LI-NING

LI NING COMPANY LIMITED
李寧有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Codes: 2331 (HKD counter) and 82331 (RMB counter)

ANNUAL REPORT 2025

MISSION

Let Sports Light Your Passion

CORE VALUES

"Serve With Sportsmanship"
"Go Above and Beyond to Win"
"Individual and Team Synergy"
"Fairness in Competition and Corporate Environments"
"Perfect Harmony between Employee, Organization, Society and Nature"

VISION

To be the most Prominent, Stylish, World-Leading Sports Brand from China

ABOUT LI NING GROUP

Li Ning Company Limited is one of the leading sports brand companies in China, mainly operates in professional and leisure footwear, apparel, equipment and accessories under the LI-NING brand. The Group has comprehensive research and development, design, manufacturing, marketing, distribution and retail management capabilities. It has established an extensive retail distribution network and supply chain management system in China. We are committed to be the most prominent, stylish, world-leading sports brand from China.

In addition to its core LI-NING brand, the Group also manufactures, develops, markets, distributes, sells various sports products which are self-owned by or licensed to the Group, including Double Happiness (table tennis), AIGLE (outdoor sports) and Kason (badminton), which are operated through joint venture/associate with third parties of the Group.

CONTENTS

2 Corporate Information
4 Five-Year Financial Highlights
8 Chairman's Statement
14 Management Discussion and Analysis
40 Corporate Governance Report
57 Environmental, Social and Governance Report
154 Investor Relations Report
156 Directors and Senior Management
162 Report of the Directors
186 Independent Auditor's Report
191 Consolidated Statement of Profit or Loss
192 Consolidated Statement of Comprehensive Income
193 Consolidated Statement of Financial Position
195 Consolidated Statement of Changes in Equity
197 Consolidated Statement of Cash Flows
199 Notes to Consolidated Financial Statements
275 Glossary

CORPORATE Information

BOARD OF DIRECTORS

Executive Directors

Mr. LI Ning *(Executive Chairman and Joint Chief Executive Officer)*
Mr. KOSAKA Takeshi *(Joint Chief Executive Officer)*
Mr. LI Qilin

Independent non-executive Directors

Mr. KOO Fook Sun, Louis
Ms. WANG Ya Fei
Dr. CHAN Chung Bun, Bunny, *GBM, GBS, SBS, BBS, JP*
Ms. WANG Yajuan

AUDIT COMMITTEE

Mr. KOO Fook Sun, Louis *(Committee Chairman)*
Ms. WANG Ya Fei
Dr. CHAN Chung Bun, Bunny, *GBM, GBS, SBS, BBS, JP*

REMUNERATION COMMITTEE

Ms. WANG Ya Fei *(Committee Chairperson)*
Dr. CHAN Chung Bun, Bunny, *GBM, GBS, SBS, BBS, JP*
Ms. WANG Yajuan

NOMINATION COMMITTEE

Mr. LI Ning *(Committee Chairman)*
Ms. WANG Ya Fei
Dr. CHAN Chung Bun, Bunny, *GBM, GBS, SBS, BBS, JP*

AUTHORISED REPRESENTATIVES

Mr. LI Ning
Ms. WANG Ya Fei

COMPANY SECRETARY

Ms. TAI Kar Lei

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

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Beijing, PRC 101111
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance

LEGAL ADVISORS

Hong Kong law
YYC Legal LLP

Mainland China law
TAHOTA Law Firm

PRINCIPAL BANKERS

Hong Kong
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Bank of China Limited

Mainland China
Industrial & Commercial Bank of China
China Construction Bank
Bank of China
China Merchants Bank
China Resources Bank of Zhuhai Co., Ltd.
Ping An Bank Co., Ltd.
China Guangfa Bank Co., Ltd.
Hang Seng Bank (China) Limited
HSBC Bank (China) Company Limited
DBS Bank (China) Limited

FIVE-YEAR
Financial Highlights

	2025	2024	2023	2022	2021
Operating results (in RMB thousands):					
Turnover	29,598,417	28,675,643	27,598,491	25,803,383	22,572,281
Operating profit	3,898,208	3,678,206	3,559,087	4,886,758	5,136,376
Profit before income tax	4,189,223	4,109,609	4,256,169	5,415,100	5,328,237
Profit attributable to equity holders	2,935,743	3,012,918	3,186,910	4,063,834	4,010,881
Earnings before interest, tax, depreciation and amortisation (EBITDA)	6,160,940	6,379,193	6,157,208	6,541,707	6,436,060
Assets and liabilities (in RMB thousands):					
Total non-current assets	14,764,445	15,180,164	20,554,820	21,251,624	11,602,962
Total current assets	22,949,622	20,528,242	13,652,983	12,394,895	18,671,854
Total current liabilities	8,061,082	7,585,946	7,268,476	7,240,833	7,703,848
Net current assets	14,888,540	12,942,296	6,384,507	5,154,062	10,968,006
Total assets	37,714,067	35,708,406	34,207,803	33,646,519	30,274,816
Total assets less current liabilities	29,652,985	28,122,460	26,939,327	26,405,686	22,570,968
Capital and reserves attributable to equity holders	27,627,499	26,103,689	24,406,641	24,329,430	21,101,546
Key financial indicators:					
Gross profit margin	49.0%	49.4%	48.4%	48.4%	53.0%
Margin of profit attributable to equity holders	9.9%	10.5%	11.5%	15.7%	17.8%
EBITDA ratio	20.8%	22.2%	22.3%	25.4%	28.5%
Earnings per share					
– basic (RMB cents)	113.91	116.98	123.21	155.38	160.10
– diluted (RMB cents)	113.53	116.52	122.66	154.34	157.97
Dividend per share (RMB cents)	56.95	58.48	54.74	46.27	45.97
Return on equity attributable to equity holders	10.9%	11.9%	13.1%	17.9%	26.9%
Net tangible assets per share (RMB cents)	1,060.36	998.59	933.68	911.92	794.44
Debt-to-Equity ratio	36.5%	36.8%	40.2%	38.3%	43.5%

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CHAIRMAN'S Statement

Dear Shareholders,

Over the past year, China's economy navigated the economic cycle with steady strides. Driven by favorable policies such as expanding domestic demand and boosting consumption, it maintained an overall stable trajectory with steady progress. Sports-related policies have been actively advanced, with ample room for industry development. Against this backdrop, the Group has anchored its core strategy and continued to exert efforts, continuously enhancing operational efficiency, deepening the commercialization of cutting-edge technological achievements, meticulously refining the "LI-NING's Experience Value", meeting consumers' diverse needs, driving steady performance growth, and contributing to long-term value creation.

STEADY GROWTH IN PERFORMANCE, SOLID OPERATIONAL FOUNDATION

In 2025, we upheld integrity while innovating, advanced steadily toward the future, with revenue increasing 3.2% to RMB29,598 million (2024: RMB28,676 million). Overall gross profit increased by 2.4% to RMB14,489 million (2024: RMB14,156 million), with a gross profit margin of 49.0%, decreasing by 0.4 percentage point compared to the previous year. Profit attributable to equity holders was RMB2,936 million, with a net profit margin of 9.9%.

During the year, the Group maintained robust cash flow, generating net operating cash inflow of RMB4,852 million (2024: RMB5,268 million), demonstrating strong risk resilience and exceptional operational resilience.

The Board has recommended the payment of a final dividend of RMB23.36 cents per ordinary share for the year ended 31 December 2025. Together with the interim dividend of RMB33.59 cents per ordinary share paid in August 2025, the total dividend for the year ended 31 December 2025 will amount to RMB56.95 cents per ordinary share or a total dividend payout ratio of 50%.

FOCUSING ON CORE STRATEGY, DEEPENING OLYMPIC SYNERGY

LI-NING Company adheres to its development strategy of "Single Brand, Multi-categories, Diversified Channels", solidifying its foundation in professional sports while actively responding to evolving market and consumer trends. Throughout the year, the Group concentrated on six core business segments: running, basketball, training, badminton, table tennis, and sports casual. By enhancing independent research and development capabilities, deepening technology-enabled products, and optimising consumer experiences, it continuously launched high-quality products that blend professional performances with trendy designs.

Throughout the year, LI-NING continued its full support for China's sports initiatives, collaborating with the Chinese Olympic Committee. This partnership served as an opportunity to integrate top-tier sports resources, convey the brand's spirit, and execute a series of marketing campaigns and product launches centered around the theme of "China's Glory, Together with LI-NING." We designed the award-winning gear for China's delegations at the 2026 Milan Winter Olympics and the 2025 World Games, deeply integrating cutting-edge sports technology with Eastern aesthetics. This accompanied and witnessed athletes' moments of glory while showcasing cultural confidence through premier sporting events, embodying LI-NING's core value of "Serve With Sportsmanship". Simultaneously, we extend the sportsmanship beyond the arena into everyday life. In December 2025, we opened the world's first "LI-NING LOONG STORE" (龍店) in Beijing and officially launched the "Glory Gold Label" (榮耀金標) product series. This collection deeply integrates LI-NING 's professional sports technology with a minimalist, refined design aesthetic, offering high-quality apparel for urbanites pursuing a quality lifestyle. It meets diverse needs across commuting, business, and light sports scenarios.

Mr. LI Ning

Executive Chairman and
Joint Chief Executive Officer

COMMITTED TO INNOVATION-DRIVEN DEVELOPMENT, STRENGTHENING SCIENTIFIC AND TECHNOLOGICAL CAPABILITIES

LI-NING consistently regards technological innovation as the core engine driving high-quality development, establishing a technical platform comprising two major pillars: scientific research and sports science studies. Throughout the year, the Group continued to leverage its proprietary research and development strengths while strengthening academic research collaborations. This multifaceted approach enhanced the technological application capabilities of professional products across diverse scenarios, empowering both professional athletes and consumers to continuously refine their skills in the training field and achieve extraordinary results in competitions.

Following the launch of "Super BOOM" (超轟) technology, the Group unveiled the "Super BOOM Capsule" (超轟膠囊) midsole cushioning technology in November 2025, achieving a breakthrough experience among the industry characterized by "High Rebound, Fast Rebound, and High Durability." By embedding specialized capsule-shaped modules into running shoe midsoles, "Super BOOM Capsule" significantly enhances energy return and rebound performance, delivering a powerful foot feel and strong propulsion for users. This innovation has first applied to core running shoe products including the "Feidian 6 ULTRA" (飛電 6 ULTRA), "Feidian 6 ELITE" (飛電6 ELITE), and the latest addition to the "Red Hare" (赤兔) series, the "Red Hare 9 ULTRA" (赤兔9 ULTRA). Empowered by cutting-edge technology, athletes sponsored by the Group frequently graced podiums at premier domestic and international events in 2025, showcasing the formidable strength and reliable performance of LI-NING's professional running shoes through outstanding achievements.

At the same time, the Group actively expanded into emerging tracks such as outdoor and other specialised categories. During the year, through collaboration with the Information Office of the China National Space Administration, we advanced aerospace technology-driven sports innovation by integrating aerospace technology into LI-NING's professional sports gear. We systematically pursued technological innovation in the outdoor sector, such as developing the fabric of dual-vent nanotechnology for rainstorm protection in partnership with national-level research institutions. This breakthrough fabric achieves comprehensive improvements in waterproof breathability, thermal insulation, ventilation, and protective performance, providing reliable safeguards for complex environments such as hiking and snow sports. Additionally, we continuously refined proprietary technologies such as the GCU ground control system, optimising traction, stability, and energy return mechanisms to create lighter, more professional outdoor footwear and gear. With the opening of our first standalone outdoor concept store, "COUNTERFLOW 溯", we have further defined our strategic positioning and differentiation in the outdoor business sector. Focusing on lightweight outdoor lifestyle for the masses, we have created a new offline space integrating retail, experiential activities, and community engagement.

DEEPLY ROOTED AND STEADFAST IN ACTION, ACCUMULATING STRENGTH FOR FUTURE BREAKTHROUGHS, FIRMLY BELIEVING THAT "ANYTHING IS POSSIBLE"

2026 marks the opening year of the "15th Five-Year Plan". Guided by the strategy to accelerate the development of a leading sports nation, the PRC will further unleash the potential of sports consumption and promote the transformation and upgrading of the sporting goods manufacturing industry. The continuous release of domestic demand potential will provide solid support and a broad stage for the sports industry. Anchored in the domestic market while looking toward the future, LI-NING will seize the opportunities of our era with a more forward-looking vision and more efficient executions. We will deepen our "Single Brand, Multi-categories, Diversified Channels" strategy, optimise and upgrade our core category matrix, explore emerging niche segments, and continuously strengthen our products' core advantages in professional performance, technological prowess, and athletic experience. We will empower our products through innovation and design to repay the trust of our consumers.

As the Group's founder, I remain steadfastly guided by the long-term value of all shareholders and related stakeholders. I sincerely thank everyone for your enduring trust and steadfast support for LI-NING Company. Looking ahead, we will continue to enhance corporate governance, optimise employee development, and fulfill our social responsibilities. We are committed to repaying the deep affection and unwavering support of all shareholders and stakeholders with superior results and performance as well as a stronger brand reputation.

Finally, on behalf of the Company, I express my sincere gratitude to every dedicated colleague. You embody our brand spirit and are our partners in the Group's journey forward. Moving forward, I will work alongside the management team and unite with all employees to continue driving the company toward excellence and new achievements.

Li Ning
Executive Chairman and Joint Chief Executive Officer
Hong Kong, 19 March 2026

LI-NING
LIGHT FOAM
LIGHT FOAM
SPORTS
MEN
SHIP

MANAGEMENT DISCUSSION and Analysis

FINANCIAL OVERVIEW

The key operating and financial performance indicators of the Group for the year ended 31 December 2025 are set out below:

	Year ended 31 December		Change
	2025	2024	(%)
Income statement items			
(All amounts in RMB thousands unless otherwise stated)			
Revenue	**29,598,417**	28,675,643	**3.2**
Gross profit	**14,488,837**	14,156,103	**2.4**
Operating profit	**3,898,208**	3,678,206	**6.0**
Earnings before interest, tax, depreciation and amortisation (EBITDA) *(Note 1)*	**6,160,940**	6,379,193	**(3.4)**
Profit attributable to equity holders	**2,935,743**	3,012,918	**(2.6)**
Basic earnings per share (RMB cents) *(Note 2)*	**113.91**	116.98	**(2.6)**
Key financial ratios			
Profitability ratios			
Gross profit margin *(%)*	**49.0**	49.4	**(0.4)**
Operating profit margin *(%)*	**13.2**	12.8	**0.4**
Effective tax rate *(%)*	**29.9**	26.7	**3.2**
Margin of profit attributable to equity holders *(%)*	**9.9**	10.5	**(0.6)**
Return on equity attributable to equity holders *(%) (Note 3)*	**10.9**	11.9	**(1.0)**
Expenses to revenue ratios			
Staff costs *(%)*	**8.3**	8.6	**(0.3)**
Advertising and marketing expenses *(%)*	**10.7**	9.5	**1.2**
Research and product development expenses *(%)*	**2.4**	2.4	**–**

	31 December 2025	31 December 2024
Balance sheet items		
(All amounts in RMB thousands unless otherwise stated)		
Total assets	**37,714,067**	35,708,406
Equity attributable to equity holders	**27,627,499**	26,103,689
Key financial ratios		
Asset efficiency		
Average inventory turnover (days) *(Note 4)*	**64**	64
Average trade receivables turnover (days) *(Note 5)*	**15**	14
Average trade payables turnover (days) *(Note 6)*	**42**	43
Asset ratios		
Debt-to-equity ratio *(%) (Note 7)*	**36.5**	36.8
Net asset value per share *(RMB cents) (Note 8)*	**1,072.16**	1,013.56

Notes:

1. The calculation of earnings before interest, tax, depreciation and amortisation (EBITDA) is based on profit for the year, excluding the sum of income tax expense, finance income – net, depreciation and impairment on property, plant and equipment, depreciation and impairment on investment properties, amortisation and impairment of land use rights and intangible assets (excluding goodwill) and depreciation and impairment on right-of-use assets.

2. Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue less shares held for Restricted Share Award Scheme and shares repurchased by the Company for cancellation during the year. Such weighted average number of shares outstanding shall be adjusted for events such as bonus issue and stock dividend.

3. The calculation of return on equity attributable to equity holders is based on the profit attributable to equity holders of the Company for the year, divided by the average of opening and closing balances of equity attributable to equity holders of the Company of the year.

4. The calculation of average inventory turnover (days) is based on the average of opening and closing inventory balances for the year, divided by cost of sales and multiplied by the total number of days in the year.

5. The calculation of average trade receivables turnover (days) is based on the average of opening and closing balances of trade receivables for the year, divided by revenue and multiplied by the total number of days in the year.

6. The calculation of average trade payables turnover (days) is based on the average of opening and closing balances of trade payables for the year, divided by total purchases and multiplied by the total number of days in the year.

7. The calculation of debt-to-equity ratio is based on total liabilities divided by equity attributable to equity holders of the Company at the end of the year.

8. The calculation of net asset value per share is based on the net asset value, divided by the number of shares in issue less shares held for Restricted Share Award Scheme and shares repurchased by the Company for cancellation at the end of the year.

