximately RMB41,370,000 was pledged as security for the Group's banking facility for bank borrowings (Note 21(a)). During the year ended 31 December 2025, the Group has repaid the mortgage in full and the charges over the building were released. As at 31 December 2025, no building of the Group was pledged as security.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 12. INTANGIBLE ASSETS

	Patent RMB'000
<b>Cost:</b>	
At 1 January 2025	–
Arising from business combination ( <i>Note 25</i> )	37,840
At 31 December 2025	37,840
<b>Accumulated amortisation:</b>	
At 1 January 2025	–
Charge for the year ( <i>Note 5(c)</i> )	1,325
At 31 December 2025	1,325
<b>Net book value:</b>	
At 31 December 2025	36,515

Patents represent the exclusive legal rights of the Group to use related to the material innovation and advanced manufacturing technologies which was acquired by the Group during the year ended 31 December 2025. The intangible assets are amortised over ten-year period. As at 31 December 2025, the management believes that no provision for impairment of intangible assets is required.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 13. RIGHT-OF-USE ASSETS

	Buildings RMB'000	Interests in leasehold land held for own use RMB'000	Total RMB'000
<b>Cost:</b>			
At 1 January 2024	6,520	113,327	119,847
Exchange realignment	13	–	13
Additions	2,116	–	2,116
At 31 December 2024 and 1 January 2025	8,649	113,327	121,976
Exchange realignment	5	–	5
Additions	13,422	–	13,422
<b>At 31 December 2025</b>	<b>22,076</b>	<b>113,327</b>	<b>135,403</b>
<b>Accumulated depreciation:</b>			
At 1 January 2024	3,491	14,626	18,117
Exchange realignment	42	–	42
Charge for the year (Note 5(c))	1,787	2,823	4,610
At 31 December 2024 and 1 January 2025	5,320	17,449	22,769
Exchange realignment	(61)	–	(61)
Charge for the year (Note 5(c))	6,133	2,823	8,956
<b>At 31 December 2025</b>	<b>11,392</b>	<b>20,272</b>	<b>31,664</b>
<b>Net book value:</b>			
<b>At 31 December 2025</b>	<b>10,684</b>	<b>93,055</b>	<b>103,739</b>
At 31 December 2024	3,329	95,878	99,207

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 13. RIGHT-OF-USE ASSETS (Continued)

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 20 and 27(b), respectively.

	2025 RMB'000	2024 RMB'000
Depreciation expense of right-of-use assets (as above) (Note 5(c))	8,956	4,610
Interest on lease liabilities (Note 20)	529	94
Expense relating to variable lease payments (Note 5(c))	868	–
Expense relating to short-term leases (Note 5(c))	11,889	9,568
<b>Total amount recognised in the consolidated profit or loss</b>	<b>22,242</b>	<b>14,272</b>

#### Ownership interests in leasehold land held for own use

The Group holds several leasehold land for its business, where its manufacturing facilities are primarily located. Lump sum payments were made upfront to acquire these land interests, and there are no ongoing payments to be made under the terms of the land lease.

#### Other properties leased for own use

The Group has obtained the right to use other properties as its office through tenancy agreements. The leases typically run for an initial period of one to three years (2024: one to three years). Lease payments are usually increased every year to reflect market rentals. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. For certain lease contracts of retail stores, there are terms about variable lease payments that based on the sales volume, which expose the Group to variable lease payments.

#### Variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 100% of lease payments are on the basis of variable payment terms with percentages ranging from 14% to 21% of sales in majority. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

A 10% increase in sales across all stores in the Group with such variable lease contracts would increase total lease payments by approximately RMB87,000 (2024: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 14. INVESTMENTS IN SUBSIDIARIES

Particulars of the Group's subsidiaries are set out as below. The class of shares held is ordinary unless otherwise stated.

Name of subsidiaries	Place of establishment/ incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Sanliuyidu Holdings Company Limited	BVI	100 shares of United States dollar ("US\$") 1 each	100% (2024: 100%)	100% (2024: 100%)	–	Investment holding
361 Enterprise Company Limited	Hong Kong	1 share	100% (2024: 100%)	–	100% (2024: 100%)	Investment holding
361 Investment Company Limited	Hong Kong	1 share	100% (2024: 100%)	–	100% (2024: 100%)	Investment holding
361 Degrees (Hong Kong) Investment Limited	Hong Kong	1 share	87% (2024: 87%)	–	100% (2024: 100%)	Investment holding
Sanliuyidu (Fujian) Sports Goods Co., Ltd. 三六一度(福建)體育用品有限公司 (Notes (i) and (iv))	PRC	HK\$280,000,000	100% (2024: 100%)	–	100% (2024: 100%)	Manufacture and trading of sporting goods
Sanliuyidu (China) Co., Ltd. ("Sanliuyidu (China)") 三六一度(中國)有限公司 (Notes (i) and (iv))	PRC	HK\$1,068,359,692	100% (2024: 100%)	–	100% (2024: 100%)	Manufacture and trading of sporting goods
Sanliuyidu Xiamen Industry & Trade Co., Limited 三六一度(廈門)工貿有限公司 (Notes (ii) and (iv))	PRC	RMB100,000,000	100% (2024: 100%)	–	100% (2024: 100%)	Trading of sporting goods
Sanliuyidu (Fujian) Shoes and Plastics Technology Co., Ltd. ("361 Shoes and Plastics") 三六一度(福建)鞋塑科技有限公司 (Notes (iii) and (iv))	PRC	HK\$120,000,000	51% (2024: 51%)	–	51% (2024: 51%)	Manufacture and trading of shoes soles
361 Degrees Children's Clothing Co., Ltd. ("361 Children") 三六一度童裝有限公司 (Notes (i) and (iv))	PRC	HK\$80,000,000	87% (2024: 87%)	–	100% (2024: 100%)	Trading of children sporting goods

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 14. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiaries	Place of establishment/ incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Yue Lei International Limited 宇彌國際有限公司	Hong Kong	100,000 shares	100% (2024: 100%)	–	100% (2024: 100%)	Trading of sporting goods
361 Degrees Kids Wear Holdings Limited	BVI	1 share of US\$1	100% (2024: 100%)	–	100% (2024: 100%)	Investment holding
361 Degrees Kids Wear Limited	Cayman Islands	1,000,000 shares of HK\$0.01 each	87% (2024: 87%)	–	87% (2024: 87%)	Investment holding
Wangwei (Xiamen) Industry & Trade Co., Limited 望唯(廈門)工貿有限公司 (Notes (ii) and (iv))	PRC	RMB5,000,000	70% (2024: 70%)	–	100% (2024: 100%)	Trading of sporting goods
361 USA, Inc	United States	US\$19	100% (2024: 100%)	–	100% (2024: 100%)	Trading of sporting goods
Yue Lei do Brasil Comércio, Importação e Exportação de Artigos Esportivos Ltda	Brazil	62,310,627 shares of Brazilian Real 1 each	100% (2024: 100%)	–	100% (2024: 100%)	Trading of sporting goods
Quanzhou Jinjiang Jiangtou Minhai Gas Station Ltd. 泉州晉江江頭閩海加油站有限公司 (Notes (ii) and (iv))	PRC	RMB25,100,000	51% (2024: 51%)	–	51% (2024: 51%)	Operating of gas station
Duoyidu (Quanzhou) E-commerce Co., Ltd. ("Duoyidu") 多一度(泉州)電子商務有限公司 (Notes (ii), (iv) and (v))	PRC	RMB54,676,829	100% (2024: 98.91%) (Note (vi))	–	100% (2024: 98.91%)	Distribution and sales of the Group's 361° products via the e-commerce platform
361° Europe Holding B.V.	Netherlands	Euro 100	100% (2024: 100%)	–	100% (2024: 100%)	Investment holding
361° Europe B.V.	Netherlands	Euro 100	100% (2024: 100%)	–	100% (2024: 100%)	Trading of sporting goods