* *The aforesaid indicators provided by the Group may not necessarily be the same in terms of similar calculation methods as those provided by other issuers.*

** *The Group adopted the aforesaid non-GAAP financial indicators such as EBITDA, margin of profit attributable to equity holders, return on equity attributable to equity holders, expenses (staff costs/advertising and marketing expenses/research and product development expenses) to revenue ratio, average inventory/trade receivables/trade payables turnover days, debt-to-equity ratio and net asset value per share because comparable companies in the industry in which the Group operates use the aforesaid common indicators as a supplementary measurement for results of operation, which are also widely used by investors to measure the results of operation of the comparable companies.*

Revenue

The Group's total revenue for the year ended 31 December 2025 increased by 3.2% year-on-year to RMB29,598,417,000 (2024: RMB28,675,643,000). The changes in revenue from all channels were as follows: (1) during the year, the franchised distributors channel continued to serve as a core pillar, with revenue growing steadily by 6.3% year-on-year, further increasing its contribution to 46.6%; (2) the Group enhanced its online marketing strategies, strengthening collaboration with mainstream e-commerce ecosystems while closely monitoring the growth opportunities of marketing in emerging e-commerce channels, resulting in increased revenue from the e-commerce channel by 5.3% year-on-year; and (3) the retail channel remained under pressure, with revenue decreasing by 3.3% year-on-year, due to adjustments to the directly-operated store layout and a shift in consumer scenarios. The Company will continue to precisely target consumer needs, strengthen user engagement and optimise the store matrix to achieve deep complementarity and synergistic growth across online and offline channels.

REVENUE BY PRODUCT CATEGORY

	Year ended 31 December				
	2025		2024		Revenue
	RMB'000	**% of total revenue**	RMB'000	% of total revenue	Change (%)
Footwear	**14,650,546**	**49.5**	14,300,341	49.9	2.4
Apparel	**12,327,039**	**41.6**	12,050,245	42.0	2.3
Equipment and accessories	**2,620,832**	**8.9**	2,325,057	8.1	12.7
Total	**29,598,417**	**100.0**	28,675,643	100.0	3.2

REVENUE (IN %) BY SALES CHANNEL

	Year ended 31 December		
	2025	2024	Change
	% of revenue	% of revenue	(%)
The PRC market			
Sales to franchised distributors	**46.6**	45.1	1.5
Sales from direct operation	**22.5**	24.0	(1.5)
Sales from e-commerce channel	**29.5**	29.0	0.5
Other regions	**1.4**	1.9	(0.5)
Total	**100.0**	100.0	–

REVENUE BY GEOGRAPHICAL LOCATION

		Year ended 31 December				
		2025		2024		Revenue Change
	Notes	RMB'000	% of revenue	RMB'000	% ofrevenue	(%)
The PRC market						
Northern region	*1*	**13,989,249**	**47.3**	13,640,169	47.6	2.6
Southern region	*2*	**15,182,093**	**51.3**	14,504,625	50.5	4.7
Other regions		**427,075**	**1.4**	530,849	1.9	(19.5)
Total		**29,598,417**	**100.0**	28,675,643	100.0	3.2

Notes:

1. The Northern region includes provinces, municipalities and autonomous regions covering Beijing, Tianjin, Shanxi, Shandong, Hebei, Inner Mongolia, Henan, Heilongjiang, Jilin, Liaoning, Shaanxi, Gansu, Ningxia, Xinjiang and Qinghai.

2. The Southern region includes provinces, municipalities, autonomous regions and special administrative regions covering Yunnan, Guizhou, Sichuan, Jiangxi, Chongqing, Tibet, Shanghai, Zhejiang, Jiangsu, Hunan, Hubei, Anhui, Guangdong, Guangxi, Fujian, Hainan, Macau and Hong Kong.

Cost of Sales and Gross Profit

For the year ended 31 December 2025, the overall cost of sales of the Group amounted to RMB15,109,580,000 (2024: RMB14,519,540,000), and the overall gross profit margin was 49.0% (2024: 49.4%). During the year, the gross profit margin decreased by 0.4 percentage points as compared to the corresponding period of last year. The decline in gross profit margin was primarily attributable to adjustments in channel structure, with a lower proportion of revenue generated from the direct-to-customer channels, the increase in discount offerings due to intensified promotional competition in self-operated channels, resulting in a slight decline in gross profit margin.

Selling and Distribution Expenses

For the year ended 31 December 2025, the Group's overall selling and distribution expenses amounted to RMB9,189,675,000 (2024: RMB9,198,907,000), accounting for 31.0% (2024: 32.1%) of the Group's total revenue.

The selling and distribution expenses decreased by 0.1% as compared to the corresponding period of last year. The refined cost control enhanced the operational efficiency. By optimising store operations and closing underperforming stores, the Company effectively reduced key costs such as store rent, labor, and amortisation of operating store decoration and fixture while maintaining consumer experience. Meanwhile, to strengthen brand competitiveness and support long-term growth momentum, the Company strategically increased investment in marketing, with a particular focus on sports marketing campaigns centered on Olympic and national team partnerships, as well as premium brand building, thereby achieving a dynamic optimisation of the cost structure.

Administrative Expenses

For the year ended 31 December 2025, the Group's overall administrative expenses amounted to RMB1,630,412,000 (2024: RMB1,427,907,000), accounting for 5.5% (2024: 5.0%) of the Group's total revenue with a year-on-year increase of 0.5 percentage points. Administrative expenses mainly comprised staff costs, management consulting fees, office rental, depreciation and amortisation charges, research and product development expenses, taxes and other miscellaneous daily expenses.

The increase in administrative expenses was mainly attributable to the increase in staff costs due to the recruitment of product research and development talents and adjustments to the social insurance base, and increased taxes resulted from revenue growth. In addition, the impairment of goodwill in the amount of RMB72,387,000 was fully recognised during the year, which resulted from the acquisition of Kason Sports (Hong Kong) Limited in 2009.

Share of Profit of Investments Accounted for Using the Equity Method

For the year ended 31 December 2025, the Group's share of profit of investments accounted for using the equity method amounted to RMB257,897,000 (2024: RMB256,299,000).

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)

For the year ended 31 December 2025, the Group's EBITDA amounted to RMB6,160,940,000 (2024: RMB6,379,193,000), representing a year-on-year decrease of 3.4%.

Reconciliations of EBITDA to profit for the year are as follows:

	2025 RMB'000	2024 RMB'000
Reconciliation of profit for the year to EBITDA:		
Profit for the year	**2,935,743**	3,012,918
Income tax expense	**1,253,480**	1,096,691
Finance income	**(296,709)**	(429,525)
Finance expenses (including amortisation of discount on lease liabilities)	**263,591**	254,421
Depreciation on property, plant and equipment	**709,648**	1,095,092
Impairment of property, plant and equipment *(Note 1)*	**72,281**	81,807
Amortisation of land use rights and intangible assets	**69,150**	63,093
Impairment of trademark rights under intangible assets *(Note 1)*	**4,041**	–
Depreciation on right-of-use assets	**498,114**	613,087
Impairment of right-of-use assets *(Note 1)*	**283,411**	171,942
Depreciation on investment properties	**99,170**	86,295
Impairment of investment properties *(Notes 1,2)*	**269,020**	333,372
EBITDA	**6,160,940**	6,379,193

Notes:

1. Impairment charges included as an adjustment item in EBITDA primarily resulted from our impairment evaluation of non-current assets whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. If these non-current assets were not impaired, depreciation of the assets would have been recorded as an adjustment item in EBITDA. Therefore, impairment charges were a non-cash item similar to depreciation and amortization of non-current assets.

2. During the year ended 31 December 2025, the property market in Chinese mainland and Hong Kong was confronted with a highly challenging and uncertain environment. This environment led to sluggish demand and soft sentiments, ultimately resulting in an overall decline in both the price and rental indices. As a result, Management concluded that there were impairment indications for the Group's investment properties and conducted impairment assessment on the investment properties as at 31 December 2025 in accordance with IAS 36 Impairment of Assets. The Group estimated the recoverable amounts of the investment properties with reference to their respective fair values as at 31 December 2025 which were determined using the income approach. Based on the results of the impairment assessments, impairment losses of RMB269,020,000 were recognised against the carrying amount of investment properties during the year ended 31 December 2025 (31 December 2024: RMB333,372,000).

Finance Income – Net

For the year ended 31 December 2025, the Group's net finance income amounted to RMB33,118,000 (2024: RMB175,104,000). The year-on-year decrease in net finance income was due to the decrease of interest income as a result of the decrease in interest rates.

Income Tax Expense

For the year ended 31 December 2025, the income tax expense of the Group amounted to RMB1,253,480,000 (2024: RMB1,096,691,000) and the effective tax rate was 29.9% (2024: 26.7%). With exchange rate fluctuations, fund yield and other comprehensive factors, the Company made some reasonable plannings for the domestic and foreign capital structures, causing the corresponding withholding income tax to be accrued, resulting in an increase in tax rate for the year.

Overall Profitability Indicators

During the year ended 31 December 2025, the Group recorded steady revenue growth. Although the expenses achieved a slight optimization, gross profit margin has declined year-on-year with the effective tax rate increased significantly. As a result of these combined factors, the margin of profit attributable to equity holders has decreased. The Group's profit attributable to equity holders amounted to RMB2,935,743,000 during the year ended 31 December 2025 (2024: RMB3,012,918,000). The margin of profit attributable to equity holders was 9.9% (2024: 10.5%), and the return on equity attributable to equity holders was 10.9% (2024: 11.9%).

Provision for Inventories

The Group's policy in respect of provision for inventories for 2025 was the same as that in 2024. Inventories of the Group are stated at the cost or net realisable value, whichever is lower. In the event that net realisable value falls below cost, the difference is taken as provision for inventories. The Group considers this policy to be adequate in ensuring appropriate provision for inventories is made by the Group.

As at 31 December 2025, the accumulated provision for inventories was RMB158,679,000 (31 December 2024: RMB166,817,000). During the year, through the implementation of smart inventory management, the responsiveness of the supply chain has been enhanced and the inventory structure has been optimized, resulting in a decrease in provision for inventories.

Expected Credit Loss Allowance

The Group's policy in respect of expected credit loss allowance for 2025 was the same as that in 2024. The expected credit loss allowance was recorded at an amount equal to the lifetime expected credit losses of the trade receivables that do not contain a significant financing component, and 12 months expected credit losses or lifetime expected credit losses of other receivables, depending on whether there has been a significant increase in credit risk since initial recognition.

As at 31 December 2025, the accumulated expected credit loss allowance was RMB43,932,000 (31 December 2024: RMB45,678,000), among which the accumulated expected credit loss allowance for trade receivables was RMB37,906,000 (31 December 2024: RMB41,658,000) and the accumulated expected credit loss allowance for other receivables was RMB6,026,000 (31 December 2024: RMB4,020,000). The trade receivables and other receivables of the Group written off during the year ended 31 December 2025 as uncollectible and the effect of change in exchange rate amounted to RMB721,000 (2024: RMB5,334,000). The Group will continue to monitor the ageing structure and settlements to maintain a sound receivable turnover ratio.

Liquidity and Financial Resource

The Group's net cash generated from operating activities for the year ended 31 December 2025 amounted to RMB4,851,532,000 (2024: RMB5,267,935,000). As at 31 December 2025, cash and cash equivalents (including cash at banks and in hand, and fixed term deposits with original maturity of no more than three months) amounted to RMB16,716,551,000, representing a net increase of RMB9,217,955,000 as compared with the position as at 31 December 2024. Adding back the amount recorded as time deposits held at banks, cash balance amounted to RMB19,973,440,000, representing a net increase of RMB1,832,513,000 as compared to 31 December 2024. The increase was due to the following items:

Item	Year ended 31 December 2025 RMB'000
Operating activities:	
Net cash generated from operating activities	**4,851,532**
Investing activities:	
Net cash generated from investing activities (including placement and redemption of time deposits)	**6,633,971**
Financing activities:	
Net cash used in financing activities	**(2,155,034)**
Add: Exchange losses on cash and cash equivalents	**(112,514)**
Net increase in cash and cash equivalents	**9,217,955**
Add: Net decrease in time deposits	**(7,385,442)**
Net increase in cash balance	**1,832,513**

During the year, revenue increased year-on-year, while cash-based expenses including marketing costs and tax payments rose, coupled with the settlement time lag of e-commerce platforms, leading to a year-on-year decrease in net cash generated from operating activities. Meanwhile, the maturity and redemption of time deposits led to a significant increase in net cash generated from investing activities. The Group will continue to place extra emphasis on cash flow management to ensure the stable development of the Company in the long term.

On 27 October 2021, the Company, a wholly-owned subsidiary of Viva China Holdings Limited (subsequently renamed as Viva Goods Company Limited) and the placing agents entered into the placing and subscription agreement, pursuant to which the parties jointly proceeded with the top-up placing of existing shares of the Company and the subscription of new shares of the Company under the general mandate, and agreed to the top-up placing and subscription of 120,000,000 shares of the Company at HK$87.50 per share. On 3 November 2021, both parties completed the top-up placing and the subscription. The net proceeds from the top-up placing of shares amounted to HK$10,433,042,000 (equivalent to approximately RMB8,571,787,000). Please refer to the announcements of the Company dated 28 October 2021 and 3 November 2021 respectively for details.

For the year ended 31 December 2025, RMB570,601,000 of the net proceeds from the top-up placing had been used. As at 31 December 2025, RMB341,020,000 of the net proceeds from the top-up placing were unutilised and are intended to be used as follows:

Intended use of net proceeds	Percentage of total net proceeds (approximately)	Unutilised net proceeds as at 31 December 2024 (approximately RMB'000)	Amount used during the year ended 31 December 2025 (approximately RMB'000)	Unutilised net proceeds as at 31 December 2025 (approximately RMB'000)	Expected timeframe for utilising the unutilised net proceeds [1]
Investment in newly launched product categories as well as future business investments when opportunity arises, including international business expansion	40%	–	–	–	
Investment in reengineered infrastructure and further improvement of the supply chain system	30%	911,621	570,601	341,020	Before 31 December 2026
Development of the brand and IT system	20%	–	–	–	
General working capital	10%	–	–	–	
Total	**100%**	**911,621**	**570,601**	**341,020**	**Before 31 December 2026**

Note:

1. The net proceeds have been applied in the manner consistent with the use of proceeds as disclosed in the announcement of the Company dated 3 November 2021. The expected timeframe for utilising the unutilised net proceeds is subject to change based on the current and future development of market conditions and market opportunities made available to the Group.

As at 31 December 2025, the Group's banking facilities amounted to RMB13,922,000,000, without outstanding borrowings.

During the year, the Group did not hedge its exposure to interest rate risks via interest-rate swaps.

Foreign Exchange Risk

The Group's operations are mainly carried out in the PRC, with most transactions settled in RMB. The reporting currency of the Group is RMB. The Group's subsidiaries in South Korea, Hong Kong and Macau use South Korean Won, Hong Kong Dollars and Macau Pataca, respectively, as their functional currencies. The Group has a partial amount of cash and bank deposits denominated in Hong Kong Dollars, United States Dollars, Euros, South Korean Won, Pound Sterling and Macau Pataca. The Company pays dividends in Hong Kong Dollars, certain licence fees, sponsorship fees and consultation fees in United States Dollars or Euros, and certain investments in Hong Kong Dollars or United States Dollars.

The Group did not hedge its foreign exchange exposure during the year. Any significant exchange rate fluctuations of foreign currencies against RMB may have had financial impact on the Group.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

In order to satisfy the needs of the Group's commercialization layout, expand its international business by establishing a footing in Hong Kong and explore global business opportunities, a subsidiary of the Group (the "Purchaser") and a subsidiary of Henderson Land Development Company Limited (the "Vendor") entered into a sale and purchase agreement (the "SPA") on 10 December 2023. To the best knowledge, information and belief of the directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owner were independent third parties of the Company and its connected person(s). Pursuant to the SPA, the Purchaser conditionally agreed to (1) acquire the entire share capital of Vansittart Investment Limited (the "Target Company", a company incorporated in Hong Kong with limited liability) and (2) take up the assignment of the loan amount owing by the Target Company to one of its related parties as at the date of completion of the above acquisition (the "Acquisition"). The adjusted aggregate consideration for the Acquisition is HK$2,221 million (equivalent to approximately RMB2,013 million). The Target Company is principally engaged in property investment and is the sole legal and beneficial owner of a property comprising 22 storeys of commercial/office space and two storeys of retail areas in Hong Kong (the "Property"), which is the principal asset of the Target Company. For details, please refer to the announcement of the Company dated 10 December 2023.

The Acquisition was completed on 28 January 2024 and the consideration has been fully paid. The Acquisition was funded by the Group's net proceeds from the top-up placing of shares and internal resources. Upon completion, the Target Company has become an indirect wholly-owned subsidiary of the Company and the financial results of which are consolidated into the financial statements of the Group. Following the completion of the Acquisition, the Group will continue to perform the original leases of the major portion of the Property, and the remaining portion of the Property will be used as the Hong Kong headquarters of the Group.

The investment cost of the Property was RMB2,021,450,000. The Group adopted the cost method for subsequent measurement of the portion of the Property classified as investment properties. As of 31 December 2025, the carrying value of the Property was RMB1,761,911,000 after depreciation and impairment, representing a percentage of approximately 4.7% of the Group's total assets.

During the year ended 31 December 2025, the Group has not made any other material acquisitions or disposals of subsidiaries, associates and joint ventures.

Future Plans for Significant Investments and Capital Assets

In order to establish a high-end intelligent manufacturing and flexible supply chain base and a high-level research and development (R&D) and experience center to meet the Group's future development needs, a subsidiary of the Group (the "Subsidiary") entered into and updated an investment agreement with a local governmental authority in Guangxi Zhuang Autonomous Region of the PRC on 8 November 2019 and 23 May 2023 respectively, pursuant to which the Subsidiary had agreed to acquire the land use right over a piece of industrial land through the listing-for-sale bidding process, and construct a supply chain base over the land for the production and packaging of high-end sports equipment (including but not limited to sports shoes, sports apparels and sports equipment) to expand its production capacity and output of differentiated sports products, as well as focusing on putting resources into R&D and experience to enhance the Group's technological R&D capability and to provide consumers with better product experience, sports experience and consumption experience.

The maximum investment amount pursuant to the investment agreement was estimated to be approximately RMB3.3 billion, which refers to the total cost of completing the project and putting it into operation, including the cost of acquiring the land use right, the expenditure involved in the construction of the supply chain base, investment in purchasing machinery and equipment, and working capital.