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 14. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiaries	Place of establishment/ incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Sanliuyidu (Xiamen) Investment Management Consulting Co., Ltd. 三六一度(廈門)投資管理諮詢有限公司 (Notes (ii) and (iv))	PRC	RMB1,000,000	100% (2024: 100%)	–	100% (2024: 100%)	Investment holding
Quanzhou Shenghong Trading Co., Ltd. 泉州市晟鴻商貿有限公司 (Notes (ii) and (iv))	PRC	RMB1,000,000	100% (2024: 100%)	–	100% (2024: 100%)	Trading of sporting goods
Zhuji 361 Degrees Children's Wear Co. Limited ("Zhuji 361 Degrees") 諸暨市三六一度童裝有限公司 (Notes (ii) and (iv))	PRC	HK\$134,737,000	89% (2024: 89%) (Note (vi))	–	85% (2024: 85%)	Trading of children sporting goods
Quanzhou Xingtong Trading Co., Ltd ("Quanzhou Xingtong") 泉州興桐商貿有限公司 (Notes (ii), (iv) and (vi))	PRC	RMB1,000,000	100% (2024: 98.91%)	–	100% (2024: 100%)	Trading of sporting goods
Jinjiang Sanliuyi Equity Investment Partnership (Limited Partnership) (Formerly known as "Jinjiang Jinfu No.1 Equity Investment Partnership (Limited Partnership)") 晉江市三六一度股權投資合夥企業(有限合夥)(曾用名"晉江市晉發一號股權投資合夥企業(有限合夥)")("Partnership") (Notes (ii) and (iv))	PRC	RMB1,100,000,000	100% (2024: 100%)	–	100% (2024: 100%)	Investment holding
Quanzhou Shuodong Trading Co., Ltd 泉州燦動商貿有限公司 (Notes (ii) and (iv))	PRC	RMB5,000,000	100% (2024: 100%)	–	100% (2024: 100%)	Trading of sporting goods

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 14. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiaries	Place of establishment/ incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Quanzhou Yiqi aidong Trading Co., Ltd 泉州逸啟愛動商貿有限公司 <i>(Notes (ii) and (iv))</i>	PRC	RMB5,000,000	100% (2024: 100%)	–	100% (2024: 100%)	Trading of sporting goods
361 (Hainan) Health Technology Co., Ltd 三六一度(海南)健康科技有限公司 <i>(Notes (ii) and (iv))</i>	PRC	RMB20,000,000	100% (2024: 100%)	–	100% (2024: 100%)	Science and technology promotion and application service
361 (Hainan) Supply Chain Technology Co., Ltd 三六一度(海南)供應鏈科技有限公司 <i>(Notes (ii) and (iv))</i>	PRC	HK\$20,000,000	100% (2024: 100%)	–	100% (2024: 100%)	Trading of sporting goods
Sanliudu (Xiamen) Sports Technology Co., Ltd 三六一度(廈門)體育科技有限公司 <i>(Notes (ii) and (iv))</i>	PRC	RMB50,000,000	100% (2024: 100%)	–	100% (2024: 100%)	Research and development of sporting goods
Sanliudu (Sichuan) Shoes Co., Ltd 三六一度(四川)鞋業有限公司 <i>(Notes (ii) and (iv))</i>	PRC	RMB50,000,000	100% (2024: 100%)	–	100% (2024: 100%)	Manufacture and trading of sporting goods
361 Sports Development Limited	Hong Kong	1 share	100% (2024: 100%)	–	100% (2024: 100%)	Investment holding
361 Digital Development Limited	Hong Kong	1 share	100% (2024: 100%)	–	100% (2024: 100%)	Investment holding
361 Degrees Kids Wear Development Limited	Hong Kong	1 share	100% (2024: 100%)	–	100% (2024: 100%)	Investment holding
Duoyidu Love (Quanzhou) Children's Clothing Co., Ltd 多一度熱愛(泉州)童裝有限公司 <i>(Notes (ii) and (iv))</i>	PRC	RMB5,000,000	100% (2024: 100%)	–	100% (2024: 100%)	Manufacture and trading of sporting goods

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 14. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiaries	Place of establishment/ incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Duoyidu Love (Quanzhou) Technology Co., Ltd 多一度熱愛(泉州)科技有限公司 (Notes (i) and (iv))	PRC	RMB5,000,000	100% (2024: 100%)	–	100% (2024: 100%)	Research and development of sporting goods
Duoyidu Love (Quanzhou) Sports Development Co., Ltd 多一度熱愛(泉州)體育發展有限公司 (Notes (i) and (iv))	PRC	RMB5,000,000	100% (2024: 100%)	–	100% (2024: 100%)	Organisation of sports competition
361 Degrees Kids Wear Investment Limited	BVI	1 share of US\$1	87% (2024: 87%)	–	100% (2024: 100%)	Investment holding
One Way International Enterprise Limited 萬唯國際實業有限公司	Hong Kong	10,000 shares	70% (2024: 70%)	–	70% (2024: 70%)	Investment holding
Zhonglan Sports Goods Co., Ltd. 中蘭體育用品有限公司 (Notes (i) and (iv))	PRC	RMB49,910,463	70% (2024: 70%)	–	100% (2024: 100%)	Investment holding
Quanzhou Andong Sports Goods Co., Ltd 泉州安動體育用品有限公司 (Notes (i) and (iv))	PRC	RMB5,000,000	100% (2024: 100%)	–	100% (2024: 100%)	Trading of sporting goods
Quanzhou Xiangdong Sports Goods Co., Ltd 泉州翔動體育用品有限公司 (Notes (i) and (iv))	PRC	RMB5,000,000	100% (2024: 100%)	–	100% (2024: 100%)	Trading of sporting goods
Quanzhou No.3 Track Sports Goods Co., Ltd 泉州三號賽道體育用品有限公司 (Notes (i) and (iv))	PRC	RMB5,000,000	100% (2024: 100%)	–	100% (2024: 100%)	Trading of sporting goods
Quanzhou Chudijiran Sports Goods Co., Ltd 泉州觸地即然體育用品有限公司 (Notes (i) and (iv))	PRC	RMB5,000,000	100% (2024: 100%)	–	100% (2024: 100%)	Trading of sporting goods