As of 31 December 2025, the Subsidiary had successfully acquired the land use right over the relevant land and had been making investments on the construction of the supply chain base. As at 31 December 2025, the carrying amount of the non-current assets after depreciation and impairment under the investment was RMB2,057,527,000, representing approximately 5.5% of the Group's total assets. The remaining investment amount will be funded by the Group's unutilised net proceeds from the top-up placing of shares and internal resources.

Pledge of Assets

As at 31 December 2025 and 31 December 2024, the Group had no pledged assets.

Contingent Liabilities

Two wholly-owned subsidiaries of the Company (the "Purchasers") entered into a transfer agreement on 31 December 2020 with Blooming Target Investments Ltd. (the "Vendor") and 中銀投資資產管理有限公司 (Bank of China Investment Asset Management Company Limited) ("BOCIAM"), pursuant to which the Purchasers agreed to acquire the entire share capital in Matsunichi Communications (Hong Kong) Limited (the "Target Company"), the Vendor's rights in the loan extended to the Target Company, and BOCIAM's rights in the loan extended to the subsidiary of the Target Company (Matsunichi High-tech Electronic (Shenzhen) Company Limited). The share transfer of the Target Company was completed on 28 January 2021, and since then, the Target Company has become an indirect wholly-owned subsidiary of the Company. The Target Company was subsequently renamed as Li Ning Communications (Hong Kong) Limited. Details are set out in the announcement of the Company dated 31 December 2020.

The Target Company received a statutory demand (the "Statutory Demand") from the joint and several liquidators (the "Liquidators") of Vast Gold Holdings Limited (in liquidation) ("Vast Gold") and Active Legend Limited (in liquidation) ("Active Legend") on 24 March 2025, alleging that Active Legend had extended a short-term loan in the principal amount of HK$500,000,000 (the "Subject Loan") pursuant to a loan facility letter from Active Legend dated 20 August 2018, which was confirmed by the Target Company and Mr. Pan Sutong (the sole shareholder of the Target Company prior to the Vendor taking over the Target Company on 26 March 2019). In the Statutory Demand, the Liquidators further alleged that the Subject Loan remained outstanding at a total amount of HK$1,955,338,833 (including the loan principal, interest and default interest amounts). On 29 April 2025, upon the Target Company's application to restrain the Liquidators from commencing any winding up proceedings against the Target Company based on the alleged loan stated in the Statutory Demand, the Liquidators withdrew the Statutory Demand. Details are set out in the Company's annual results announcement for the year ended 31 December 2024 dated 28 March 2025.

On 24 June 2025, Active Legend and Vast Gold served the Target Company a writ of summons issued by the High Court (the "Court") of the Hong Kong Special Administration Region (the "Writ of Summons") for the claim on the principal amount and the contractual interest on the Subject Loan up to the earlier of the date of the judgement and the date of earlier payment, other relief and costs.

On 7 July 2025, the Target Company filed the Acknowledgement of Service to the Court. On 15 December 2025, the Target Company filed its amended defence. On 12 January 2026, Active Legend and Vast Gold filed their reply to the defence.

Before the Target Company received the Statutory Demand, the Company was not aware of the existence of the Subject Loan and any matter related thereto, and the Target Company had never received any repayment demand or other correspondence from Active Legend or Vast Gold or the Liquidators.

Having taken legal advice and based on the facts and circumstances available to the Group, the Group believes that there is no obligation for the Target Company to repay the Subject Loan. The Target Company will vigorously defend against the claim referred to in the Writ of Summons. The Company will make further announcement(s) on this matter when there is substantial development.

BUSINESS REVIEW

In 2025, global economic development faced numerous uncertainties, while the Chinese economy demonstrated strong resilience. According to data released by the National Bureau of Statistics, the annual gross domestic product recorded a year-on-year growth of approximately 5%, and residents' income and consumption capacity steadily improved. Driven by a series of policies to expand domestic demand and promote consumption, the consumer market continued to recover and its structure was further optimised. Benefiting from this, the Group adhered to the dual drive of technological innovation and Olympic cooperation momentum, deepened its presence in the professional sports sector while simultaneously expanding into niche markets. The Group continuously enhanced the technological features of its products, optimised the channel efficiency, and enhanced the brand's professional positioning. The overall operating performance remained stable throughout the year, laying a solid foundation for the Company's long-term high-quality development.

In terms of product upgrades, the Group anchored its "Single Brand, Multi-categories, Diversified Channels" strategy, fully leveraged its own research and development advantages, and drove iterative upgrades of core categories with cutting-edge technology, thereby enhancing the technological competitiveness of the product matrix and reinforcing the brand's professional sports attributes. By the end of the year, the Group launched the "Super BOOM Capsule"（超𪟝膠囊）midsole cushioning technology and realised its commercial application, which has been applied to flagship products such as "Feidian 6 ULTRA"（飛電 6 ULTRA）, "Feidian 6 ELITE"（飛電6 ELITE）and "Red Hare 9 ULTRA"（赤兔 9 ULTRA）, and it was well received by consumers.

In terms of channel optimisation, the Group deeply cultivated the channel layout and strived to steadily enhance channel efficiency. While online business maintained steady growth, offline operations focused on efficiency optimisation and innovative upgrades of business formats. During the year, the Group successfully launched its first "Loong Store"（龍店）and the standalone outdoor category store "COUNTERFLOW 溯", and through business format innovation and scenario upgrades, carefully created a consumer space integrating resonance of sports spirit, in-depth cultural exchange and immersive product experience, thereby promoting the coordinated improvement of terminal experience and commercial efficiency.

In terms of brand marketing, the Group adopted "China's Glory, Together with LI-NING"（中國榮耀，李寧同行）as the core narrative, deepened cooperation with the Chinese Olympic Committee and the Chinese Sports Delegation, actively promoted the integration of sportsmanship with top-tier technology and Eastern aesthetics, and transformed top-tier scarce sports resources into a driving force for brand reputation and market recognition, continuously strengthening consumers' perception of LI-NING's professional capabilities and product reliability.

Joining hands with the Chinese Olympic Committee to drive development with technology and brand as dual engines

In 2025, guided by "China's Glory, Together with LI-NING", the Group advanced in alignment with China's sports undertakings. By integrating sports culture, cutting-edge technology and Eastern aesthetics, the Group not only provided professional equipment for major events, but also systematically transformed top-tier sports resource partnerships into momentum for brand enhancement.

In terms of brand communication, the LI-NING brand actively promoted marketing communications around major milestones such as the cooperation signing with the Chinese Olympic Committee, Olympic Day, the National Fitness Day on 8 August, the World Games 2025 Chengdu and the launch of the award uniforms for the Chinese Sports Delegation at the 2026 Milan Winter Olympics, coordinated with retail to launch consumer engagement activities, and continuously reinforced consumers' recognition of LI-NING as the "Partner of the Chinese Olympic Committee" and solidified LI-NING as a professional sports brand.

In the field of professional equipment, the Group tailor-made a range of competition equipment for the Chinese Sports Delegation, fully demonstrating technological leadership and cultural confidence. For example, the award uniforms for the 12th World Games incorporated environmentally friendly technology and the bamboo culture of Sichuan; the outdoor award uniforms for the Chinese Sports Delegation at the Milan Winter Olympics 2026 adopted "China Red" and the "Double Victory Snowflake Pattern" as the design core, combined with top sports technologies such as "Aerospace Thermal Lock Cotton" and "Basalt Far-Infrared", further consolidating the brand's leadership in the field of top professional equipment while refining Eastern aesthetics.

In December 2025, the Group opened the world's first LI-NING "Loong Store" (龍店) and simultaneously launched the "Glory Gold Label" (榮耀金標) product series. This series, for the first time, jointly adopted the Chinese Olympic Committee emblem and the LI-NING brand logo in product design, carrying the glory of Chinese sports and the spirit of the LI-NING brand and realising the deep extension of sports culture into daily consumption scenarios. Supported by professional sports technology and complemented by minimalist design, the "Glory Gold Label" (榮耀金標) series precisely targets consumers pursuing a high-quality lifestyle and establishes a high-end product matrix and retail system covering commuting, business and light sports scenarios. Among them, apparel, under the theme of "Borderless Arena – Beyond Limits" (無邊競技場 – 無止於境), adopts high-quality fabrics and ergonomic tailoring to provide multifunctional dressing solutions. Footwear, centred on the spirit of "Refined into Gold through Hundred Trials", is divided into two major series, namely "Chao" (超) and "Zheng" (征): the "Chaoran" (超燃) series is equipped with the visible cushioning technology "LI-NING Arc" (李寧弧) and the "Super BOOM" (超轟) midsole, balancing convenience and comfort; the "Zhengcheng" (征程) series adopts a minimalist mountain-style design, complemented by Vibram wet-grip outsole compound and upper protection technology to meet diversified scenario needs.

In addition, the Group adheres to technological innovation as the core driving force and, relying on the "Aerospace Dynamic Thermal Technology Platform" (航天動態保暖科技平台), applies functionally innovative technologies to real sports scenarios and the equipment of the Chinese Sports Delegation, continuously consolidating its core positioning as a professional sports brand.

The Group efficiently coordinated brand activities, marketing resources and product innovation, strengthening differentiated brand recognition and laying a solid foundation for Olympic marketing in the new cycle. The Group continuously consolidates its technological core and steadily builds a long-term development framework driven by professional sports and event resources, supporting the advancement of China's sports undertakings with glory.

CONSOLIDATING THE "SINGLE BRAND, MULTI-CATEGORIES, DIVERSIFIED CHANNELS" STRATEGIC LAYOUT TO PROMOTE THE COMPREHENSIVE UPGRADE OF THE LI-NING BRAND EXPERIENCE

Building competitiveness in the professional sports field, expanding multi-scenario applications and enhancing brand market penetration and influence

In 2025, the Group firmly implemented its core strategy, driven by technological innovation and professional sports resources as dual engines, making comprehensive efforts in six core categories, namely running, basketball, training, badminton, table tennis and sports casual, and successfully expanding into emerging tracks such as outdoor, tennis and pickleball, while continuously improve brand competitiveness and market influence.

RUNNING

In 2025, the Group continued to deepen the layout of its professional running shoe matrix, precisely covering runners' needs in different scenarios and expanding into the trail running field, establishing an industry-leading advantage from "core IP deep cultivation" to "full-scenario segmentation". By deeply binding top national race resources and signing top athletes, important support was provided for the brand's professional sports mindset. Leveraging the outstanding performance of professional products, the running category achieved high-quality growth throughout the year, and its category market share continued to increase.

In terms of professional running shoes, the two core IPs "Feidian"（飛電）and "Red Hare"（赤兔）reached new record highs in total annual sales. Together with key IPs such as "Yueying"（越影）and "Super Light"（超輕）, a complete product matrix was established. The Group continued to iterate and upgrade flagship products. The "Feidian"（飛電）family was fully equipped with "Super BOOM"（超䨻）midsole technology and innovatively upgraded with the "Fastest Curve" system. The "Red Hare"（赤兔）family, positioned as the "hexagon warrior"（六邊形戰士）, integrates "BOOM"（䨻）technology with trendy design, is deeply supported by young runners, and successfully ranked first in the running shoe category search rate on the Xiaohongshu（小紅書）platform in 2025, becoming a word-of-mouth choice for tens of millions of runners. "Super Light"（超輕）continued its core advantage of balancing professional performance and daily wear, deeply cultivating the female consumer mindset and meeting multi-scenario needs including light running, light exercise and light outdoor activities, continuously accumulating the user base and market popularity among entry-level runners. The "Yueying"（越影）family, built with the differentiated technology concept of "golden cushioning rebound ratio", filled the gap of top-level cushioned running shoes in the core matrix, with cumulative annual sales exceeding one million pairs.

In terms of running apparel, the Group was committed to solving the core pain points of runners in different scenarios such as marathons, daily road running and trail running through technological innovation, enhancing the product experience of core consumers. The "LN AIR" breathable quick-dry technology specially designed for running achieves dual functions of breathability and quick drying through visualised perforations and high-performance quick-dry materials. Newly created lightweight breathable sport-grade running jackets, under the innovative concept that "jackets can also be non-stuffy", ensure portability in sports while providing protection. During the year, the racing "Dragonflight"（龍雀）vest launched based on the concept product "Dragonflight Set"（龍雀套裝）became a phenomenal product in the running apparel circle due to its differentiated selling points. In addition, the Group entered the new track of trail running and launched the "Pangolin"（川山甲）core product family. Among them, the trail running shell jackets "Pangolin GTX"（川山甲GTX）and "Pangolin"（川山甲）, equipped with top outdoor fabrics, enable runners to calmly face complex weather conditions in trail races.

In terms of marketing, the Group seized new product launch to build brand traffic and enhance market attention, and continuously strengthened the brand's professional sports image through strategic deployment of athlete and top race resources. During the year, the Group successfully signed multiple elite athletes domestically and abroad, winning 73 championships and achieving 145 podium finishes in international and domestic competitions, demonstrating the brand's outstanding professional competitive strength. In race deployment, the Group supported key events such as the Beijing Half Marathon and the Wuxi, Hangzhou and Shenzhen Marathons. In the Beijing Half Marathon, LI-NING running shoes ranked first with a 61.35% share among elite runners finishing within 90 minutes, further consolidating its leading position in professional running shoes. Meanwhile, the Group deepened strategic cooperation with the Chinese Middle School Students Sports Association to comprehensively expand the campus running ecosystem.

BASKETBALL

The Group's basketball category has formed three clearly positioned and distinctive core pillars: professional basketball, "Wade" (韋德) basketball and "BADFIVE" (反伍) street basketball. During the year, the Group not only introduced new products but also integrated global event resources, transforming league popularity, star traffic and basketball enthusiasts' support into product popularity and sales momentum, significantly enhancing brand influence.

In professional basketball, the Group aimed to move from "product leadership to ecosystem leadership", closely focusing on NBA and CBA event marketing to deepen brand penetration and commercial conversion. The Jimmy Butler product line and Yang Hansen series performed strongly. Jimmy Butler's fourth-generation signature shoes "JB4" successfully set a benchmark for signature shoe popularity with top performance. "Yushuai 20" (馭帥20) integrated Forbidden City culture with Yang Hansen's star popularity, achieving cultural output and sell-out at first launch. The direct retail exclusive "ULTRALIGHT" exceeded cumulative sales of 204,000 pairs. Professional basketball apparel leveraged star endorsement and trending event exposure to efficiently drive brand voice and business growth.

For "Wade" (韋德) basketball, the Group officially released "Way of Wade 12" during the NBA China Games. The product was the first to carry the top midsole technology of "dual-layer Super BOOM (超靈) + full-length carbon plate", significantly improving performance while lowering the wearing threshold, and was listed among major annual rankings as the "Strongest Basketball Shoe of 2025" with the "Way of Wade 12 LUX" debuting in dual colourways and sold out instantly on launch day. The upgraded "808 ULTRA V2", centred on "embedded Super BOOM (超靈) midsole technology", continuously strengthened IP recognition and technological credibility. Apparel maintained high quality, premium aesthetics and high value-for-money, combined with NBA and CBA stars exposure to solidify the high-end positioning of "professional technology, basketball streetwear, refined trend".

"BADFIVE" (反伍) basketball shoes introduced Super BOOM (超靈) technology and the new DBR ultra-durable rare-earth rubber technology (DBR超耐磨稀土橡膠科技), successfully building China's first outdoor street basketball shoe matrix. Combined with self-owned IP events such as the "LI-NING BADFIVE Streetball League", the Group launched the "BADFIVE Species Invasion" product initiative, providing street basketball enthusiasts with equipment that combines professional performance and trendy design through youthful, playful product experiences. Apparel centred on the theme "LIVE WITH HOOPS", strengthening differentiation of "BADFIVE" (反伍) through trendy design and stimulating emotional resonance and brand affinity among the target group.

TRAINING

In 2025, the Group's training category, driven by technological innovation as its core momentum, continued to expand its all-scenario product matrix, precisely addressing the diverse needs of consumers, achieving a dual leap in both category performance and brand professional recognition.

During the year, the Group placed strong focus on female sports consumers, positioning "urban light exercise" as the core scenario. Through feminine tailoring and vibrant color palettes, a dynamic brand image was shaped. Our product advantage centered on technology-driven solutions, releasing aerospace-certified "Air-Cooling T-Shirts" (冷氣涼感T恤); outdoor technology was integrated into mass sports, offering practical items such as sun-protective and impact-resistant pieces for daily activities; windbreakers equipped with "Smart Protection Technology" (智能防護科技) and ultra-soft sweatshirts and pants were highly acclaimed by the market. In terms of marketing, the Group launched its first cross-category women's footwear and apparel campaign, "Grace in Motion" (美妙如輕而至), collaborating with celebrities, KOLs, through both online and offline channels to effectively enhance content penetration, search buzz, and brand loyalty.

Men's training adhered to the product philosophy of "professional function + sports gene" (專業功能＋運動基因) to deepen multi-scenario training experiences and strive to create multi-scenario functional gear suitable for both "sports + daily" (運動＋日常) wear. During the year, the Group leveraged LI-NING's Aerospace Dynamic Thermal Technology Platform (航天動態保暖科技平台) to systematically build a professional product matrix covering various scenarios such as high-intensity training. Through the deep integration of advanced fabric technology, dynamic styles, and technological IP, the Group reinforced the professional functional barriers of its products and consolidated core competitiveness. Core product "Functional Pants" (功能褲裝) achieved annual sales exceeding one million units; new winter training jackets and thermal pants equipped with "Aerospace Dynamic Thermal Technology" (航天動態保暖科技), featuring outstanding performance of "heat retention at rest, moisture-permeable in motion" (靜鎖溫、動透濕), became the choice of both professional athletes and mass consumers. In terms of marketing, the Group capitalised on the dual endorsement of the "Aerospace Dynamic Thermal Technology Platform" (航天動態保暖科技平台) and professional athletes, co-created in-depth content with science-focused media, and built immersive sports experience scenarios in offline stores. These efforts strengthened consumer perception of LI-NING's training category as "professional and high-tech" (專業、高科技), securing leading positions in both online share of voice and user engagement metrics.