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 14. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiaries	Place of establishment/ incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
361 SPORTS MALAYSIA SDN. BHD	Malaysia	RM100,000	100% (2024: 100%)	–	100% (2024: 100%)	Trading of sporting goods
Jinjiang Yixian Investment Consulting Co., Ltd ("Jinjiang Yixian") (Notes (ii), (iv) and (v)) 晉江市逸賢投資諮詢有限公司	PRC	RMB15,000,000	100% (2024: N/A)	–	100% (2024: N/A)	Investment holding
Quanzhou Chaopin Sporting Goods Co., Ltd 泉州市超品體育用品有限公司 (Notes (ii) and (iv))	PRC	RMB5,000,000	100% (2024: N/A)	–	100% (2024: N/A)	Trading of sporting goods
Duoyidu (Guangxi) Sporting Goods Co., Ltd 多一度(廣西)體育用品有限公司 (Notes (ii) and (iv))	PRC	RMB50,000,000	100% (2024: N/A)	–	100% (2024: N/A)	Manufacture and trading of sporting goods
Duoyidu (Sichuan) Sporting Goods Co., Ltd 多一度(四川)體育用品有限公司 (Notes (ii) and (iv))	PRC	RMB50,000,000	100% (2024: N/A)	–	100% (2024: N/A)	Manufacture and trading of sporting goods
Quanzhou Wangwei Sporting Goods Co., Ltd 泉州市望唯體育用品有限公司 (Notes (ii) and (iv))	PRC	RMB5,000,000	100% (2024: N/A)	–	100% (2024: N/A)	Trading of sporting goods
Jushen Zhineng (Xiamen) New Material Co., Ltd 具身智能(廈門)新材料有限公司 (Notes (ii) and (iv))	PRC	RMB10,000,000	100% (2024: N/A)	–	100% (2024: N/A)	Trading of sporting goods
361 Sports Wear Company Limited (HK)	Hong Kong	1 share	100% (2024: N/A)	–	100% (2024: N/A)	Investment holding

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 14. INVESTMENTS IN SUBSIDIARIES (Continued)

Notes:

- (i) These entities are wholly foreign owned enterprises established in the PRC.
- (ii) These entities are limited liability companies established in the PRC.
- (iii) The entity is a sino-foreign equity joint venture enterprise registered in the PRC.
- (iv) The English translation of the company names is for reference only. The official names of these companies are in Chinese.
- (v) On 26 November 2025, the Group entered into an investment agreement with the independent third parties, pursuant to which the Group agreed to acquire the entire equity interest in Jinjiang Yixian, a non-controlling interest of Duoyidu at the cash consideration of approximately RMB64,838,000. Such resulted in the effective interest in Duoyidu held by the Group increased from 98.91% to 100% during the year ended 31 December 2025.

Jinjiang Yixian is an investment holding company incorporated in the PRC, the principal assets of which are the equity investment in Duoyidu. The transaction was accounted for the further acquisition of Duoyidu which was also the equity transaction and the difference of approximately RMB40,262,000 between the net assets shared by the non-controlling interests and total cash consideration paid was recorded in "Other reserves" (Note 24(d)(ii)).

The fair values of the identifiable assets and liabilities of Jinjiang Yixian arising from the acquisition were as follows:

	Net assets attributable to the Group RMB'000
1.09% equity interest in Duoyidu	10,163
Cash and cash equivalents	19,888
Tax payables	(5,475)
<b>Total identifiable net assets at fair value</b>	<b>24,576</b>
<b>Total consideration paid</b>	<b>(64,838)</b>
<b>Difference recognised in other reserve</b>	<b>(40,262)</b>

An analysis of the cash flows in respect of the acquisition is as follows:

Cash consideration paid	(64,838)
Cash acquired	19,888
<b>Net outflow of cash and cash equivalents included in cash flows from financing activities</b>	<b>(44,950)</b>

- (vi) During the year ended 31 December 2023, the Group had entered into equity transfer agreement with an independent third party, pursuant to which the Group's effective equity interests in Zhuji 361 Degrees would be increased from 74% to 89% upon the completion of transaction. As at 31 December 2023, the consideration paid of RMB350,000,000 by the Group was recorded as prepayment. During the year ended 31 December 2024, the transaction was completed as all the conditions were fulfilled, the rest of the consideration payable of RMB150,000,000 was also paid. The Group recognised the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid to "Other reserves" (Note 24(d)(ii)).

None of the subsidiaries had issued any debt securities at the end of reporting period (2024: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 15. OTHER FINANCIAL ASSET

	2025 RMB'000	2024 RMB'000
<b>Equity securities designated at FVOCI (non-recycling)</b>		
– Unlisted equity securities	<b>18,618</b>	18,931

The unlisted equity securities represent equity interest of 6.7% (2024: 6.7%) in Jinjiang Merchant Investment Co., Ltd, a company incorporated in the PRC and engaged in property development. The Group designated its investment in Jinjiang Merchant Investment Co., Ltd at FVOCI (non-recycling), as the investment is held for strategic purposes. No dividends income was recognised on this investment during the year (2024: Nil).

### 16. INVENTORIES

#### (a) Inventories in the consolidated statement of financial position comprise:

	2025 RMB'000	2024 RMB'000
Raw materials	<b>181,385</b>	166,327
Work in progress	<b>66,351</b>	34,872
Finished goods	<b>1,818,084</b>	1,907,868
	<b>2,065,820</b>	2,109,067

(b) The cost of inventories recognised as expenses and included in cost of sales amounted to RMB5,799,610,000 (2024: RMB5,200,183,000) for the year ended 31 December 2025, which included inventory provision of RMB10,721,000 (2024: RMB2,139,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 17. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Trade receivables		5,034,031	4,645,777
Less: allowance for ECL		(341,405)	(295,939)
<b>Trade receivables, net of loss allowance</b>	<i>(a)</i>	<b>4,692,626</b>	4,349,838
<b>Bills receivable</b>	<i>(a)</i>	<b>43,185</b>	38,724
<b>Deposits, prepayments and other receivables</b>			
<i>Current</i>			
Deposits		2,389	1,292
Prepayments	<i>(b)</i>	1,745,745	1,158,006
Other receivables	<i>(c)</i>	158,873	123,890
Amounts due from non-controlling interests	<i>(d)</i>	15,571	14,315
		<b>1,922,578</b>	1,297,503
<i>Non-current</i>			
Deposit and prepayments	<i>(e)</i>	184,501	60,520

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 17. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Notes:

- (a) At 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 ECL, is as follows:

	2025 RMB'000	2024 RMB'000
Within 90 days	3,576,650	2,744,050
Over 90 days but within 180 days	639,486	1,105,603
Over 180 days but within 360 days	519,675	538,909
	<b>4,735,811</b>	<b>4,388,562</b>

Trade and bills receivables are due within 60 to 180 days (2024: 60 to 180 days) from the date of billing. Further details on the Group's credit policy and the movement in the ECL allowance for trade receivables are set out in Note 27(a).

Bills receivable represented certain bank acceptance bills not endorsed as at 31 December 2025. The directors of the Company considered the ECL for these bills is immaterial in view of no history of default and good repayment history of these customers. As at 31 December 2025, the Group endorsed certain bank acceptance bills totaling RMB335,235,000 (2024: RMB329,850,000) to suppliers for settling trade payables of the same amount on a full recourse basis. The Group has derecognised these bills receivable and trade payables. These derecognised bank acceptance bills had a maturity date of less than six months from the reporting date. In the opinion of the directors of the Company, after considering the advice of a PRC legal adviser, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

- (b) Current portion of prepayments mainly relating to advanced payments to suppliers of approximately RMB1,586,948,000 (2024: RMB1,010,195,000), advanced payments to advertisers of approximately RMB72,526,000 (2024: RMB97,913,000), prepayment to shelf suppliers of approximately RMB20,320,000 (2024: RMB4,767,000) and prepaid store design fee of approximately RMB36,744,000 (2024: RMB16,259,000).
- (c) Other receivables mainly include the other receivables relating to (i) e-commerce platforms of approximately RMB51,165,000 (2024: RMB33,056,000), (ii) travelling and accommodation of approximately RMB15,906,000 (2024: RMB15,655,000), (iii) a government grant has been granted but not yet received of approximately RMB6,000,000 (2024: Nil), (iv) employee social security of approximately RMB 8,855,000 (2024: RMB 6,892,000), (v) Office-related expenses of approximately RMB 37,212,000 (2024: RMB 18,114,000) and other tax recoverable of approximately RMB1,419,000 (2024: RMB15,200,000).
- (d) The amounts due from non-controlling interests were non-trade in nature, interest-free, unsecured and repayable on demand.
- (e) 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 RMB32,234,000 (2024: RMB35,337,000) and prepayment for property, plant and equipment of RMB152,267,000 (2024: RMB25,183,000).

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 18. CASH AND CASH EQUIVALENTS, BANK DEPOSITS AND OTHER CASH FLOW INFORMATION

	2025 RMB'000	2024 RMB'000
Pledged bank deposits	9,214	8,705
Cash and cash equivalents	4,093,846	4,254,236
	4,103,060	4,262,941

As at 31 December 2025, pledged bank deposits represent 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 the 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.

Cash and cash equivalents represent cash at banks earns interest at floating rates based on daily bank deposit rates.

At 31 December 2025, balances placed with banks or on hand in the PRC were amounted to approximately RMB4,028,172,000 (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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 18. CASH AND CASH EQUIVALENTS, BANK DEPOSITS AND OTHER CASH FLOW INFORMATION (Continued)

#### Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities RMB'000 (Note 20)	Bank loans RMB'000 (Note 21)	Total RMB'000
<b>At 1 January 2024</b>	2,818	292,491	295,309
<b>Changes from financing cash flows:</b>			
Principal element of lease rentals paid	(1,644)	–	(1,644)
Interest element of lease rentals paid	(94)	–	(94)
Proceeds from bank loans	–	189,960	189,960
Repayment of bank loans	–	(221,405)	(221,405)
Interest paid	–	(13,363)	(13,363)
Total changes from financing cash flows	(1,738)	(44,808)	(46,546)
<b>Exchange realignment</b>	(2)	174	172
<b>Other changes:</b>			
Addition of lease liabilities	2,116	–	2,116
Interest expense (Note 5(a))	94	13,363	13,457
Total other changes	2,210	13,363	15,573
<b>At 31 December 2024 and 1 January 2025</b>	3,288	261,220	264,508

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 18. CASH AND CASH EQUIVALENTS, BANK DEPOSITS AND OTHER CASH FLOW INFORMATION (Continued)

#### Reconciliation of liabilities arising from financing activities (Continued)

	Lease liabilities RMB'000 (Note 20)	Bank loans RMB'000 (Note 21)	Total RMB'000
<b>Changes from financing cash flows:</b>			
Principal element of lease rentals paid	(6,312)	–	(6,312)
Interest element of lease rentals paid	(529)	–	(529)
Proceeds from bank loans	–	457,000	457,000
Repayment of bank loans	–	(419,110)	(419,110)
Interest paid	–	(9,978)	(9,978)
Total changes from financing cash flows	(6,841)	27,912	21,071
<b>Exchange realignment</b>	73	(109)	(36)
<b>Other changes:</b>			
Addition of lease liabilities	13,422	–	13,422
Interest expense (Note 5(a))	529	9,978	10,507
Total other changes	13,951	9,978	23,929
<b>At 31 December 2025</b>	<b>10,471</b>	<b>299,001</b>	<b>309,472</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 19. TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade creditors	1,305,509	1,331,435
Contract liabilities	245,017	99,494
Other payables and accruals	1,340,979	1,272,696
	<b>2,891,505</b>	<b>2,703,625</b>

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

	2025 RMB'000	2024 RMB'000
Within 1 month	179,772	471,386
After 1 month but within 3 months	306,534	358,820
After 3 months but within 6 months	488,940	173,638
After 6 months but within 12 months	136,945	155,253
More than 12 months	193,318	172,338
	<b>1,305,509</b>	<b>1,331,435</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 19. TRADE AND OTHER PAYABLES (Continued)

Contract liabilities represent receipt in advance from customers. Movement of contract liabilities is as follows:

	2025 RMB'000	2024 RMB'000
Balance at 1 January	99,494	168,730
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(99,494)	(168,730)
Increase in contract liabilities as a result of receiving sales deposits and instalments during the year	245,017	99,494
Balance at 31 December	245,017	99,494

Other payables and accruals mainly included (a) the other payables and accrued advertising expenses of approximately RMB405,778,000 (2024: RMB357,556,000); (b) the accrued employee compensation of approximately RMB116,040,000 (2024: RMB105,203,000); (c) the other payables relating to shelf expenses of approximately RMB106,917,000 (2024: RMB269,425,000); (d) the other payables relating to decoration of approximately RMB93,863,000 (2024: RMB74,987,000); (e) other tax payables of approximately RMB344,216,000 (2024: RMB273,463,000); (f) the other payables relating to e-commerce platforms of approximately RMB23,465,000 (2024: Nil); (g) the other payables relating to storage and transportation of approximately RMB42,613,000 (2024: RMB40,834,000); (h) the other payables relating to security deposit of approximately RMB20,991,000 (2024: RMB18,080,000); and (i) the other payables relating to office expenses and utilities expense of approximately RMB30,716,000 (2024: RMB19,612,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 20. LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
At 1 January	3,288	2,818
Addition	13,422	2,116
Payment of principal and interest	(6,841)	(1,738)
Interest expenses (Note 5(a))	529	94
Exchange realignment	73	(2)
Balance at 31 December	10,471	3,288
Current	5,651	1,809
Non-current	4,820	1,479
	10,471	3,288

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	31 December 2025		31 December 2024	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	5,651	5,888	1,809	1,904
After 1 year but within 2 years	3,689	3,778	866	929
After 2 years but within 5 years	1,131	1,168	613	637
		10,834		3,470
	10,471		3,288	
Less: total future interest expenses		(363)		(182)
Present value of lease liabilities		10,471		3,288

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 20. LEASE LIABILITIES (Continued)

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2025 RMB'000	2024 RMB'000
Within operating cash flows	12,757	9,568
Within financing cash flows ( <i>Note 18</i> )	6,841	1,738
	<b>19,598</b>	11,306

### 21. BANK LOANS

	2025 RMB'000	2024 RMB'000
Secured bank loan ( <i>Note (a)</i> )	–	4,720
Unsecured bank loans ( <i>Note (b)</i> )	299,001	256,500
	<b>299,001</b>	261,220
Less: Amounts shown under non-current liabilities	–	(214,500)
	<b>299,001</b>	46,720

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 21. BANK LOANS (Continued)

The amounts of banking facilities and the utilisation at the end of each reporting period are set out as follows:

	2025 RMB'000	2024 RMB'000
Facilities amount	3,982,738	2,664,492
Utilisation at the end of the reporting period		
– Bank loans	299,001	261,220

Notes:

- (a) As at 31 December 2024, secured bank loan of the Group was variable rate loan with principal amount of HK\$5,009,000 (equivalent to approximately RMB4,720,000) which carried annual interests of HK prime rate. The effective interest rate of the secured bank loan was 3.345% per annum. Such loan was secured by a property as disclosed in Note 11. The loan was early settled on 21 November 2025.

Analysis of the amounts due based on scheduled payment dates set out in the loan agreements (ignoring the effect of any repayment on demand clause) is as follows:

	2025 RMB'000	2024 RMB'000
1–5 years	–	4,720

- (b) As at 31 December 2025, two unsecured bank loans (2024: one unsecured bank loan) of the Group were guaranteed by certain subsidiaries of the Company.