BADMINTON

The Group continued to advance the professional depth and market expansion of its badminton category. By refining its footwear, apparel, and equipment matrix and expanding top-tier tournament and athlete resources, the Group further consolidated its leading position in the professional market.

Regarding badminton shoe products, the Group focused on two flagship models: "HERO 3PRO"（貼地飛行3PRO）equipped with the latest technological materials and "Blade 2PRO"（刀鋒2PRO）, which features large-area low extension microfiber, integrated carbon plates and TPU technology, and LI-NING BOOM（李寧𩔖）. Both products maintained stable sales performance in the professional market and continued to gain recognition among core sports consumers.

In terms of badminton apparel, the Group segmented consumer needs and provided targeted solutions across different themes. The "International Team Competition Series"（國際球隊大賽服）, serving national teams such as Indonesia and Singapore, adopted highly breathable fabrics that balance dryness with high resilience and stretch performance. The series designed for elite athletes drew color inspiration from nature, blending professionalism with fashion. Meanwhile, the exclusive series for the national youth team of the PRC covered both on-court and off-court scenarios, reinforcing LI-NING's technological image and resonating with younger consumers.

The Group consistently enhanced its badminton racket product lines in three major series of attack, control and speed. New launches included "Thunderstorm 100II"（雷霆100II）, "Halberd 9000POWER"（戰戟9000POWER）, "Shadow 800SPEED"（鋒影800SPEED）, and "Shadow 800POWER"（鋒影800POWER）, driving racket sales to a historic high. In addition, with increased investment in materials, processes, and automation equipment, the Group successfully introduced L67N, the first PRC-manufactured competitive badminton racket string, filling the gap in domestic production of competitive badminton racket string. Professional equipment such as stringing machines and competition-grade court mats also gained wide recognition from the market and professional teams.

In terms of marketing, LI-NING Badminton adopted "Quality Products, Made by LI-NING, Made in China"（好產品，李寧造，中國造）as its core campaign theme, focusing on systematic promotion in professional scenarios. During the year, the Group served as the designated equipment sponsor of the Singapore Open and the title and designated equipment sponsor of the Hong Kong Open, while continuing to expand the resource cooperation in markets such as Indonesia and East Asia, and strengthened athlete resource systems in Hong Kong and Macau. Contracted athletes actively participated in the online and offline activities such as Sudirman Cup, proprietary IP tournaments, etc. Combined with wide media communication, these efforts effectively enhanced brand reputation and strongly supported the achievement of sales targets.

TABLE TENNIS

In 2025, as the global table tennis market accelerates its development, the Group keenly seized industry opportunities. Guided by the dual-core drivers of "technology empowering products and marketing strengthening brands" (科技賦能產品、營銷激活品牌), the Group steadily enhanced its competitive edge and market share, further solidifying its leading position in the industry.

The Group consistently committed to technology-driven product innovation, focusing on enhancing the professional performance and wearing experience of footwear. The upper employs "BOOM Fiber" (䨻絲) technology, combining lightweight breathability with sturdy support. The midsole integrated multiple technologies including "BOOM" (䨻), "Bounse+", "Cloud Plus" (雲plus), "Cushion", and carbon plates, delivering sustained power for high-intensity competitions. The outsole incorporates "GCU" and "Sharp Slip Resistance" (鋒襲止滑) to ensure stable traction across diverse scenarios. Additionally, a wide-last version was launched to expand user compatibility, embodying Li-Ning's philosophy of "Technology as the Foundation, Experience as the Priority" (科技為本，體驗為先), which advanced our table tennis footwear to gain widespread consumer recognition and boosted brand influence and market share.

In the field of apparel, the Group also leveraged technology to enhance its product portfolio and expand market reach. The Competition Series adopted aerospace materials and yarn antibacterial processing, seamlessly blending professional performance with eco-conscious design. Through a three-tiered product matrix including the "Champion Series" (冠軍系列), "Elite Series" (菁英系列), and "Rookie Series" (新秀系列), we comprehensively addressed the diverse needs of consumers across different segments. Leveraging the "Table Tennis Carnival" (乒乓嘉年華) IP and its derivative merchandise development, the Group has successfully reached a broad sports-enthusiast audience, extending its brand influence across diverse demographics.

In marketing and promotion, the Group deepened strategic collaborations with premier international events such as WTT and WTMG, strengthening the brand's deep integration with top-tier competitions. Throughout the year, the Group participated in 32 international-level tournaments. In particular, during the Doha World Table Tennis Championships, it reached over 760 million viewers nationwide, with topic viewing volume on Weibo exceeding 16.08 billion. This significantly boosted brand exposure and public discourse, laying a solid foundation for sustained high-quality growth in the medium to long term.

SPORTS CASUAL

In 2025, the Group adhered to its core concept of "integrating sports with lifestyle aesthetics." Centering on two main pillars of technology-driven innovation and IP collaborations, it continued to expand its product portfolio. By keenly identifying emerging trends and societal hotspots, the Group strategically deployed its products across diverse areas to provide target consumers with differentiated products that delivered both premium performance and emotional resonance, thereby solidifying its competitive edge across categories.

The Group strengthened its professional brand image through specialized technological narrative. During the year, it successfully applied the achievements of its "Aerospace Dynamic Warmth"（航天動態保暖）technology platform to its winter product line, launching a dynamic warmth down jacket series which received positive market feedback. Meanwhile, the Group focused investments in winter thermal footwear categories which injected additional momentum into sales growth. The "SOFT" series exceeded 3.5 million pairs in annual sales leveraging the comprehensive upgrade of its "CONFORMMAX" midsole material.

In IP collaborations and trend-driven marketing, the Group has proactively positioned itself to deepen emotional connections and lead consumer trends. To celebrate the 100th anniversary of the Palace Museum, the Group launched the Chinese cultural products named "LI-NING Palace Museum Special Series"（李寧故宮博物院特別系列）, and collaborated with Disney on multi-city pop-up events, and upgraded the Chinese New Year Gold Medal IP at the start of the year by revitalising the "Rich Everyday"（日進鬥金）series into the "Training Good Luck Body"（練成好運體質）S-tier marketing campaign, achieving over 600 million views and discussions across all online platforms which successfully strengthened brand recognition and expanded its young customer base. In addition, the Group proactively integrated into annual sports and cultural events by launching trending limited-edition product series tied to Olympic Cultural Day, the World Games 2025 Chengdu, and Scottish Premier League matches. This strategy deeply anchored the brand's professional image to sports enthusiasm, elevating marketing from "following trends" to "defining pivotal moments" and driving both brand visibility and sales.

Additionally, the Group has consistently explored the core needs of women's sports and leisure wear. Its signature sports-inspired product line has achieved both sales success and positive reputation through decent fashion design and comfortable wearing experience. Meanwhile, the women's trendy skate shoes lineup has actively revitalised its matrix by drawing inspiration from diverse styles like table tennis and racing, which resulted in stocking over 2,000 stores and implementing special displays in more than 260 stores.

"China LI-NING" deepened into Chinese culture to integrate athletic heritage with trend aesthetics by collaborating with renowned artists and top-tier fashion brands for cross-industry co-brand collaborations. In 2025, China LI-NING launched the "Unveiling New Chapter with the Square Seal" campaign, partnering with Chinese table tennis athlete Wang Chuqin to seamlessly integrate traditional table tennis culture with modern fashion, which ignited a sports trend within the young generation. Through a systematic presentation of its product matrix, the brand clearly showcases its distinctive Eastern aesthetic philosophy: from the fashion-forward reimagining of professional athletic gear of the retro-style "Ping Pong"（乒乓）sports sneakers to the technologically advanced "Furious Rider ACE 3.0"（烈駿ACE 3.0）shoes embodying dual evolution in both technology and fashion; and from the "Kung Fu"（功夫）and "Essence"（悟道）IP collections infused with Chinese philosophies to global collaborations with ARIES, Andersson Bell, TYAKASHA, Pokémon, etc., all of these products and collaborations demonstrated "China LI-NING"'s commitment to breaking boundaries while deepening its foundation in professional sports and achieved a harmonious integration of professional functions, cultural depths, and trend aesthetics, boldly interpreting the competitive spirit and pioneering attitude of the youth in the PRC.

"LI-NING 1990" drew inspiration from golf, solidifying its premium fashion-sport positioning through comprehensive upgrades in functional fabrics and technological innovation. The "Golf Collection" applied "Hybrid Patchwork Technology" (Hybrid拼接工藝), featuring technologies such as thermal insulation, wind resistance, water repellency, and moisture-absorbing and quick-dry, to enhance players' sports performance. Meanwhile, the "Sports Classic" (運動經典) and "Sports Business Collection" (運動商務系列) respectively enhanced wearability from the golf course to the office and daily commutes by leveraging retro aesthetics and functional fabrics. During the year, professional golf footwear launched gradually. The "Qi Cheng Series" (啟承系列) golf shoes incorporate flagship "Carbon Core" technology, delivering a new level of experience of stability and explosiveness. The newly released lightweight "Eagle Stance" (鷹姿) golf shoes, offered groundbreaking lightness with just 240 grams per shoe. In particular, the men's colorway of "Eagle Stance" achieved over 60% sell-through within 60 days of launch. Additionally, the "Guan Lan" (觀嵐) urban commuter shoes and "Yun Shang" (雲裳) women's fashion athletic shoes made their debuts successively. The Group continued to cultivate its "Gold Medal" series brand IP which promotes the Olympic spirit, while the "Blue" series showcases Eastern aesthetic design. It also collaborated with Korean golf brand CloveClub to launch the co-branded "Graceful Moments", interpreting a youthful golf style.

OUTDOOR

In 2025, the outdoor category continued to grow. Leveraging its expertise in professional sports technology, the Group comprehensively advanced product development, terminal operations, and marketing and promotion initiatives to drive its outdoor business toward achieving its annual sales targets. In particular, outdoor footwear demonstrated a strong performance, exceeding industry averages. As a key initiative of the strategic deployment, the first standalone outdoor concept store "COUNTERFLOW溯" opened in Beijing by the end of 2025. This innovative offline outdoor space integrates retail, experiential activities, and community engagement, which clearly establishes the differentiated positioning in the outdoor business of LI-NING.

In terms of products, the Group continued to expand its outdoor product matrix. The "Wanlongjia" (萬龍甲) windbreaker jacket series applied exclusive industry-leading fabric technologies and manufacturing processes, such as ultra-lightweight 7D fabric, all meeting the national standard for windbreaker jackets of the PRC. This forms a complete matrix encompassing the active breathable and rainstorm-proof "Wanlongjia Breath" (萬龍甲Breath), the rainstorm-proof "Wanlongjia Protection" (萬龍甲Protection) and the ultra-light and rainproof "Wanlongjia Ultralight" (萬龍甲Ultralight), precisely addressing diverse outdoor scenarios. For autumn and winter wearing and layering needs, the Group introduced the "Longke Protection" (瓏殼Protection) series. Its functional design and innovative layering system effectively meet consumers' composite demands for wind resistance, light rain protection, and versatile styling across multiple occasions. In terms of outdoor footwear, the Group optimised core technologies, structures, and designs to refine its product matrix across different price range and usage scenarios. The Group successively launched the all-terrain hiking shoes "Counter Flow" (行川) and "Counter Mist" (行嵐); the urban hiking shoes "Lin Ying" (林影) and "Lin Yun" (林韻) from the "Lin" (林) series integrating youth fashion with classic dad-style outdoor aesthetics; the versatile business-casual commuter styles "Xing Jing" (行景) and "Xing Ji" (行際); and the outdoor relaxed-style "Xun" series featuring river-trekking shoes and sandals. During the year, the series "Counter" (行) "Lin," (林) and "Xun" (潯) garnered strong market reception, with sales exceeding 500,000 pairs.

In terms of store operations, the outdoor category achieved a breakthrough from zero to one during the year. The Group first introduced independent displays in flagship stores, benchmark stores, and comprehensive stores, subsequently launched S-level marketing campaigns in major stores during the second half of the year, and ultimately opened the first outdoor store. In major store channels, the Group utilized tools such as Visual marketing and Retail marketing, using independent focal points and independent wall displays to enhance storytelling, unifying the internal positioning and visual presentation of the outdoor category, and clearly establishing the positioning of LI-NING's outdoor lifestyle at the stores.

In terms of marketing promotion, the Group focused on three core products to drive internal and external resources. Through the integration of authoritative resources and refined communication, the Group enhanced the awareness of the LI-NING brand in the outdoor market. The Group introduced national-level research institutes and the endorsement of the ISPO Award for the "LI-NING Yushui System"（李寧御水系統), and collaborated with authoritative resources such as the China Photographers Association（中國攝影家協會), the Daocaoren Hiking Platform（稻草人徒步平台), and the China Outdoor Sports Industry Conference（中國戶外運動產業大會）to strengthen professional perception in hiking and travel scenarios. Meanwhile, leveraging celebrity endorsements, exposure through stars wearing the products, and refined operations on social media, the Group successfully shaped the brand's dressing style, reaching the mass public and dressing enthusiasts. With the completion of the first outdoor category store, the Group achieved concentrated exposure through a multi-dimensional matrix composed of industry, outdoor, trend, and local lifestyle media and KOLs, effectively consolidating the recognition of LI-Ning Outdoor among the industry and consumers.

TENNIS AND PICKLEBALL

In 2025, the Group made efforts in the two emerging market segments of tennis and pickleball. Through continuous R&D and innovation, apparel products for tennis and pickleball have been fully launched, with the full series of products covering competition series, club series, culture series, and youth series.

In terms of tennis shoes, targeting different playing styles, the Group launched the stability model "Secure Pro" focusing on baseline style, the comprehensive model "Surpass Pro" for all-court play, and the speed model "Accel Pro" for both baseline and net play, respectively. The Group also introduced training models to enrich the product matrix. For pickleball shoes, the "Sortie Pro" was adjusted according to sports needs, combining BOOM（轟）technology with carbon plates and paired with a multi-directional tread design to provide better stability, flexibility, and grip.

In terms of equipment R&D, the Group established a dedicated tennis technology platform to create unique technological attributes for tennis. The new generation tennis racket is scheduled for launch in the first half of 2026 and has already received preliminary recognition from professional athletes. In terms of pickleball, the Group is dedicated to expanding the product line and promoting the iteration of project craftsmanship and materials. High-end paddles and balls have obtained dual certifications from USPA and UPA-A, providing professional equipment support for sponsored players participating in international events. In addition to the systematic launch of full series products, the Group used events as a vehicle to rapidly build brand influence and professional recognition in these emerging fields.

Deepening channel layout strategy to enhance competitiveness comprehensively

In 2025, the Group focused on key areas including channel development, retail operations, product management, e-commerce operations, supply chain, and logistics, comprehensively improving operational efficiency and market competitiveness.

In terms of channel development, the Group focused on two core areas, channel innovation and optimization of channel costs, and continued to advance a multi-dimensional channel network layout, expanding market coverage while enhancing operational efficiency. In high-end markets, the Group deepened synergistic collaborations with top-tier commercial complexes and leading outlet malls, jointly promoting the planning and implementation of innovative store. During the year, the Group successfully launched an independent outdoor store, marking an important milestone for the brand's official entry into the outdoor segment. The Group actively carried out cross-industry collaborations, partnering with top IPs embodying Chinese cultural heritage such as the Palace Museum, and launched marketing campaigns by collaborating with channel partners through diverse initiatives, effectively improving brand reach and conversion. In terms of efficiency optimisation, the Group continued to optimize the channel structure and improved rental structures and cooperation models, enhancing overall channel health and operational sustainability through a series of strategic optimization measures.

As of 31 December 2025, the number of conventional stores, flagship stores, China LI-NING stores, factory outlets and multi-brand stores under the LI-NING brand (including LI-NING Core Brand and LI-NING YOUNG) amounted to 7,609, representing a net increase of 24 POS as compared to 31 December 2024. The number of POS breakdown as of 31 December 2025 is as follows:

LI-NING Brand	31 December 2025	31 December 2024	Change
Franchised	**4,853**	4,820	**0.7%**
Directly-operated retail	**1,238**	1,297	**(4.5%)**
LI-NING YOUNG	**1,518**	1,468	**3.4%**
Total	**7,609**	7,585	**0.3%**

NUMBER OF LI-NING BRAND POS BY GEOGRAPHICAL LOCATION

	31 December 2025			31 December 2024			
Regions	LI-NING Core Brand	LI-NING YOUNG	Total	LI-NING Core Brand	LI-NING YOUNG	Total	Change
Northern Region *(Note 1)*	**3,026**	**877**	**3,903**	3,076	856	3,932	**(0.7%)**
Southern Region *(Note 2)*	**3,065**	**641**	**3,706**	3,041	612	3,653	**1.5%**
Total	**6,091**	**1,518**	**7,609**	6,117	1,468	7,585	**0.3%**

Notes:

1. The Northern region includes provinces, municipalities and autonomous regions covering Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia, Shandong, Henan, Heilongjiang, Jilin, Liaoning, Shaanxi, Ningxia, Qinghai, Gansu and Xinjiang.

2. The Southern region includes provinces, municipalities, autonomous regions and special administrative regions covering Shanghai, Jiangsu, Zhejiang, Anhui, Jiangxi, Hubei, Hunan, Chongqing, Sichuan, Yunnan, Guizhou, Tibet, Guangdong, Guangxi, Fujian, Hainan, Macau and Hong Kong.