All the unsecured bank loans were fixed rate loans (2024: same). The effective interest rates of the unsecured bank loans were ranging from 1.90% to 2.00% (2024: 3.8%) per annum.

As at 31 December 2025, the unsecured bank loans of approximately RMB49,000,000 were repayable in March 2026, and approximately RMB250,001,000 were repayable in September 2026 based on contractual payment dates. As at 31 December 2024, the unsecured bank loans of approximately RMB21,000,000 were repayable in April 2025, and approximately RMB21,000,000 were repayable in October 2025, which were settled on the scheduled payment date.

- (c) The Group has complied with the financial covenants of its bank loans presented, please refer to Note 27(b) for details.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 22. EMPLOYEE RETIREMENT BENEFITS

### Defined contribution retirement plans

Pursuant to the relevant labour rules and regulations in the PRC, the PRC subsidiaries participate in a defined contribution retirement benefit scheme (the "Scheme") organised by the PRC municipal government authority in the Fujian Province whereby the Group is required to make contributions to the Scheme at rates which ranged from 16% to 19% of the eligible employees' relevant salaries. The local government authority is responsible for the entire pension obligations payable to retired employees. The Group has no legal or construction obligations to pay further contributions after payment of the fixed contributions.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

### LSP obligation

For the Group's subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on the following formula:

Last monthly wages (before termination of employment)  $\times$  2/3  $\times$  Years of service

Last monthly wages are capped at HK\$22,500 (equivalent to approximately RMB21,000) while the amount of long service payment shall not exceed HK\$390,000 (equivalent to approximately RMB368,000). This obligation is accounted for as a post-employment defined benefit plan. Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement").

The Amendment Ordinance was gazetted on 17 June 2023, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR has introduced a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the Last monthly wages immediately preceding the Transition Date and the years of service up to that date.

The Group has determined that the Amendment Ordinance cause immaterial impacts to the Group's LSP liability with respect to Hong Kong employees. In the opinion of the directors of the Company, there is no significant actuarial assumption for determination of the LSP obligation.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 23. DEFERRED ASSETS/(LIABILITIES)

#### Deferred tax assets and liabilities recognised:

#### (i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movement during the year are as follows:

	Lease liabilities	Right-of-use assets	Credit loss allowance	Expenses deductible on paid basis	Income taxable on receipt basis	Revaluation of other financial asset	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Deferred tax arising from:</b>							
Balance at 1 January 2024	635	(696)	65,441	94,502	(2,417)	(2,017)	155,448
(Charged)/Credited to profit or loss (Note 6(a))	(311)	384	10,570	41,493	2,417	-	54,553
Credited to reserves (Note 9)	-	-	-	-	-	192	192
Balance at 31 December 2024 and 1 January 2025	324	(312)	76,011	135,995	-	(1,825)	210,193
Credited/(Charged) to profit or loss (Note 6(a))	<b>1,884</b>	<b>(1,974)</b>	<b>13,632</b>	<b>(39,708)</b>	-	-	<b>(26,166)</b>
Credited to reserves (Note 9)	-	-	-	-	-	47	47
<b>Balance at 31 December 2025</b>	<b>2,208</b>	<b>(2,286)</b>	<b>89,643</b>	<b>96,287</b>	-	<b>(1,778)</b>	<b>184,074</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 23. DEFERRED ASSETS/(LIABILITIES) (Continued)

#### Deferred tax assets and liabilities recognised: (Continued)

##### (ii) Reconciliation to the consolidated statement of financial position

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	204,101	215,904
Net deferred tax liabilities recognised in the consolidated statement of financial position	(20,027)	(5,711)
	184,074	210,193

#### Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 1(t), the Group has not recognised deferred tax assets of approximately RMB24,642,000 (2024: RMB20,323,000) 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.

#### Deferred tax liabilities not recognised

At 31 December 2025, the Group has not recognised deferred tax liabilities of RMB338,948,000 (2024: RMB283,821,000) in respect of temporary differences relating to the undistributed profits of subsidiaries amounting to RMB6,778,967,000 (2024: RMB5,676,419,000) that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 24. CAPITAL, RESERVES AND DIVIDENDS

#### (a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Share option reserve RMB'000	Retained profits RMB'000	Total RMB'000
<b>Balance at 1 January 2024</b>	182,305	341	–	–	1,260,420	1,443,066
Profit and total comprehensive expenses for the year	–	–	–	–	18,135	18,135
Dividends declared and paid during the year ( <i>Note (b)</i> )	–	–	–	–	(580,366)	(580,366)
<b>Balance at 31 December 2024 and 1 January 2025</b>	182,305	341	–	–	698,189	880,835
Profit and total comprehensive expenses for the year	–	–	–	–	530,999	530,999
Dividends declared and paid during the year ( <i>Note (b)</i> )	–	–	–	–	(584,458)	(584,458)
<b>Balance at 31 December 2025</b>	182,305	341	–	–	644,730	827,376

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 24. CAPITAL, RESERVES AND DIVIDENDS (Continued)

#### (b) Dividends

##### (i) Dividends payable to equity holders of the Company attributable to the year

	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
Final dividend proposed after the end of the reporting period of HK11.3 cents (2024: HK10.0 cents) per ordinary share <sup>#</sup>	203,037	198,497
	588,998	516,920

<sup>#</sup> These final dividends have been proposed by the directors of the Company and are subject to approval by the shareholders in the forthcoming general meeting.

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

The final dividend of HK10.0 cents per ordinary share ("Proposed Final Dividend"), totalling approximately RMB198,497,000 for the year ended 31 December 2024 were approved by the shareholders at the annual general meeting on 25 April 2025.

The final dividend of HK13.9 cents per ordinary share, totalling approximately RMB261,943,000 for the year ended 31 December 2023 were approved by the shareholders at the annual general meeting on 25 April 2024.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 24. CAPITAL, RESERVES AND DIVIDENDS (Continued)

#### (c) Share capital

	2025		2024	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
<b>Authorised:</b>				
Ordinary shares of HK\$0.1 each	10,000,000	1,000,000	10,000,000	1,000,000

	Number of shares '000	Amount	
		HK\$'000	RMB'000

#### Ordinary shares, issued and fully paid:

At 1 January and 31 December 2024, 1 January and 31 December 2025	2,067,682	206,768	182,305
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The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

#### (d) Nature and purpose of reserves

##### (i) Share premium

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

##### (ii) Other reserves

Other reserves includes:

Difference between the historical carrying value of equity acquired and acquisition consideration on reorganisation of the Group in 2008 for the purpose of listing on the Hong Kong Stock Exchange; and

Difference between the net assets shared by the non-controlling interests and consideration received for the partial (deemed) disposal or further acquisition of equity interest of certain subsidiaries.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 24. CAPITAL, RESERVES AND DIVIDENDS (Continued)

### (d) Nature and purpose of reserves (Continued)

#### (iii) Statutory reserve

Pursuant to applicable PRC regulations, certain PRC subsidiaries are required to appropriate 10% of their profit after income tax (after offsetting prior year losses) to the reserve until such reserve reaches 50% of the registered capital. The transfer to the reserve must be made before distribution of dividends to shareholders. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

#### (iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from translation of the financial statements of entities with functional currency other than RMB, the presentation currency. The reserve is dealt with in accordance with the accounting policy set out in Note 1(u).

#### (v) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see Note 1(f)).

#### (vi) Share option reserve

Share-based payment reserve represents the portion of grant date fair value of unexercised share options of the Company.

### (e) Distributability of reserves

At 31 December 2025, aggregate amount of reserves available for distribution to equity holders of the Company amounted to approximately RMB644,730,000 (2024: RMB698,189,000).

### (f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors capital with reference to its debt position. The Group's strategy was to maintain the equity and debt in a balanced position and ensure there were adequate working capital to service its debt obligation. The Group's gearing ratio, being the Group's interest bearing debt over its total assets, as at 31 December 2025 was approximately 2.07% (2024: 1.95%).

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 25. BUSINESS COMBINATION

In August 2025 and September 2025, the Group entered into the sale and purchase agreements with two different independent third parties (the “Seller A” and “Seller B”, collectively the “Sellers”), pursuant to which the Group conditionally agreed to acquire and the Sellers conditionally to sell all of their plant and machinery and patents at an aggregate cash consideration of approximately RMB94,469,000 (inclusive of VAT of approximately RMB4,561,000). The Sellers are principally engaged in the manufacturing and trading of sports apparel and shoes in the PRC, and also the suppliers to the Group, and the Group is their sole customer for years.

Pursuant to the sale and purchase agreements, the completion of the acquisitions took place in October and November 2025 respectively.

The acquisitions were made as part of the Group’s strategy to expand its production capacity, these were regarded as business combination in accordance with HKFRS 3 and the fair value of the identifiable assets arising from the acquisitions are calculated as follows

	Fair value recognised on acquisition	
	Seller A RMB'000	Seller B RMB'000
Property, plant and equipment ( <i>Note 11</i> )	31,547	16,558
Intangible asset ( <i>Note 12</i> )	7,648	30,192
Total identifiable net assets at fair value	39,195	46,750
Satisfied by cash	39,195	46,750

The Group had fully paid the consideration in September and October 2025.

Acquisition-related costs amounting to approximately RMB12,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the “Administrative expenses” line item in the consolidated profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 26. FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	2025 RMB'000	2024 RMB'000
<b>Financial assets</b>		
Financial assets at amortised cost:		
Trade receivables	4,692,626	4,349,838
Bills receivable	43,185	38,724
Deposits and other receivables	159,843	109,982
Pledged bank deposits	9,214	8,705
Cash and cash equivalents	4,093,846	4,254,236
Financial assets at FVOCI:		
Other financial asset	18,618	18,931
	<b>9,017,332</b>	8,780,416
<b>Financial liabilities</b>		
Financial liabilities at amortised cost:		
Trade and other payables	2,302,272	2,330,670
Lease liabilities	10,471	3,288
Bank loans	299,001	261,220
	<b>2,611,744</b>	2,595,178

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate, currency and commodity price risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from the movements in its own equity share price.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

### (a) Credit risk and impairment assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to trade receivables, deposits and other receivables and cash and cash equivalents.

#### Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 10% (2024: 11%) and 28% (2024: 33%) of the gross trade receivables was due from the Group's largest customer and the five largest customers respectively.

For the sales to distributors, in order to minimise the credit risk, individual credit evaluations are regularly performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. Sales to retail customers are settled in cash, using major credit or payment cards or through on-line payment platforms operated by reputable companies. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customers bases.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (a) Credit risk and impairment assessment (Continued)

##### Trade receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECL for trade receivables:

	Weighted average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
<b>At 31 December 2025</b>				
Current (not past due)	1.1	3,635,480	(41,338)	3,594,142
1-90 days past due	8.7	606,382	(52,737)	553,645
More than 90 days past due	31.2	792,169	(247,330)	544,839
		<b>5,034,031</b>	<b>(341,405)</b>	<b>4,692,626</b>
<b>At 31 December 2024</b>				
Current (not past due)	0.8	3,523,302	(29,840)	3,493,462
1-90 days past due	9.1	809,776	(73,798)	735,978
More than 90 days past due	61.5	312,699	(192,301)	120,398
		<b>4,645,777</b>	<b>(295,939)</b>	<b>4,349,838</b>

Except for customers with significant balances or credit-impaired, which are assessed for impairment individually, the remaining trade receivables are grouped under a provision matrix based on shared credit risk characteristics by reference to the repayment history over a period of 12 month and the corresponding historical credit losses experienced within this period. The historical loss rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group had considered that the PRC's gross domestic growth and unemployment rate are to be the most relevant factor, and these are applied in the regression model given the some expected changes in the market indexes, and accordingly, adjusted the historical loss rates based on expected changes of these factors.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (a) Credit risk and impairment assessment (Continued)

##### Trade receivables (Continued)

Movement in the ECL allowance in respect of trade receivables during the year is as follows:

	Lifetime ECL – not credit impaired RMB'000	Lifetime ECL – credit impaired RMB'000	Total RMB'000
At 1 January 2024	80,536	173,086	253,622
Provision for impairment losses	70,925	(28,608)	42,317
At 31 December 2024 and 1 January 2025	151,461	144,478	295,939
Provision for impairment losses	<b>45,889</b>	<b>(423)</b>	<b>45,466</b>
<b>At 31 December 2025</b>	<b>197,350</b>	<b>144,055</b>	<b>341,405</b>

##### Deposits and other receivables

For deposits and other receivables, in order to minimise the credit risk, the management of the Group closely monitor the follow-up action taken to recover any past due balances. In addition, the Group monitors subsequent recovery or settlement of each of the balances to ensure that adequate impairment losses are made for irrecoverable amounts. In addition, the Group has applied the general approach in HKFRS 9 to measure the ECL allowance at 12-month ECL, since there has not been a significant increase in credit risk since initial recognition for the balances. The credit risk on deposits and other receivables have not increased significantly since initial recognition as each of the counterparties have no history of default and good repayment records.

##### Cash and cash equivalents

The Group's exposure to credit risk arising from bank balances is limited because the counterparties are banks, for which the Group considers to have low credit risk.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowing exceeds certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group also monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

Under the terms of the bank loans, the aggregated amount of bank loans was approximately RMB299,001,000 (2024: RMB256,500,000) which the group entities are required to comply with certain covenants in respect of their operating income for each annual reporting period. The group entities have complied with the covenants for the reporting period respectively (2024: Same).

There are no indications that the group entities would have difficulties complying the covenants when they will be next tested at the next reporting date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (b) Liquidity risk (Continued)

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	Contractual undiscounted cash outflow					Carrying amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but within 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
<b>At 31 December 2025</b>						
Trade and other payables	2,302,272	–	–	–	2,302,272	2,302,272
Lease liabilities	5,888	3,778	1,168	–	10,834	10,471
Bank loans	302,640	–	–	–	302,640	299,001
<b>Total</b>	<b>2,610,800</b>	<b>3,778</b>	<b>1,168</b>	<b>–</b>	<b>2,615,746</b>	<b>2,611,744</b>
<b>At 31 December 2024</b>						
Trade and other payables	2,330,670	–	–	–	2,330,670	2,330,670
Lease liabilities	1,904	929	637	–	3,470	3,288
Bank loans	54,488	48,405	137,051	47,013	286,957	261,220
<b>Total</b>	<b>2,387,062</b>	<b>49,334</b>	<b>137,688</b>	<b>47,013</b>	<b>2,621,097</b>	<b>2,595,178</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (b) Liquidity risk (Continued)

The table below summarises the maturity analysis of bank loans with a repayment on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the “on demand” time band in the maturity analysis contained in the above table.