In terms of retail operations, the Group built a highly profitable, efficient and replicable single-store operating model. It was driven by four major strategies: constructing a high-level market operation model, establishing a distribution business management system, promoting supply chain cost reduction and efficiency gains, and optimizing the entire product lifecycle. In high-tier markets, targeted brand strategies were implemented among key regions. From channel structure, store product mix and shopping experience, the Group strengthened brand image, improved product operation efficiency, and achieved steady growth in sales and profit. To support the development of the distributor system, the Group established a distribution management model to improve operational efficiency and sustainable development capabilities of the distribution system. By strengthening management capabilities, distributors were supported to achieve systematic improvements in channel layout, product operations and retail execution, jointly achieving business goals. In addition, the Group strengthened the efficient coordination between retail outlets and the logistics system. Through refined planning systems, flexible supply chain construction and digital support, channel inventory turnover and full lifecycle product management were realized, thereby comprehensively improving operational quality and efficiency.

In terms of e-commerce operations, the Group actively promoted the development of e-commerce business. Through online-offline integration, building an exclusive IP matrix and seizing major promotional events, the Group effectively enhanced brand influence and converted it into business growth momentum. During the year, core IP products represented by "Zhui Feng" (追風), "DLO", "ULTRALIGHT" and "LI REN" (利刃) delivered outstanding performance, successfully penetrating multiple consumer segments including Gen Z, professional sports and trendy fashion, ranking highly in both sales and reputation across segmented markets. Meanwhile, the Group integrated key product series to create the "Marathon Road" IP concept covering diversified scenarios, strengthening consumer awareness of product functionality. During major e-commerce promotional events such as Tmall Celebration Day (天貓歡聚日) and Tmall Super Product Day (天貓超品日), the Group made precise deployments, effectively enhancing consumer awareness and market share, especially in the running and outdoor categories. By leveraging top athletes, celebrities, trending events and channel resources, the Group not only enhanced product exposure and achieved traffic acquisition and promotional sales conversion, supporting inventory optimization, but also supported offline business and drove overall revenue growth, demonstrating the flexibility and resilience of e-commerce operations.

In terms of supply chain, the Group continued to promote deep optimization and strategic upgrades, focusing on four directions: quality management, delivery assurance, cost reduction and efficiency improvement, and sustainable development. During the year, the Group continuously optimized the supplier matrix, aligning high-quality supplier resources for high-end sports, outdoor and Glory product lines under the "Single Brand, Multi-categories, Diversified Channels" strategy, aiming to provide consumers with better product experiences. Meanwhile, the Group aligned with its major product plan by adopting segmented production planning and data-driven management to achieve high-level coordination among product planning, supply chain, logistics, and retail outlets, thereby enhancing inventory turnover efficiency and operational flexibility. Rapid replenishment of best-selling products was successfully achieved, sustaining sales momentum. To improve operational efficiency, the Group adopted multiple measures such as integration of fabric resources, optimization of process structures, large-scale procurement of materials and staggered production scheduling, further improving the cost structure while enhancing production efficiency. In addition, the Group continued to integrate sustainable development into supply chain management and promoted green products, with the proportion of eco-friendly products exceeding annual targets during the year.

In terms of logistics, the Group advanced strategic logistics system development around three directions: channel integration, digitalization and automation, thereby improving logistics efficiency and reducing operating costs. During the year, the Group launched a channel logistics project to connect the order system with logistics operations, improving product circulation efficiency and fulfillment timeliness. Digitally, the Group introduced a warehouse coordination system and adopted SKU-level refined management to meet rapidly changing market demands. Deployment of e-commerce warehouse operation systems and visualization tools further improved order processing accuracy and decision-making efficiency. In terms of automation, automated equipment was introduced into various warehouses, enabling multi-scenario coverage and data visualization management. In December 2025, the East China and North China warehouses took the lead in adopting RFID full-process warehouse management, achieving full-process traceability of logistics data, greatly strengthening inventory management precision, and deployment across all warehouses is expected to be completed in the first quarter of 2026 to continuously drive cost reduction and efficiency improvement.

LI-NING YOUNG

In 2025, LI-NING YOUNG focused deeply on the professional sports segment and clarified its positioning as a "professional youth sports brand", coordinating efforts in product development, channel layout and brand building. The Group established competitive barriers through professional technology products, consolidated its market foundation with efficient retail operations, and strengthened brand recognition by leveraging professional sports resources, steadily enhancing LI-NING YOUNG's influence.

In terms of products, LI-NING YOUNG continued to focus on professional sports and children's developmental needs, advancing product optimization and exclusive IP creation. Based on in-depth research on children's foot development, the children-specific midsole technology "Dong³" (動³) (Dynamic Cube) was successfully launched, precisely fitting the foot characteristics of children aged 6–12 and highly suitable for daily sports scenarios, gaining broad market recognition during the ordering phase. Meanwhile, the Group upgraded the "Jiaoyang 2" (驕陽2代) training shoes for primary school physical fitness assessments, significantly enhancing professional performance in physical fitness assessments. Exclusive IPs in running shoes, basketball shoes and lifestyle shoes performed strongly, driving business growth. In apparel, the Group created the "INFINITY" apparel series in the trendy basketball segment, developing core graphic elements such as the "Infinity Mark" (無限標) to enhance brand recognition and consumer loyalty. In addition, a children's cultural apparel series was launched, skilfully integrating traditional cultural elements with modern sports style through contemporary design, resonating emotionally with consumers.

In terms of channel strategy, LI-NING YOUNG is committed to integrating online and offline channels to improve channel efficiency. The Group continued to strengthen outlet channel development, improve single-store operation efficiency and optimize overall channel structure. During the year, the completion rate for new outlet store openings reached 150%, the completion rate for store renovations reached 111%, and post-renovation store efficiency increased by 53% year-on-year. Meanwhile, the Group successfully built two 10-million-level stores, laying a solid foundation for deep expansion of the key outlet system. In addition, the Group independently developed offline retail stores dedicated to the LI-NING football products, integrating professional display with diversified consumption scenarios, and actively deployed campus football stores to accurately meet youth football consumption needs. Online, the Group accelerated e-commerce platform deployment, focusing on strengthening the synergy of private-domain operations such as Douyin, community marketing and internal purchase to steadily improve private-domain traffic conversion efficiency.

In terms of retail, LI-NING YOUNG maintained a coordinated development of wholesale and direct retail model in 2025. Through refined management and strategic layout, both scale and quality were improved. By strengthening cross-department collaboration, the Group systematically integrated product management and marketing resources and successfully implemented more than 100 single-store promotional campaigns, strengthening store traffic and effectively boosting terminal sales. In product operations, the Group focused on building key sports categories and, through refined procurement and rapid response mechanisms, increased the proportion of footwear and other key categories to 50%. To continuously improve terminal operation quality, the Group completed reform of compensation and promotion mechanisms to strengthen incentives for frontline teams. Meanwhile, store display standards and marketing materials were upgraded, and professional styling training and sales tools effectively improved customer experience.

In terms of marketing, LI-NING YOUNG centered its efforts around three pillars, "Event Cooperation + User Stories + IP Collaboration" to build professional recognition and accumulate its user foundation. Through a series of key initiatives, the Group successfully expanded its influence among youth and family demographics. During the year, the Group adopted a core strategy of deep integration with premier sports resources, serving as the official equipment sponsor of the FISU Football World Cup, achieving international exposure. It also provided full professional equipment for the National Youth Campus Football Summer Camp and conducted sports lectures. By signing well-known football players Fabio and Sun Jihai, professional sports resources were transformed into product endorsements, further strengthening the brand's professional sports image. In addition, frequent localized brand experience activities deepened consumer connections. Throughout the year, the Group closely collaborated with the primary school basketball league, launching 11 city events that brought tournament enthusiasm into communities. Through themed marketing events such as "Children's Day Brand Campaign" and "Ethnic Intangible Cultural Heritage Outdoor Adventure", the Group effectively enhanced emotional connection and loyalty among family consumers.

HUMAN RESOURCES

Based on the Group's strategic goals and business development needs, the Human Resources department focused on organizational capability building and continued systematic development across four key modules: organizational development, talent pipelines, performance incentives and cultural cohesion. The Group continuously upgraded organizational operations and collaboration models, adhering to the principle of "fewer but elite" to build a "muscle-type" organization.

In terms of organizational development, the Group continued to advance organizational planning and design around core business development and new business layout, promoting deep alignment between organizational structure and business development. Category-based operating strategies were promoted and category business units were established to strengthen product competitiveness. Olympic-focused organizational planning supported Olympic initiatives with professional products and high-quality services. The Group's online business management system was optimized to promote integrated online-offline management across business divisions by fully leveraging their market expertise. The new retail business system was comprehensively restructured to create seamless channel brand experience spaces, and drive high-quality business growth while enhancing brand core competitiveness.

In terms of talent attraction and development, the Company continued to invest in employer branding and obtained the Great Place to Work™ certification from authoritative institutions, deepened school-enterprise cooperation and integration of industry, academia and research resources, further enhancing talent attraction and industry influence. Recruitment of outstanding talent was continuously strengthened, and internal talent pipelines were built with systematic training for young talent, accelerating the development of management trainees. Meanwhile, management talent development mechanisms were continuously improved to enhance management capabilities of the management team. By optimizing talent standards and assessment, identification, and development processes, the talent management system was reinforced to ensure efficient support from the talent for business development.

In terms of performance and incentive management, the Group focused on results and value creation, strengthened performance process management and established category assessment synergy mechanisms, continuously enhanced the optimization and implementation of a results-based organizational performance management, robustly advanced performance process communication and dynamic feedback, identified individual and organizational strengths and weaknesses, steadily enhanced overall performance. Centered on corporate strategic direction, the Group comprehensively managed human resource costs to reduce expenses and enhance efficiency. The Group continuously optimized and upgraded the compensation and benefits system, implementing tailored short-, medium-, and long-term incentive plans. By precisely allocating resources and activating organizational effectiveness, the Group attracted, motivated, and retained core talent, transforming human resource cost management into an opportunity for organizational capability enhancement.

In terms of culture and employee relations, the Group fostered a positive atmosphere where employees aspired to emulate exemplary peers and uphold core values through frequent annual and quarterly recognition and commendations of outstanding individuals and teams. To ignite enthusiasm for physical activity, the Group hosted a series of sports-themed events, including athletic fairs, Olympic Awareness Month, and recreational fitness classes, focused on themes like sports culture and team integration. The Group continuously refined mechanisms such as employee feedback channels and regular forums to actively listen to staff voices. The Group actively implemented reasonable suggestions to tangibly enhance employee satisfaction and engagement.

Looking ahead, the Human Resources Department will continue to be guided by the Group's strategy. Adhering to the core ideas of "organizational empowerment, talent cultivation, incentive activation, and cultural cohesion," the Group will continue to deepen the construction of the human resources system to provide stronger support for realizing the Group's long-term strategic development goals.

As at 31 December 2025, the Group had 5,152 employees (31 December 2024: 5,022 employees), among which 4,969 employees were at the Group's headquarters, Guangxi Supply Base, and retail subsidiaries (31 December 2024: 4,817 employees), and 183 employees were at other subsidiaries (31 December 2024: 205 employees).

OUTLOOK

With the successful conclusion of the "14th Five-Year" Plan, China's economy has maintained a trend of steady progress amid multiple challenges. Looking forward to the "15th Five-Year", expanding domestic demand has become a key strategy for promoting sustained and healthy economic development. China's sports industry is entering a new stage driven jointly by the integration of policy guidance, consumption demand upgrades, and technological innovation. Looking ahead to 2026, the Group will seize the development opportunities arising from the continuous release of domestic demand potential. The Group will adhere to the core value of "serving the public with sportsmanship," meticulously refining the "LI-NING'S experience value," and strive to become the preferred professional sports brand trusted by consumers in the sports consumption field.

1. **Technology-driven product upgrades**: The Group will firmly implement the development strategy of "Single Brand, Multi-categories, Diversified Channels", empowering product iterative upgrades with technology to build core competitiveness and market differentiation barriers. Relying on the technical accumulation and R&D of the LI-NING technology innovation platform, the Group will focus on deep cultivation of core categories and actively expand into emerging segments such as outdoor sports. The Group aims to respond to increasingly diversified and personalized consumer demands, achieving full-scenario coverage from professional competitive sports to daily wear. By promoting the ingenious integration of cutting-edge technology and fashion design, the Group will create a product system that combines excellent functionality, technological texture, and aesthetic value. Furthermore, the Group will continuously strengthen the efficiency of transforming scientific and technological achievements, promoting the rapid realization of frontier technologies into product competitiveness.

2. **Olympic marketing empowering the brand**: The Group will drive value creation through sports marketing, establish emotional connections with consumers, and facilitate the steady enhancement of brand value. By continuously deepening the cooperation with the Chinese Olympic Committee, the Group will seize the development window of the Olympic cycle and promote the brand to achieve a leap from resource cooperation to value co-creation. LI-NING will fully explore the diversified value of the cooperation with the Chinese Olympic Committee. Through systematic marketing layout and technological equipment support, it will convey the story of the mutual growth of LI-NING and Chinese sports, highlighting the technological strength and cultural confidence of the national brand.

3. **Dual improvement in quality and efficiency of business operations**: The Group will continue to focus on improving quality and efficiency across all aspects of its business. By deepening channel layout, strengthening product operations, and optimizing supply chain management, the Group aims to build an efficient operational system, achieve simultaneous improvements in operational quality and efficiency, and lay a solid foundation for the high-quality growth of the enterprise. Offline channels will focus on improving efficiency in high-tier markets and penetrating emerging markets, while exploring new business models. Online channels will strengthen omni-channel synergy and resource integration, promoting complementarity between online and offline channels. In terms of product operations, the Group will optimize the precision of full-chain planning and flexible supply capabilities, and accelerate inventory turnover. The supply chain will achieve coordinated optimization of cost, quality, and delivery time across the entire chain, thereby enhancing overall operational efficiency.

4. **Consolidating the foundation to safeguard development**: The Group will continuously strengthen three core support capabilities: talent, finance, and digital intelligence, to lay a solid bedrock for high-quality development. In terms of talent strategy, talent development will focus on selection, incentives, and efficiency. In terms of financial management, emphasis will be placed on precise resource allocation and risk control. In terms of digitalization, the Group will promote the deep integration of AI and big data with business operations, enhance operational efficiency and the scientific nature of decision-making, and provide systematic safeguards for the long-term development of the Group.

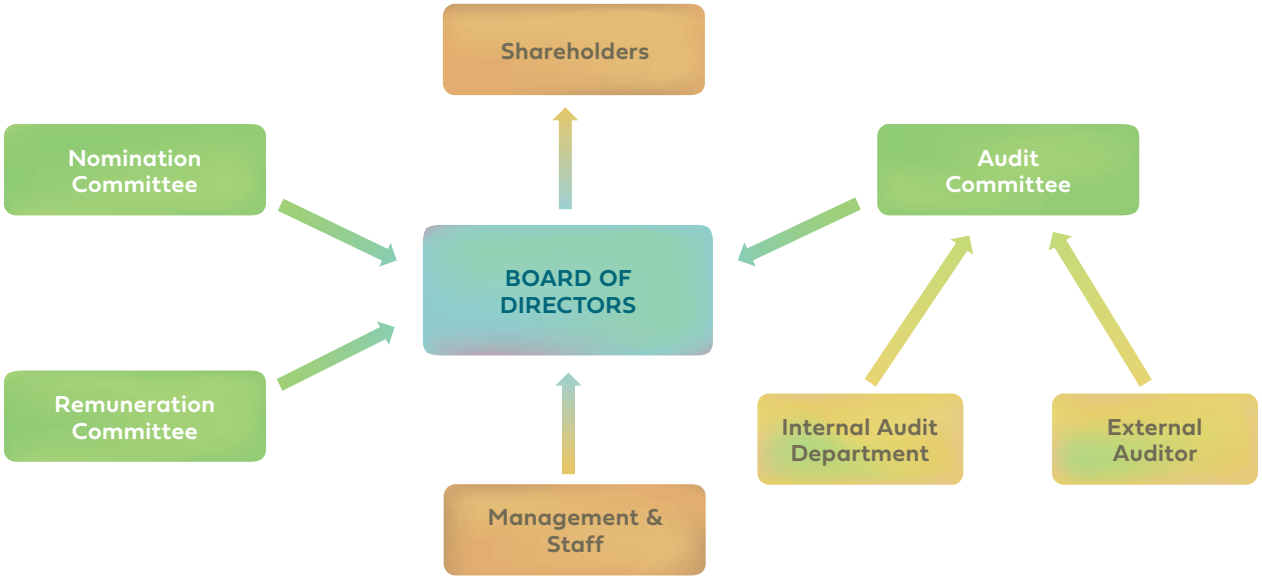
CORPORATE GOVERNANCE Report

Adapting and adhering to recognized standards of corporate governance principles and practices has always been one of the top priorities of the Company, which enables the Company to keep abreast of the corporate governance level oriented to its business needs in an effective and efficient manner. The Board believes that good corporate governance safeguards the long-term interest of the Shareholders and enhances the Group's performance. The Board endeavours to uphold a high standard of corporate governance with focuses on internal control, fair disclosure and accountability to all Shareholders.

Throughout the year ended 31 December 2025, the Company has complied with the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix C1 to the Listing Rules, except for certain deviations specified with considered reasons as explained below.

CORPORATE GOVERNANCE STRUCTURE

The corporate governance structure of the Company is as follows:



The corporate governance functions are performed by the Board.

The Company adopted code provision A.2.1 of the CG Code as the duties of the Board in performing its corporate governance functions.

During the year of 2025, the Board has performed the following duties in respect of its corporate governance functions:

a. developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board;

b. reviewing and monitoring the training and continuous professional development of the Directors and the senior management of the Company ("Senior Management");

c. reviewing and monitoring the Company's policies and practices to ensure they are in compliance with legal and regulatory requirements;

d. developing, reviewing and monitoring the code of conduct applicable to employees and Directors; and

e. reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

THE BOARD OF DIRECTORS

Being accountable to the Shareholders, the Board has the responsibility of providing leadership for and monitoring and controlling the Company and is collectively responsible for promoting the long-term sustainable and healthy development of the Group by directing and supervising the Company's affairs.