The directors of the Company do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Contractual undiscounted cash outflow				Total RMB'000	Carrying amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but within 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000		
<b>At 31 December 2025</b>						
Bank loans	302,640	-	-	-	302,640	299,001
<b>At 31 December 2024</b>						
Bank loans	51,573	50,157	138,749	47,013	287,492	261,220

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from lease liabilities, bank loans and bank balances. Borrowings and bank balances at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group does not use financial derivatives to hedge against the interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below.

#### (i) Interest rate profile

The following table details the interest rate profile of the Group's net borrowings (being interest-bearing financial liabilities less pledged bank deposits, deposits with banks and cash and cash equivalents) at the end of the reporting period.

	2025		2024	
	Effective interest rate per annum %	Amount RMB'000	Effective interest rate per annum %	Amount RMB'000
<b>Fixed rate deposits/(borrowings)</b>				
Pledged bank deposits	1.35–2.35	9,214	1.30–2.35	8,705
Lease liabilities	1.90–3.80	(10,471)	3.50–4.56	(3,288)
Bank loans	1.90–2.00	(299,001)	3.8	(256,500)
		(300,258)		(251,083)
<b>Variable rate deposits/(borrowings)</b>				
Cash and cash equivalents	0.0001–0.1	4,093,846	0.01–0.3	4,254,236
Bank loans	–	–	3.35	(4,720)
		4,093,846		4,249,516
<b>Total net deposits</b>		<b>3,793,588</b>		<b>3,998,433</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (c) Interest rate risk (Continued)

##### (ii) Sensitivity analysis

At 31 December 2025, it is estimated that a general increase/decrease of 100 (2024: 100) basis points in both saving and lending interest rates, with all other variables held constant, would have increased/decreased the Group's profit after income tax and retained profits by approximately RMB28,689,000 (2024: RMB30,281,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after income tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after income tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for the year ended 31 December 2024.

#### (d) Currency risk

The Group mainly operated in the PRC and HK with most of the transactions denominated and settled in RMB and HK\$. The Group is exposed to currency risk primarily through monetary assets/liabilities denominated in RMB, Hong Kong dollars and United States dollars.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from monetary assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date.

	Exposure of foreign currencies					
	2025			2024		
	Hong Kong Dollars RMB'000	United States dollars RMB'000	Renminbi RMB'000	Hong Kong Dollars RMB'000	United States dollars RMB'000	Renminbi RMB'000
Cash and bank deposits	1,111	21,345	15,179	1,142	4,975	10,816
Amounts due from group companies	-	-	14,068	-	-	14,750
Amounts due to group companies	-	-	(32,881)	-	-	(34,477)
Net exposure arising from recognised assets and liabilities	1,111	21,345	(3,634)	1,142	4,975	(8,911)

In the opinion of the directors of the Company, the exposure to foreign currency risk is immaterial.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (e) Commodity price risk

The major raw materials used in the production of the Group's products include leathers, polymers and plastics. The Group is exposed to fluctuations in the prices of these raw materials which are influenced by global as well as regional supply and demand conditions. Fluctuations in the prices of raw materials could adversely affect the Group's financial performance. The Group historically has not entered into any commodity derivative instruments to hedge the potential commodity price changes.

#### (f) Business risk

The Group's primary business is the design, manufacturing and distribution of branded sports footwear, apparel and related accessories. The Group's financial results are influenced by the rapidity with which designs are copied by competitors and reproduced at much lower prices, as well as by the Group's ability to continue to create new designs that find favour in the market place, maintain a larger network of distributors, manufacture sufficient quantities to meet fashionable sales, and dispose of excess inventories without excessive losses. Based on these factors, the Group may experience significant fluctuations in its future financial results.

#### (g) Fair value measurement

##### (i) Financial assets not measured at fair value

Except for the below, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate to their fair values.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (g) Fair value measurement (Continued)

##### (ii) Financial assets measured at fair value

###### *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
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value measurements categorised into			
	Fair value RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
<b>Recurring fair value measurement:</b>				
<b>At 31 December 2025</b>				
Financial asset:				
Unlisted equity security	18,618	–	–	18,618
<b>At 31 December 2024</b>				
Financial asset:				
Unlisted equity security	18,931	–	–	18,931

During the year, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (g) Fair value measurement (Continued)

##### (ii) Financial assets measured at fair value (Continued)

###### 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 directors of the Company believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable. Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2025 and 2024:

	Valuation technique	Significant unobservable input	Rate	Sensitivity of fair value the input
Unlisted equity investments	Adjusted net assets value	Discount for lack of marketability	2025: 7.83% (2024: 9.13%)	5% (2024: 5%) decrease (increase) in discount for lack of marketability would result in increase (decrease) in fair value by RMB667,000 (2024: RMB1,494,000)

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

	2025 RMB'000	2024 RMB'000
<b>Unlisted equity securities:</b>		
Balance at 1 January	18,931	20,212
Net unrealised loss recognised in other comprehensive income during the year (Note 9)	(313)	(1,281)
Balance at 31 December	18,618	18,931

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 28. COMMITMENTS

- (a) Contractual commitments outstanding at 31 December 2025 not provided for in the consolidated financial statements were as follows.

	2025 RMB'000	2024 RMB'000
Advertising and marketing expenses	125,894	246,615

- (b) Capital commitments outstanding at 31 December 2025 not provided for in the consolidated financial statements were as follows:

	2025 RMB'000	2024 RMB'000
Construction of new manufacturing facilities	22,829	1,085

- (c) At 31 December 2025, the total future minimum lease payments under non-cancellable leases are payable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	739	582

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 29. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed in elsewhere in the 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 as disclosed in Note 7 and certain of the highest paid employees as disclosed in Note 8, is as follows:

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	28,539	26,698
Post-employment benefits	347	390
	<b>28,886</b>	<b>27,088</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 30. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The following tables illustrate the summarised financial information of the partly-owned subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Zhuji 361 Degrees RMB'000	361 Children RMB'000	361 Shoes and Plastics RMB'000
Proportion of ordinary share effectively held by non-controlling interest as at 31 December 2025	11.06%	13%	49%
<i>Summarised statement of financial position</i>			
Current assets	1,861,877	2,044,841	374,474
Non-current assets	665	498,773	79,823
Current liabilities	149,882	1,286,818	236,554
Net assets	1,712,660	1,256,796	217,743
Carrying amount of NCI	189,420	163,383	106,694
<i>Summarised statement of comprehensive income</i>			
Revenue	275,152	1,179,973	251,595
Profit/(loss) for the year	43,067	163,674	(677)
Total comprehensive income/(expense) for the year	43,067	163,674	(677)
Profit/(loss) allocated to NCI	4,763	21,278	(332)
Dividend paid to NCI	–	–	–
<i>Summarised statement of cash flows</i>			
Cash flows from operating activities	665	595,249	19,971
Cash flows from investing activities	–	(1,058)	(19,844)
Cash flows from financing activities	–	18,698	–

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 30. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

	Zhuji 361 Degrees RMB'000	361 Children RMB'000	361 Shoes and Plastics RMB'000
Proportion of ordinary share effectively held by non-controlling interest as at 31 December 2024	11.06%	13%	49%
<i>Summarised statement of financial position</i>			
Current assets	1,899,811	1,819,989	387,401
Non-current assets	1,575	494,486	65,610
Current liabilities	254,002	1,221,353	233,747
Net assets	1,647,384	1,093,122	219,263
Carrying amount of NCI	182,201	142,106	107,439
<i>Summarised statement of comprehensive income</i>			
Revenue	554,591	1,192,967	316,054
Profit for the year	100,902	203,134	13,129
Total comprehensive income for the year	100,902	203,134	13,129
Profit allocated to NCI	11,160	26,408	6,433
Dividend paid to NCI	–	–	–
<i>Summarised statement of cash flows</i>			
Cash flows from operating activities	17,231	145,436	38,531
Cash flows from investing activities	(2)	(150,000)	(38,956)
Cash flows from financing activities	–	(587)	–

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 31. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
<b>Non-current asset</b>			
Investments in subsidiaries	14	1	1
<b>Current assets</b>			
Other receivables		1,323	–
Amounts due from subsidiaries		1,051,718	881,704
Cash and cash equivalents		27,330	1,032
		<b>1,080,371</b>	882,736
<b>Current liabilities</b>			
Accruals		2,995	1,902
Bank loan		250,001	–
		<b>252,996</b>	1,902
<b>Net current assets</b>			
		<b>827,375</b>	880,834
<b>Total assets less current liabilities</b>			
		<b>827,376</b>	880,835
<b>Net assets</b>			
		<b>827,376</b>	880,835
<b>Capital and reserves</b>			
Share capital	24(a)	182,305	182,305
Share premium	24(a)	341	341
Reserve	24(a)	644,730	698,189
<b>Total equity</b>			
		<b>827,376</b>	880,835

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 32. SHARE OPTION PLAN

Pursuant to a resolution passed by the Company's shareholders at the annual general meeting held on 28 April 2023, the Company adopted a new share option scheme ("the 2023 Scheme") and terminated its previous share option scheme adopted on 18 May 2021 ("the 2021 Scheme").

Particulars of the 2023 Scheme are set out below:

#### **Purpose of the 2023 Scheme:**

The purpose of the 2023 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.

#### **Total number of shares available for issue under the 2023 Scheme**

The maximum number of shares which may be allotted and issued in respect of all options and awards to be granted under the 2023 Scheme and any other share schemes shall not exceed 10% of the number of Shares in issue as at the date of approval of the 2023 Scheme, being 206,760,200 shares. The sublimit on the total number of Shares that may be issued in respect of all options and awards to be granted to service providers (i.e. business partners) under the 2023 Scheme and any other share schemes adopted by the Group shall not exceed 50%, being 103,380,100 shares. The Company may at any time as the board may think fit seek approval from its shareholders in general meeting to refresh the limit in accordance with the terms of the 2023 Scheme.

#### **Maximum entitlement of each participant**

No person shall be granted an option if total number of shares issued and to be issued upon exercise of the options and the options granted under any other schemes adopted by the Company (including both exercised, cancelled and outstanding options) in any 12-month period up to and including the date of grant to such person would exceed in aggregate 1% of the shares of the Company for the time being in issue unless the proposed grant has been approved by the shareholders of the Company in general meeting with the proposed grantee and his associates abstaining from voting.

Share options granted to a substantial shareholder of the Company or an independent non-executive director, or to any of their respective associates, are subject to approval in advance by the shareholders of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 32. SHARE OPTION PLAN (Continued)

#### Period within which the shares must be taken up under an option

An option may be exercised in accordance with the terms of the 2023 Scheme at any time during a period as the board may determine which shall not be more than ten years from the date of grant of the option subject to the provisions of early termination thereof. Unless otherwise determined by the board and stated in the offer to a grantee, there is no minimum period required under the 2023 Scheme for the holding of an option before it can be exercised.

Amount payable upon acceptance of the option and the period within which the payment must be made HK\$1.00 shall be paid within 21 days from the date of offer of the option.

#### Remaining life of the 2023 Scheme

The 2023 Scheme shall be valid and effective for a period of 10 years from the date of adoption (i.e. 28 April 2023 and ending on 27 April 2033), after which no further options will be granted.

As at 31 December 2025, no share options have been granted under the 2023 Scheme (2024: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 33. POSSIBLE IMPACT OF NEW OR AMENDMENTS TO HKFRSs ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new or amendments to HKFRS Accounting Standards, which are not yet effective for the year ended 31 December 2025 and which have not been early adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group.

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>2</sup>
Amendments to HKAS 21 HKFRS 18	Translation to a Hyperinflationary Presentation Currency <sup>3</sup> Presentation and Disclosure in Financial Statements <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027.

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial adoption. So far the directors of the Company have concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

#### HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. Whilst many of the requirements will remain consistent, the new standard introduces new requirements to present specified categories and defined subtotals in the income statement; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the primary financial statements and the notes. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted, and will be applied retrospectively. The application of the new standard is expected to affect the presentation of the income statement and disclosures in the future financial statements. The Group is still currently assessing the impact that HKFRS 18 will have on the Group's consolidated financial statements.

# SHAREHOLDER INFORMATION

## FINANCIAL CALENDAR

Announcement of final results	24 March 2026
Closure of register of members and record date (AGM)	12 May 2026 to 15 May 2026
Ex-entitlement date for final dividend	8 June 2026
Closure of register of members and record date (Final dividend)	10 June 2026 to 12 June 2026
Dispatch of final dividend warrants	25 June 2026

## DIVIDENDS

The Board recommended to declare a final dividend of HK11.3 cents per ordinary share for the year ended 31 December 2025, subject to approval by the Company's shareholders at the forthcoming annual general meeting ("the AGM"). Including an interim dividend of HK20.4 cents per ordinary share for the six months ended 30 June 2025 which have already been paid, if final dividend will be approved, total payout for the year will amount to HK31.7 cents per ordinary share or RMB203.0 million in aggregate, representing 45.0% of the profit attributable to equity holders of the Company for the year ended 31 December 2025. It is expected that the final dividend, if approved by Company's shareholders at the forthcoming AGM of the Company, will be paid to shareholders on or about 25 June 2026.

## CLOSURE OF REGISTER OF MEMBERS

The AGM of the Company will be held on Friday, 15 May 2026. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 12 May 2026 to Friday, 15 May 2026, both days inclusive, during which period no transfer of shares will be effected. The record date for determining the Shareholders' eligibility to attend and vote at the AGM is Friday, 15 May 2026.

In order to be eligible to attend and vote at the AGM, 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 Monday, 11 May 2026.

The proposed final dividend is subject to the passing of an ordinary resolution by the Company's shareholders at the AGM. The record date for entitlement to the proposed final dividend is Friday, 12 June 2026. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 10 June 2026 to Friday, 12 June 2026, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final 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 Tuesday, 9 June 2026.

## **SHAREHOLDER INFORMATION**

### **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  
Shops 1712–1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong SAR of the PRC

### **INVESTOR RELATIONS CONTACT**

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

# 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 (陳闖)  
Ferheen Mahomed

## BOARD COMMITTEES

### Audit Committee

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

### Remuneration Committee

Chen Chuang (陳闖) (*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

## COMPANY INFORMATION

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

### STOCK CODE

01361

### 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.  
Hang Seng Bank Limited  
China Construction Bank Corporation  
Agricultural Bank of China Limited  
China Merchants Bank Co., Ltd.

### COMPANY WEBSITE

[www.361sport.com.cn](http://www.361sport.com.cn)

# 361°

**361 DEGREES  
INTERNATIONAL LIMITED**

Stock Code: 1361