Composition of the Board

The Board currently comprises seven Directors, of which three are executive Directors and four are independent non-executive Directors. During the year of 2025 and up to the date of this report, the composition of the Board are as follows:

Executive Directors

Mr. Li Ning	*Executive Chairman and Joint Chief Executive Officer*
Mr. Kosaka Takeshi	*Joint Chief Executive Officer*
Mr. Li Qilin	

Independent non-executive Directors

Mr. Koo Fook Sun, Louis
Ms. Wang Ya Fei
Dr. Chan Chung Bun, Bunny, *GBM, GBS, SBS, BBS, JP*
Ms. Wang Yajuan

The composition of the Board is well-balanced with each Director having sound knowledge, experience and expertise relevant to the business operations and development of the Group. Except that Mr. Li Qilin is the nephew of Mr. Li Ning, the Executive Chairman and Joint Chief Executive Officer of the Company, there are no relationships (including financial, business, family or other material or relevant relationships) among members of the Board. Biographies of the Directors are set out in the section headed "Directors and Senior Management" of this annual report.

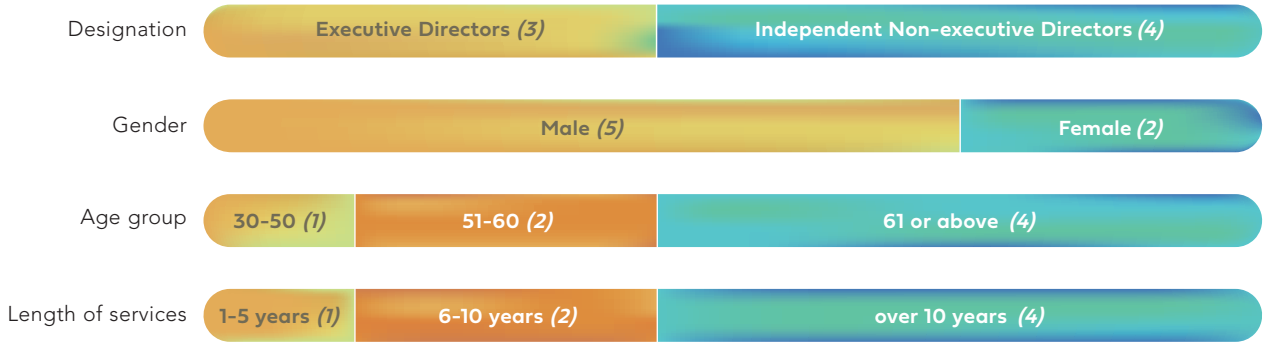
All Directors have disclosed to the Company the number and nature of offices they held in other public companies or organisations and other significant commitments, with the identity of the public companies or organisations, and an indication of the time involved. They are also reminded to notify the Company and confirm to the Company any change of such information in a timely manner pursuant to the disclosure requirements of the Listing Rules. The Board is of the view that each Director has given sufficient time and attention to the affairs of the Company for the year under review.

Board Diversity Policy

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Board has approved and adopted a board diversity policy of the Company ("Diversity Policy") setting out the approach to achieve diversity of the Board members.

In designing the Board's composition, the Company considers the board diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments are based on meritocracy, and candidates are considered using objective criteria having due regard to the benefits of diversity on the Board, and the ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

As at the date of this report, the Board's diversified composition was summarized as follows:



The nomination committee of the Company ("Nomination Committee") reviews and assesses the composition of the Board and makes recommendations to the Board on the appointment of new Directors and Senior Management in accordance with its terms of reference and the Diversity Policy.

The Nomination Committee made an annual review on the composition of the Board with reference to a number of factors, including but not limited to diversity, and monitored the implementation and effectiveness of Diversity Policy. The Company has complied with Rule 13.92 of the Listing Rules, with respect to board diversity during the year. Further details on the review of the composition of the Board are set out in the section headed "Nomination Committee" below.

The Group also continues to adopt employee diversity measures to promote the diversity at all levels of its workforce. All eligible employees enjoy the equal opportunities for employment, training and career development without discrimination. Currently, the male to female ratio in Senior Management of the Group is approximately 11:1, and the male to female ratio in the workforce of the Group (excluding Senior Management) is approximately 1:1.1, which is in line with the distribution in the same industry and the Board considers that the gender diversity in workforce is currently achieved.

Nomination Policy

The Board has approved and adopted a nomination policy of the Company ("Nomination Policy") setting out the guidelines for the administration of the nomination, evaluation and termination of each Board member. Nomination Policy shall be administered by the Board, and the Board shall authorize the Nomination Committee to revise, replace or abolish any term in the Nomination Policy, and delegate the Nomination Committee to execute the functions of appointment and termination under the Nomination Policy.

The Board shall consist of the number and ratio of Directors as required by the Articles of Association and the Listing Rules, and shall be composed of members with a balance of skills, experience and diversity of perspectives. All Board appointments will be based on meritocracy, and with respect to the selection of candidates, the Board should consider the board diversity from a number of aspects including but not limited to gender, skill and length of service etc. as well as the contribution that the selected candidates will bring to the Board.

The Nomination Committee will review the Nomination Policy, as appropriate, to ensure the effectiveness of the Nomination Policy. The Nomination Committee will also discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Chairman and Chief Executive Officer

According to code provision C.2.1 of the CG Code, the roles of the chairman and chief executive of a listed issuer should be separate and should not be performed by the same individual. During the year of 2025, Mr. Li Ning, the Executive Chairman and Joint Chief Executive Officer (the "Joint CEO"), and Mr. Kosaka Takeshi, the Executive Director and the Joint CEO, jointly assumed the role of chief executive officer of the Company. Therefore, there was no separation of the roles of the chairman and the chief executive as both roles were undertaken by Mr. Li Ning during the year. Notwithstanding the above, the Board is of the view that given that Mr. Li Ning is familiar with the business operations and management of the Group, the assumption of the roles of Executive Chairman and the Joint CEO by Mr. Li Ning will provide the Group with consistent and steady leadership, and is particularly beneficial to the planning and implementation of the Group's business strategies. The Board also believes that Mr. Li Ning and Mr. Kosaka Takeshi can complement with each other in performing the roles of the Joint CEOs, and create synergy effect which is in the interest of the Company and the Shareholders as a whole.

In addition, the operations and management of the Company is constantly subject to the scrutiny and valuable contributions of the independent non-executive Directors. The Board will continue to review the management structure regularly to ensure that it continues to meet these objectives and is in line with industry practices.

Principal Responsibilities of the Board

While delegating the authority and responsibility for implementing business strategies and managing the day-to-day operations of the Group's business to the management, the Board is collectively responsible for formulating the strategic business directions of the Group and setting objectives for the management, overseeing its performance and assessing the effectiveness of management strategies. The functions and power that are so delegated are reviewed periodically to ensure that they remain appropriate. The Board reviews the operating performance against agreed targets and budgets on a regular basis, and also exercises a number of reserved powers, including:

- formulating long-term objectives and strategies;
- approving strategic, operational and financial plans;
- monitoring and controlling the Group's operational and financial performance;
- approving financial statements and public announcements;
- setting the dividend policy;
- approving major acquisitions and disposals, formation of joint ventures and capital transactions; and
- developing and reviewing the Company's policies and practices on corporate governance, and performing other duties set out in code provision A.2.1 of the CG Code.

Directors' Induction and Continuous Professional Development

All Directors are aware of their responsibilities to the Shareholders and have exercised their duties with care, skill and diligence, in pursuit of the development of the Group. Every newly appointed Director receives a comprehensive, formal and tailored induction to ensure that he or she is fully aware of his or her duties and responsibilities and ongoing obligations as a Director under the applicable rules and requirements. Directors are updated on any developments or changes of the laws and regulations affecting their obligations from time to time. Professional trainings and update programmes are provided to the Directors on a regular basis in order to enhance the Board members' professional and regulatory knowledge, and to ensure their proper understanding of the Company's operation, businesses and governance policies. During the year, the Company organized training session for the Directors on "Hong Kong Stock Exchange's optimized new regulations on Corporate Governance".

According to the records maintained by the Company, the Directors received the following trainings and updates in 2025:

Name of Directors	Attending seminars and/ or conferences and/or forums relating to rules and regulations or duties of the directors	Reading newspapers, journals and updates relating to the economy and business management and duties of directors
Executive Directors		
Mr. Li Ning *(Executive Chairman and Joint CEO)*	✓	✓
Mr. Kosaka Takeshi *(Joint CEO)*	✓	✓
Mr. Li Qilin	✓	✓
Independent non-executive Directors		
Mr. Koo Fook Sun, Louis	✓	✓
Ms. Wang Ya Fei	✓	✓
Dr. Chan Chung Bun, Bunny, *GBM, GBS, SBS, BBS, JP*	✓	✓
Ms. Wang Yajuan	✓	✓

Independent Non-executive Directors

Independent non-executive Directors play an important check-and-balance role in safeguarding the interests of the Company and the Shareholders as a whole, and will take the lead when potential conflicts of interests arise. The incumbent independent non-executive Directors have extensive professional experiences and have participated in the meetings of the Board in a conscientious and responsible manner. They actively serve on the Board and its committees to provide their independent and objective views, in particular, on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct and to promote critical review and control. They have been appointed for a specific term and are subject to retirement by rotation and re-election according to the applicable Listing Rules and the Articles of Association.

In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, the Company has appointed four independent non-executive Directors, representing more than one-third of the Board. One of the independent non-executive Directors has the appropriate qualifications in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules. The Company has received from each of the independent non-executive Directors an annual confirmation of his or her independence as required under Rule 3.13 of the Listing Rules, which confirmed to the Company that he or she has met the independence guidelines set out in the Listing Rules. Independence of each of the independent non-executive Directors has been assessed by the Board and the Board continues to consider each of them independent in accordance with the Listing Rules.

Directors' Appointment and Re-election

Each of the executive Directors and independent non-executive Directors has entered into a service agreement with the Company for a term of three years, which sets out the key terms and conditions of his/her appointment. All Directors are subject to retirement by rotation at least once every three years and are eligible for re-election in accordance with the Articles of Association. New Director appointed to fill casual vacancy shall subject to re-election by the Shareholders at the first general meeting after his or her appointment in accordance with the Articles of Association. To further enhance accountability, any further appointment of an independent non-executive Director who has served the Company's Board for more than nine years will be subject to a separate resolution to be approved by the Shareholders.

Directors' and Officers' Liability Insurance

The Company has arranged for appropriate insurance cover in respect of possible legal actions against its Directors and officers. The scope of coverage of the insurance is subject to review annually.

BOARD COMMITTEES

The Board is supported by a number of committees, including the Nomination Committee, the remuneration committee ("Remuneration Committee") and the audit committee ("Audit Committee") of the Company. Each of the Board committees has its own defined and written terms of reference as approved by the Board covering its duties, powers and functions, which are in compliance with the Listing Rules and have taken into account the specific business needs of the Company. The Board committees are provided with sufficient internal and external resources to discharge their duties, and upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expense. Each Board committee reports the outcome of the committee's meetings to the Board, addressing major issues and findings, and making recommendations to assist the Board in its decision making. Meetings of the Board committees are convened and conducted in accordance with the Articles of Association and its terms of reference.

Nomination Committee

The Nomination Committee has been established since June 2005. The primary responsibilities of the Nomination Committee are to formulate and execute nomination policies of the Board members and the Senior Management, to evaluate the structure, size and composition of the Board, to make recommendations to the Board on the appointment and succession planning for the Directors, the chairman, the chief executive officer and the chief financial officer ("CFO") of the Company, to evaluate the structure and organizational strategy of the Group, and to assess and identify the appropriate staffing for the Senior Management.

The Nomination Committee has adopted the terms of reference as outlined under the CG Code. The current terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The Nomination Committee currently consists of the following three Directors:

Mr. Li Ning *(Chairman of the Nomination Committee)*	Executive Chairman, Joint CEO & Executive Director
Ms. Wang Ya Fei	Independent non-executive Director
Dr. Chan Chung Bun, Bunny, *GBM, GBS, SBS, BBS, JP*	Independent non-executive Director

The Nomination Committee normally engages professional recruitment consultants in discharging its duties and functions. Candidates who satisfy the criteria are short-listed and interviewed by the Nomination Committee before the final candidate is nominated to the Board for consideration. The process ensures that the Board and the Senior Management have sound knowledge, experience and/or expertise required in the business operations and development of the Group.

The following is a summary of the major tasks carried out by the Nomination Committee in 2025:

- assessing the independence of each of the independent non-executive Directors;
- reviewing the structure, size and composition of the Board, the time involvement, work framework, duties and responsibilities of the Directors on an annual basis, and keeping records of the most updated information of each Director pursuant to Rule 13.51B of the Listing Rules;
- reviewing the Nomination Policy and the Diversity Policy; and
- reviewing the Board performance during the year.

During the year, the Nomination Committee reviewed the composition of the Board, including its diversity, based on a range of perspectives with reference to the Company's business model and the Diversity Policy requirements, including but not limited to gender, age, cultural and educational background, ethnicity, professional expertise, skills, knowledge and length of service.

The Nomination Committee considered that the current composition of the Board is balanced in terms of diversity and is able to meet the objectives of the Board. The Board's diversity provides the Company with experienced individuals and professionals with proven and extensive industry experience whose opinions and expertise are useful for the decision-making of the Board and the implementation of its business objectives.

Remuneration Committee

The Remuneration Committee has been established since the Company was listed on the Stock Exchange in June 2004. The primary responsibility of the Remuneration Committee is to formulate remuneration policies and structure for the Directors and the Senior Management to enable the Company to attract, retain and motivate talents which are essential to the long-term success of the Company.

The Remuneration Committee has adopted the terms of reference as outlined under the CG Code. The current terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee currently consists of the following three Directors:

Ms. Wang Ya Fei *(Chairperson of the Remuneration Committee)*	Independent non-executive Director
Dr. Chan Chung Bun, Bunny, *GBM, GBS, SBS, BBS, JP*	Independent non-executive Director
Ms. Wang Yajuan	Independent non-executive Director

The primary goal of the Remuneration Committee is to make recommendations to the Board on the policy and structure of the remuneration package for all the Directors and Senior Management and to establish a formal and transparent procedure with reference to corporate objectives, operating results and comparable market conditions. The principal elements of the remuneration package of the Directors include basic salary, discretionary bonus, participation in the Company's share option scheme, share award scheme and/or restricted share award scheme and other benefits and allowances, taking into account the duties and responsibilities of the respective Directors.

No Directors or any of their associates participated in deciding his or her own remuneration. The emoluments of each Director for the year ended 31 December 2025 are set out in note 8 to the consolidated financial statements. The remuneration of Senior Management for the year ended 31 December 2025 are set out in note 35 to the consolidated financial statements.

The following is a summary of the major tasks carried out by the Remuneration Committee in 2025:

- making recommendations to the Board on the remuneration packages of all the Directors and Senior Management for the year 2025;
- assessing the performance of the executive Directors and approving the terms of their service agreements;
- reviewing and approving the bonus plan for the year 2025;
- reviewing and approving the salary adjustment plan for the year 2025;
- reviewing, monitoring and approving the implementation of the 2016 Restricted Share Award Scheme, the 2024 Share Option Scheme and the 2024 Share Award Scheme for the year 2025, save as the disclosed, there was no material matters relating to the share schemes by the Group during the year;
- Based on the performance of the Company and considering the post contribution and individual performance of each Director and employee of the Group, reviewing and approving the name list and amount of grants in 2025 under the 2016 Restricted Share Award Scheme, to establish a competitive remuneration system to push the management to take responsibility for achieving the strategic objectives of the Group;
- reviewing and approving the recommendation of short-term and long-term incentives for the year 2025;
- reviewing, monitoring and approving the human resources work plans for the year 2025; and
- approving the budget of human resources expenses for the year 2026.

To discharge its obligations, the Remuneration Committee consults and seeks advice from the Joint CEOs and the human resources division of the Company during the review of the remuneration policy and incentive plans. External professional consultants are engaged to provide advice on issues when the Remuneration Committee considers necessary.

Audit Committee

The Audit Committee has been established since the Company was listed on the Stock Exchange in June 2004. The primary responsibilities of the Audit Committee are assisting the Board in discharging its responsibilities for monitoring the integrity of the Group's financial statements, overseeing the Group's financial reporting systems, risk management and internal control procedures and the Company's relationship with the external auditor.

The Audit Committee has adopted the terms of reference, which follow the guidelines set out by the Hong Kong Institute of Certified Public Accountants and are in compliance with the CG Code. The current terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The Audit Committee currently consists of the following three Directors:

Mr. Koo Fook Sun, Louis *(Chairman of the Audit Committee)*	Independent non-executive Director
Ms. Wang Ya Fei	Independent non-executive Director
Dr. Chan Chung Bun, Bunny, *GBM, GBS, SBS, BBS, JP*	Independent non-executive Director

The external auditor, the CFO, the head of the internal audit department ("Internal Audit Department") and where appropriate, the head of the internal control team ("Internal Control Team") of the Company attended the meetings and provided necessary information to the questions raised by the Audit Committee.

During the year of 2025, the Audit Committee held four meetings with the external auditor of the Company to discuss issues they considered necessary.

The following is a summary of the major tasks carried out by the Audit Committee in 2025:

- reviewing the external auditor's statutory audit plan and the nature and scope of audit before commencement of audit work;
- reviewing and recommending for the Board's approval for the annual results announcement and annual financial statements for the year ended 31 December 2024 and the interim results announcement and interim financial statements for the six months ended 30 June 2025 with particular focus on changes in accounting policies and practices, compliance with accounting standards, the Listing Rules and other requirements in relation to financial reporting;
- discussing with the external auditor and the management on possible accounting risks and major findings in the course of audit/review;
- reviewing the independence of the external auditor and recommending to the Board on the selection, appointment and/or re-appointment of the external auditor;
- approving the audit fees and terms of engagement of the external auditor;
- reviewing 2025 internal audit findings and recommendations and approving 2026 internal audit plan;
- reviewing the effectiveness of the Company's risk management functions and internal control system, including the financial reporting and compliance functions; and
- approving and adopting the concurrence policy/framework for non-assurance services.

BOARD AND COMMITTEE MEETINGS

The Board holds at least four regular Board meetings each year at approximately quarterly intervals and additional Board meetings are held as and when necessary. Regular Board meetings are scheduled a year ahead to achieve the maximum attendance of the Directors. Notice of at least 14 days is served for regular Board meetings. The meeting agenda is set after consulting with members of the Board so that all Directors have the opportunity to include matters in the agenda. The agenda and accompanying papers are sent to the Directors in a timely manner, so they are adequately briefed with accurate, clear, complete and reliable information before the date of the meeting in compliance with the CG Code. Adequate and appropriate information are circulated to the Directors normally three days in advance of the Board meetings or such period as accepted by them. In addition to regular Board meetings, the Chairman of the Board held a meeting with the independent non-executive Directors without the presence of other executive Director during the year. Directors can also seek independent professional advice in performing their duties at the Company's expense, if necessary.

Directors can have access to board papers and related material and information as requested at any time. The management provides the Directors with comprehensive reports on the Group's business progress, financial objectives and strategic and development plans to enable them to make informed decisions on matters submitted for their approval at the Board meetings. The Board arranges, where appropriate, relevant members of the Senior Management to attend their meetings and report the latest situation about operations and respond to queries from the Directors.

Directors are required to declare their direct or indirect interests, if any, in any matter to be considered at the Board or committee meetings. Interested Directors are required to abstain from voting and will not be counted in the quorum present in the Board or committee meetings in accordance with the Articles of Association. Before voting, Directors are given ample time to speak, express their view and raise any concerns. When going through each agenda item, the chairman of the meeting asks the Directors whether they have any objections or any questions to raise for discussion, ensuring that each Director can present his or her independent views.

The Board will review the implementation and effectiveness of the mechanisms for the independent views of the Board annually. The Board has reviewed the implementation and effectiveness of the mechanisms during the year and considered that the mechanisms remain effective.

The attendances of the Directors at the meetings of the Board, the Nomination Committee, the Remuneration Committee and the Audit Committee during the year are as follows:

	Number of meetings attended/ number of meetings held during the respective tenure in the financial year ended 31 December 2025			
Name of Directors	Board	Nomination Committee	Remuneration Committee	Audit Committee
Executive Directors				
Mr. Li Ning *(Executive Chairman and Joint CEO)*	4/4	1/1	N/A	N/A
Mr. Kosaka Takeshi *(Joint CEO)*	4/4	N/A	N/A	N/A
Mr. Li Qilin	4/4	N/A	N/A	N/A
Independent non-executive Directors				
Mr. Koo Fook Sun, Louis	4/4	N/A	N/A	4/4
Ms. Wang Ya Fei	4/4	1/1	2/2	4/4
Dr. Chan Chung Bun, Bunny, *GBM, GBS, SBS, BBS, JP*	4/4	1/1	2/2	4/4
Ms. Wang Yajuan	4/4	N/A	2/2	N/A

Notes:

1. Minutes of the foregoing meetings were recorded in sufficient detail of the matters discussed and the decisions made at the meetings, which include the issues raised or dissenting views expressed by Directors. Draft and final version of the minutes are circulated to all Directors for their comments and records within a reasonable time after the relevant meetings.

2. All such minutes are kept by the company secretary of the Company and are open for inspection at any reasonable time on request by any Director.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors, with support from the finance team, acknowledge their responsibilities for preparing the financial statements of the Group and ensure that the financial statements are prepared in accordance with statutory requirements and applicable accounting standards on a going concern basis. The Board is committed to present a clear, balanced and understandable assessment of the Group's performance and financial positions in all its financial statements and to ensure relevant publications in a timely manner.

Prior to commencement of the audit of the Company's accounts for the year of 2025, the Audit Committee had received a confirmation from the external auditor on their independence and objectivity. External audit partners are subject to periodic rotation.

The statement of the external auditor of the Company, Ernst & Young, about their reporting responsibilities on the consolidated financial statements is set out in the section headed "Independent Auditor's Report" of this annual report.

During the year, the management had provided all members of the Board with monthly financial updates to ensure an informed, balanced and reasonable assessment of the Company's performance, position and prospects can be made and approved by the Board.

External Auditor's Remuneration

PricewaterhouseCoopers has been appointed as the external auditor of the Company since the Company was listed on the Stock Exchange in 2004, and its term of office expired at the conclusion of the annual general meeting of the Company held on 12 June 2025 and was not re-appointed. At the annual general meeting of the Company held on 12 June 2025, the Shareholders approved the appointment of Ernst & Young as the external auditor of the Company, with a term of office until the conclusion of the 2026 AGM. The re-appointment of Ernst & Young as the external auditor of the Company has been recommended by the Audit Committee, endorsed by the Board and is subject to approval by Shareholders at the forthcoming annual general meeting.

For the year ended 31 December 2025, the fees for the audit services and non-audit services provided by the external auditor are as follows:

Type of Service	2025 (RMB)	2024 (RMB)
Audit fee for the Group	**5,000,000**	5,950,000
Tax compliance and other advisory services	**385,000**	2,878,000
Total	**5,385,000**	8,828,000

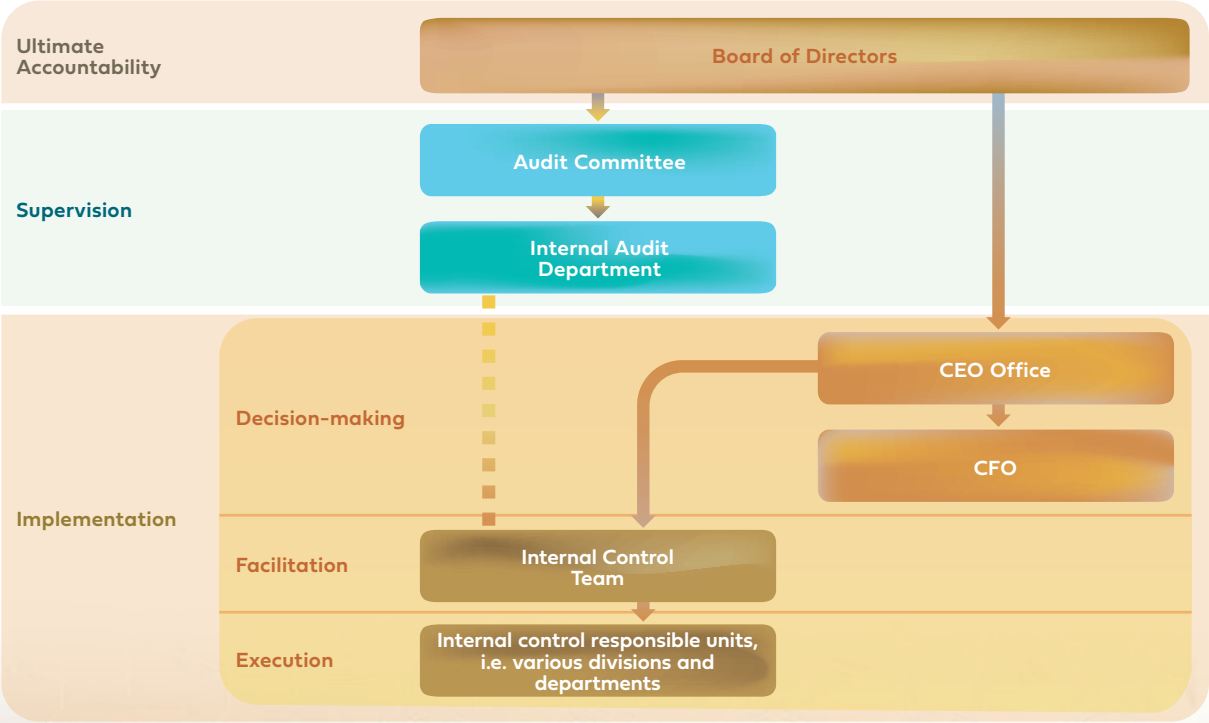
RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks that the Group is willing to take in achieving its strategic objectives and reviewing the effectiveness of the Group's risk management and internal control systems on an annual basis. In 2025, with the support of the Audit Committee, the Board has reviewed the adequacy of resources, qualifications and experience of staff in performing the accounting and financial reporting functions, and the appropriateness of their training programmes and budgets.

Risk Management and Internal Control System

Based on the experience in operation control over the years, the Company has put in place an integrated system of risk management and internal control. The system adopts the globally recognised framework outlined by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), taking into account the Group's business, operational and financial risks, corporate culture and management philosophy. The system is designed to (i) achieve effectiveness and efficiency of operations; (ii) enhance the reliability of internal and external financial reporting; and (iii) ensure compliance with the applicable laws and regulations. The system serves to provide reasonable, but not absolute, assurance against material misstatement, fraud or loss. During the year, the Group continued to improve its internal control system aiming at providing effective control and strong support, reflected mainly in the following aspects:

(1) With an optimized organizational structure of internal control and risk control, the normal operation of the organizational structure set up on the basis of the COSO risk management and internal control framework is promoted continuously, which is depicted as follows:



The Company has established a top-down organizational and management structure with clear-cut responsibilities and authorities for internal control purposes, embracing three levels which are responsible for ultimate accountability, supervision and implementation, respectively: (i) the Board bears the ultimate accountability and has the ultimate authority in internal control management. It is externally accountable to the Shareholders for corporate governance responsibility, whereas internally it acts as the highest authority to foster internal control management; (ii) the Audit Committee is responsible for supervising the establishment and operation of the internal control system by the management, monitoring the Group's risk management and internal control procedures and advising the Board on the effectiveness thereof. Independent test and assessment on the effectiveness of risk management and internal control are conducted by the Internal Audit Department which reports directly to the relevant management and the Audit Committee; and (iii) the implementation level comprises a decision-making group, a facilitation body (namely, the Internal Control Team, which is responsible for supporting the planning and establishment of the Group's internal control system and facilitating the promotion and implementation of the internal control structures in different systems) and execution units (namely, the operational and functional divisions, which are responsible for executing various management and control measures).

During the year, in light of the changes in the Company's organizational structure, staff and business flow, the staff arrangement under the Internal Audit Department and Internal Control Team structure was promptly updated and necessary training was carried out by the Company. The Internal Audit Department reported at every meeting of the Audit Committee in relation to the progress of the examination on the effectiveness of the Group's risk management and internal control for the supervision and guidance of the Audit Committee and the Board.

(2) Possession of effective and forward-looking information on strategic management and operation management and financial and accounting management systems supports the supervision of the implementation and performance of business strategies and plans. Operational reports and monthly financial updates are timely and regularly submitted to and reviewed by the Senior Management, the Board or its designated committees. This allows them to monitor and manage the established annual operating and financial targets, and to consider necessary actions as well as to ensure such actions are being carried out promptly so as to remedy any significant mistakes or inadequacies.

(3) The Internal Control Manual of Li Ning Company Limited ("Internal Control Manual"), which represents the codification of the Group's existing internal control policies and operational procedures to enhance its internal control system, is implemented on an ongoing basis. The Internal Control Manual currently covers areas including the management procedures in respect of wholesale sales, direct sales marketing, procurement and trade payables, assets, capital, financial reporting, administration and human resources, intellectual property rights, contracts management, and research and development management process system. The Internal Control Manual is revised from time to time on the circumstances, depending on the needs for business changes and procedural refinement, so as to further improve and monitor the effectiveness of the internal control system on a continuing basis.

(4) An effective annual self-assessment and evaluation mechanism under the internal control framework was established with satisfactory results and attained the following goals:

(i) fostering middle management and Senior Management to review and comment on whether control targets at corporate level can be achieved, and to identify inadequacy and make improvement in a timely manner;

(ii) prompting the persons in charge of business processes to actively conduct process review on procedural control, assess the design and effectiveness of execution, identify problems in a timely manner and formulate improvement measures; and

(iii) assisting the Audit Committee and the Board in assessing the effectiveness of the Company's internal control system as a whole.

(5) Independent reviews of risk management and internal control in relation to key operations, financial and compliance functions are performed by the Internal Audit Department. Significant issues, if any, together with recommendations for improvement, are reported to the Audit Committee or the Board.

ANNUAL REVIEW

The Board is fully aware of its accountability in respect of the Group's risk management and internal control systems and its responsibility of reviewing the effectiveness of the systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Group's internal control system is subject to continuous review and improvement to enable timely responses to any changing risks the Group faces with.

A comprehensive review on the effectiveness of the Group's risk management and internal control system is conducted by the Board annually, covering all material controls including financial, operational and compliance monitoring. The review is performed internally on a self-assessment approach with a complete set of reporting forms. Persons-in-charge of each division and department are requested to fill in the self-assessment review questionnaire against key items of internal control. In 2025, the Company continued to improve methods for self-assessment. In accordance with the Company's organizational structure and business expansion, the process of self-assessment covers numerous divisions and departments. In addition, members of the Senior Management were required to assess the effectiveness of the corporate internal control system according to the outlines of the COSO internal control system, including control environment and risk assessment, information and communication. The review process has enabled the persons-in-charge to verify whether the internal control system is operated as intended, to identify deficiencies or inadequacies, and to take relevant remedial actions. The Internal Audit Department also carried out independent examination and analysis on the review process and the results, and submitted a declaration to the Audit Committee and the Board certifying the adequacy and effectiveness of the Group's risk management and internal control systems.

The results of the review for the year ended 31 December 2025 have been reported to the Audit Committee and the Board. According to the results, the Audit Committee and the Board confirm that the systems and procedures of the Group's risk management and internal control are in good order and are able to identify, control and report on significant risks involved in achieving the Group's strategic objectives. The areas of the systems and procedures pending further improvement have been identified and remedial actions have either been taken or designated to be taken. No material weaknesses have been identified by the Group so far and there are no significant areas of concern which may affect the Shareholders.

The Audit Committee and the Board have also received the annual review results regarding the adequacy of resources, qualifications and experience of the Group's accounting and financial reporting staff and the sufficiency of their training programmes and budget. Based on such results, the Audit Committee and the Board are of the view that the Group has adequate workforce to fulfil accounting and financial reporting duties. These personnel possess necessary professional qualifications and practical experience to effectively perform their respective functions, and there have been appropriate training programmes and related budget for the staff.

The Board considers that the Group's risk management and internal control system is adequate and effective and the Company has complied with the CG Code for the year ended 31 December 2025.

INTERNAL AUDIT AND INTERNAL CONTROL AND MANAGEMENT

The Internal Audit Department was established soon after the Company's listing on the Stock Exchange in 2004. The main functions of the Internal Audit Department are reviewing the operational and financial conditions of the Group to disclose potential risks, and following up with related remedial measures, with a view to continuously enhancing the operational effectiveness and efficiency of the Group. The Internal Audit Department plays an important role in the Group's internal control and risk management framework with an aim to provide the Audit Committee and the Board with objective assurance that the internal control system and risk management system are effectively maintained and operated and that the risks associated with the achievement of business objectives are being managed properly and circumvented. The Internal Audit Department reports directly to the CFO and refers matters to the Audit Committee directly if necessary. The head of the Internal Audit Department attended every meeting of the Audit Committee and maintained constructive communications with the Company's external auditor during year 2025. The Internal Audit Department also collaborates with the external auditor where appropriate.

The Internal Audit Department formulates the annual internal audit plan every year in accordance with the Group's strategic goals and risk assessment results, and engages in related tasks with the approval and support of the Audit Committee. The tasks of the Internal Audit Department include (i) regular audits and evaluation of the operational effectiveness and efficiency of various business and functional systems; and (ii) special audits in areas designated by the management and the Audit Committee based on the assessment of risks. In the year of 2025, the Internal Audit Department conducted audits on the sales system, product system, retail subsidiaries, supply chain system and non-core business systems of LI-NING brand, as well as internal control and risk management systems, and submitted the relevant audit reports to the Audit Committee and the management.

For significant audit findings and risk factors, the Internal Audit Department will notify the Audit Committee and the management of such risks in a timely manner, and will regularly follow up on the improvement progress. The Internal Audit Department submits formal work report to the Audit Committee three times a year, which enables the Board to assess control of the Group and the effectiveness of risk management. As at 31 December 2025, various audit findings and risk factors had been properly handled by the management, and there were no material irreparable audit findings and risk factors.

The Internal Audit Department also plays an important role in internal control and risk management system and is responsible for reviewing and assessing the adequacy and compliance level of the Group's internal control system and risk management system, and providing an independent and objective opinion on the effectiveness of the systems.

The Internal Control Team is responsible for designing the Company's internal control system framework, instructing business departments to design the specific systems and processes, arranging and urging business departments to thoroughly implement the systems, as well as coordinating and sorting out various issues that may arise during the implementation of the systems, with a view to lowering the operational risks of the Company and ensuring that the Company has a sound risk control system in place.

The Internal Control Team evaluates and optimizes the internal control system, improves the development of the systems and processes, and prompts business departments to thoroughly implement the systems based on the Group's risk assessment and warning on an annual basis. In 2025, it refined the internal control in a number of areas, including the management of sales, supply chain, non-productive procurement, IT, each business division, product full chain, new store full chain and marketing of the LI-NING brand.

ANTI-CORRUPTION AND ANTI-BRIBERY SYSTEM AND COMPLAINT AND WHISTLEBLOWING PROCEDURE

The Company has implemented a number of Group-wide governance policies and systems, which are subject to regular review, to support its commitment to high standards of business, professional, and ethical conduct, and to ensure best practices across the organization:

- "Anti-Corruption and Anti-Bribery System" has been established in order to strengthen the internal governance and compliance management, reduce operation risks and maintain business reputation of the Group; and

- "Complaint and Whistleblowing Procedure" has been set out for all employees and stakeholders (e.g. investors, direct suppliers, partners, customers, etc.) of the Company to raise concerns, in confidence, to the Audit Committee about the possible improprieties in any matters related to the Company.

For further details in relation to the Anti-Corruption and Anti-Bribery System and Complaint and Whistleblowing Procedure, please refer to relevant information in the section headed "Corporate Governance" of the Company's website at http://ir.lining.com.

INSIDE INFORMATION

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company is fully aware of its obligations under Chapter 13 of the Listing Rules and the overriding principle that inside information of the Company should be announced immediately. The Company reviews from time to time its internal guidelines on inside information or potentially price sensitive information with reference to its own and industry circumstances and the Guide on Disclosure of Inside Information issued by the Securities and Futures Commission. The Company's policy contains a strict prohibition on unauthorized use of confidential or inside information and has established and implemented procedures for responding to external enquiries about the Group's affairs.

During the year, the Company followed the rules and procedures on regulating the disciplines and actions of all employees in external media communications and that the designated authorized persons of the Company are the key spokespersons of the Company in all external media communications. The human resources division of the Company is responsible for monitoring and reviewing the due compliance by all staff of the Group. The purpose of streamlining the communications of the Group with the media is to regulate all media communication activities, protect the interests of the Company and keep inside information strictly confidential prior to its disclosure.

COMPLIANCE WITH THE MODEL CODE ON SHARE DEALINGS

The Company has adopted the Model Code regarding securities transactions by the Directors. Directors are reminded regularly of their obligations under the Model Code. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2025.

Employees of the Group who are likely to be in possession of unpublished inside information of the Group are also subject to guidelines on no less exacting terms than the Model Code. No incident of non-compliance was noted by the Company in the year of 2025.

COMPANY SECRETARY

During the year, Ms. Tai Kar Lei is the company secretary of the Company ("Company Secretary"). Ms. Tai is a full-time employee of the Company and is familiar with the daily affairs of the Company, and is responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed. All Directors have access to the advice and services of the Company Secretary with a view to ensure that the Board procedures, all applicable rules and regulations are followed. During the year, Ms. Tai reported to the Executive Chairman and/or the CFO. In addition, she has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

CHANGE IN CONSTITUTIONAL DOCUMENTS

For the year 2025, there was no change in the memorandum and articles of association of the Company.

SHAREHOLDERS' RIGHTS AND COMMUNICATIONS WITH SHAREHOLDERS

The Company has a number of formal communication channels to provide the Shareholders with accurate, clear, comprehensive and timely information of the Group. These include interim and annual reports, announcements, circulars and other corporate communication on the websites of the Company and/or the Stock Exchange.

In terms of shareholder communication strategy, the Board has approved and adopted a shareholders' communication policy of the Company ("Shareholders Communication Policy"), which enable Shareholders to engage actively with the Company and exercise their rights as Shareholders in an informed manner such as corporate communications, general meetings, the Company's website, Shareholders' enquiries and investors' engagement. The Company will review the Shareholders Communication Policy annually to ensure the effectiveness of the policy. For further details in relation to the Shareholders Communication Policy, please refer to "Shareholders Communication Policy" in the section headed "Corporate Governance" of the Company's website at http://ir.lining.com.

During the year, the implementation and effectiveness of the Shareholders Communication Policy has been reviewed by the Board, led by the Chairman. In view of the formal communication channels have been setup, the Board considered the current channels would be sufficient for the Company to communicate with the Shareholders.

Procedures for Shareholders to Convene a General Meeting/Put Forward Proposals

Pursuant to the Articles of Association, any one or more members of the Company 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 Company Secretary, to require the Board to hold an extraordinary general meeting to put forward proposals for the transaction of any business specified in such requisition. Such requisition can be deposited at the Company's principal place of business in Hong Kong at 27/F., Hong Kong Li-Ning Building, 218 Electric Road, Fortress Hill, Hong Kong for the attention of the Company Secretary, and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself or herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Proposing a Person for Election as a Director

As regards to the procedures for proposing a person for election as a Director, please refer to "Procedures for Shareholders to Propose a Person for Election as a Director" in the section headed "Corporate Governance" of the Company's website at http://ir.lining.com.

Procedures for Shareholders to Send Enquiries to the Board

Shareholders may send their written enquiries which require the Board's attention to the Company Secretary at the Company's principal place of business in Hong Kong at 27/F., Hong Kong Li-Ning Building, 218 Electric Road, Fortress Hill, Hong Kong.

SHAREHOLDERS' MEETINGS

Shareholders' meetings provide a principal channel of direct communication between the Company and the Shareholders. They provide an opportunity for Shareholders to better understand the Group's operation, financial performance, business strategies and outlook.

Since the listing of the Company on the Stock Exchange in 2004, all resolutions put forward at the Shareholders' meeting were voted by way of poll, of which each fully paid share of the Company is entitled to one vote. The procedures for demanding and conducting a poll with reference to the Articles of Association are explained at the beginning of the Shareholders' meeting. The results of the poll are published on the websites of the Company and the Stock Exchange.

To encourage Shareholders to attend the meetings, more than 20 clear business days' annual general meeting notice and 10 clear business days' extraordinary general meeting notice, and the circular containing necessary information are given to the Shareholders so as to enable them to make informed decisions on the resolutions proposed to be considered at the meetings.

Board members (including the chairman of the Board, the chairmen/chairperson of each of the Audit Committee, the Nomination Committee and the Remuneration Committee) and the Company's external auditor were present at the annual general meeting of Company held on 12 June 2025. A question-and-answer session was held at the meeting for the Shareholders to raise questions (such as questions on conduct of the audit, preparation and content of the auditor' report, the accounting policies and auditor independence). The next annual general meeting of the Company will be held on 11 June 2026. Details of the 2026 AGM and necessary information on issues to be considered are set out in the circular to be despatched to the Shareholders.

The attendance records of the Directors at the Shareholders' meetings held in the year of 2025 are set out below:

Name of Directors	Number of meetings attended/number of meetings held
Executive Directors	
Mr. Li Ning *(Executive Chairman and Joint CEO)*	1/1
Mr. Kosaka Takeshi *(Joint CEO)*	1/1
Mr. Li Qilin	1/1
Independent non-executive Directors	
Mr. Koo Fook Sun, Louis	1/1
Ms. Wang Ya Fei	1/1
Dr. Chan Chung Bun, Bunny, *GBM, GBS, SBS, BBS, JP*	1/1
Ms. Wang Yajuan	1/1

WAY FORWARD

The Board will continue to review and improve its corporate governance with an aim to maintain a high degree of transparency, accountability and responsibility.

By order of the Board

Li Ning
Executive Chairman and Joint CEO

Hong Kong, 19 March 2026

Environmental, Social and Governance Report

Particulars of the Report

Report Overview

This report is prepared to provide stakeholders with an update on the work of Li Ning Company Limited (hereinafter referred to as the "Group") and its subsidiaries (collectively, the "Group", "we", "us" or "Li Ning") in the environmental, social and governance ("ESG") field in 2025. This report is prepared in accordance with the Environmental, Social and Governance Reporting Code (the "ESG Reporting Code") set out in Appendix C2 to the Listing Rules of The Stock Exchange of Hong Kong Limited. This report should be read in conjunction with the section "Corporate Governance Report" in the 2025 Annual Report of the Group and the column "CSR" on the Group's website.

Reporting Period

The reporting period of this report is from 1 January 2025 to 31 December 2025. To ensure the consistency of the report, some contents are out of this period.

Reporting Scope

The disclosure scope of this report is consistent with that covered by the annual report, which has not changed compared with the scope of ESG reports in previous years unless otherwise specified.

Board Statement

ESG matters have always been a core focus of the Group's long-term development. The Board of Directors (the "Board") of the Group assumes ultimate oversight responsibility for ESG matters. The ESG Management Committee and Executive Team under the Board are responsible for the overall coordination and detailed implementation of ESG-related work. The Board regularly listens to reports from the ESG Management Committee, reviews the Group's overall ESG strategic planning, the assessment results of key ESG issues, and the identification and management of ESG-related risks, and regularly monitors the progress of ESG objectives.

The Group continues to advance and deepen the systematic development of ESG practices. In line with its business characteristics, the Group further integrates the vision and strategy of sustainable development into its daily operations and overall strategic planning, and the Board regularly reviews the related updates and optimisation results. During the reporting period, the Board reviewed and approved the phased review results of environmental objectives, the identification and assessment results of climate change–related risks and opportunities, as well as the corresponding response strategies and management measures.

The Board attaches great importance to and actively responds to the expectations and concerns of stakeholders, continuously participating in the identification, assessment and management of key ESG issues, strengthening ESG-related risk management, and reviewing and guiding the implementation of relevant risk management strategies.

In 2025, the Group continued to advance the implementation of established development goals in key areas such as employee development, environmental protection, community engagement, and innovation development. The implementation progress of these goals remained broadly consistent with the established plans , with phased progress achieved. The relevant objectives and progress were reviewed and approved by the Board together with this report.

This report systematically discloses the Group's management practices and work progress in 2025 in the above areas and other ESG-related aspects, and was reviewed and approved by the Board on 19 March 2026.

Reporting Principles

Materiality: The Group has identified, assessed and prioritised key ESG issues, and disclosed ESG-related matters based on the results of the materiality assessment. Details of the identification and assessment process of key ESG issues and stakeholder participation are set out in the section "Stakeholder Communication and Identification of Material Issues".

Quantification: This report adopts a quantitative approach to measure applicable key performance indicators and has established quantitative environmental objectives. The standards, methodologies, assumptions and/or calculation tools used for quantifying relevant emissions and energy consumption, as well as the sources of conversion factors applied, are disclosed where appropriate.

Consistency: The preparation approach, statistical methods, measurement standards, methodologies, assumptions and/or calculation tools for quantitative data in this report remain consistent with those used in previous years, and there have been no changes that would affect meaningful comparison with previous reports.

I. ESG MANAGEMENT SYSTEM

The Group firmly pursues and strives to realize the corporate vision and is committed to becoming "the renowned fashionable world-leading professional sports brand originated from China", with the mission of "Let Sports Light Your Passion". Based on corporate core values of "serving the public with sports spirit" "surpassing yourself to win the competition" "win-win for individuals and teams" "fairness and transparency are competition principles and enterprise principles" and "harmonious development of employees, enterprises, society and nature", the Group continues to cultivate a cultural atmosphere and working environment that is equal, diverse, confident, inclusive and collaborative for shared success.

With the belief that "Anything is Possible", the Group has continuously deepened the exploration and innovative practices in China's professional sports sector and meticulously created a unique "Li Ning's experience value" centered around product experience, sports experience and purchasing experience. In 2025, the Group further improved the ESG management system and advanced the comprehensive development of the sustainable value chain, continuously integrating responsible practices throughout the entire business process, promoting sports philanthropy and social value creation, and driving the enterprise's high-quality and sustainable development through innovation and transformation.

ESG Governance Structure

The Group has continuously improved our ESG management structure by focusing on enhancing ESG management capabilities. It clearly defines the responsibilities, functions and process mechanisms of ESG-related work, striving to improve the quality and efficiency of ESG work to ensure ESG initiatives are carried out in a scientific and orderly manner.

The Board is responsible for the comprehensive supervision of ESG matters, and reviewing and supervising the optimization of ESG strategy, the materiality assessment of ESG issues, the identification and response of ESG risks, the revision of ESG objectives and the regular review of ESG report. The Group has established an ESG Management Committee chaired by the Group's Executive Director and Joint Chief Executive Officer. The committee is responsible for evaluating the medium and long-term ESG strategies and objectives of the Group, systematically sorting out and analyzing key ESG issues, submitting ESG work suggestions to the Board for review and decision, and guiding and supervising the ESG Executive Team in effectively advancing related work.

The ESG Executive Team is led by the Environment and Sustainable Development Department of the Group and is composed of the heads of the ESG-related departments. The ESG Executive Team is responsible for organizing and coordinating related departments to promote the implementation of ESG strategies and policies and regularly reports the work progress to the ESG Management Committee. The Environment and Sustainable Development Department of the Group consists of 4 members, including 1 person in charge and 3 professionals in social responsibility, environment and carbon management. The department regularly reports to the Executive Member of the ESG Management Committee.

ESG Governance Structure and Flow

In addition, we continuously improve our corporate governance framework and have formulated the "Nomination Policy of Li Ning Company Limited". The nomination and evaluation of Board members are conducted strictly in accordance with the policy to ensure that Board members possess balanced skills, practical experience and strategic vision to support the Company's long-term sustainable development.

To safeguard the independence of Board committees, we have also established clear governance requirements:

For the Audit Committee, all three members are Independent Non-executive Directors, and the Chairman of the Audit Committee possesses extensive experience in corporate finance and professional accounting. This complies with the financial expertise requirements of the Audit Committee under the Listing Rules of The Stock Exchange of Hong Kong Limited and ensures effective independent oversight of financial reporting and internal control. The Audit Committee is authorized to seek independent professional advice on any matter in order to perform its duties. Participants in Audit Committee meetings usually include committee members, external auditors and the Group's Chief Financial Officer. Other senior executives of the Group, including the Chairman and Chief Executive Officer of the Company, attend meetings only upon invitation. In addition, the Audit Committee holds private meetings with external auditors without the presence of management when necessary, further strengthening the independent oversight mechanism.

For the Nomination Committee, the majority of members (two-thirds) are Independent Non-executive Directors. The committee is chaired by the Chairman of the Board, while the remaining two members are Independent Non-executive Directors. This arrangement complies with the requirements of the Listing Rules of The Stock Exchange of Hong Kong Limited and the Corporate Governance Code and provides several benefits. As the founder and long-standing leader of the Company, the Chairman of the Board is highly familiar with the Group's strategic direction, business challenges and future leadership needs, enabling him to effectively lead the nomination process and ensure that newly appointed directors possess complementary skills and strong alignment with the Company's culture. Meanwhile, the presence of Independent Non-executive Directors provides a strong check and balance for other committee members to safeguard the objectivity and fairness of nomination decisions. The committee is authorized to seek independent professional advice on any matter in order to perform its duties. Only committee members are entitled to attend committee meetings, while other Board members and executives attend meetings only upon invitation, thereby maintaining the independence of the nomination process.

ESG Strategy and Management Concept

The Group is guided by the corporate strategy. In combination with the characteristics of our business model and development needs, the Group continuously strengthens management practices in the ESG field, explores innovative paths and optimizes ESG strategies and management systems to ensure alignment with sustainable development goals. In line with the strategic layout of the national "30-60 Targets" of carbon peak and carbon neutrality, we adhere to our sustainability slogan "Look Further Run Further". The Group continues to advance green and low-carbon operational initiatives, further strengthening the identification, assessment and management of climate-related risks and opportunities, advancing climate scenario analysis and continuously enhancing sustainable management capabilities across its operations and value chain.

The Group further implements sustainable development management mechanisms by incorporating sustainability elements into the assessment and evaluation system for senior management, strengthening the incentive and guiding role of performance-based pay towards sustainable development. Sustainability-related performance indicators are customized according to the functional responsibilities of senior management. For example, performance indicators for VPs and general managers across the Group include talent development and system building; indicators for general managers in the Group's supply chain system include product quality and the development and production of environmentally friendly products; and indicators for managers in the Group's information technology system include information security. Currently, sustainability-related indicators account for 5%–10% of the weighting in senior management performance assessments and incentive pay structure. The Group will continue to dynamically review and expand relevant indicators and evaluation dimensions to promote the continuous enhancement of sustainable development management effectiveness. At the same time, the Group safeguards the legitimate rights and interests of employees and supports their career development; strengthens product quality and safety management and improves product and service standards; promotes anti-corruption and integrity initiatives to maintain a compliant and transparent operating environment; and actively fulfills corporate social responsibility by carrying forward the Li Ning philosophy of philanthropy and conducting diversified public welfare initiatives.

In addition, the Group continues to pay close attention to and respond to stakeholders' concerns regarding sustainable development and promotes the sharing and collaboration of sustainable development concepts, experiences and practices through continuously improving communication and engagement mechanisms, while actively exploring sustainability pathways suited to the characteristics of the industry.

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LOOK FURTHER RUN FURTHER

Li Ning Group's Sustainability Slogan and Logo

The Group strives for the sustainable development vision of "constantly surpassing ourselves to achieve the sustainability of products and operations, fostering harmonious growth among employees, businesses, society and nature and building a healthier and better world together". Guided by the Group's overall sustainable development strategy - "on the basis of ensuring production and operation compliance, we integrate the concept of responsibility into the whole value chain of product design, material procurement, production and processing, marketing and waste disposal, improve the social and environmental management system, and move towards our sustainable development vision by innovation and reform" - we have continuously optimized our management strategies, work mechanisms and action initiatives in ESG-related areas such as environmental protection, employee care, supply chain management, product responsibility, anti-corruption and community investment, steadfastly moving toward a brighter and better future.

Environmental Protection:

- Strictly comply with national environmental protection laws and regulations, fulfil environmental protection responsibilities, pay attention to the risks and opportunities arising from climate change, and support the national deployment related to the "dual carbon" goals;

- By strengthening the management and control of emissions, implementing energy conservation and emission reduction requirements, improving resource and energy utilisation efficiency, and promoting the Group's low-carbon and green operations.

Employee Care:

- Strictly comply with national laws and regulations, adhere to the "people-oriented" employment principle, and eliminate any form of illegal employment practices;

- Improve the remuneration structure, welfare policies and attendance management system, strengthen humanistic care, and create an equal, harmonious and healthy working environment;

- Establish and optimise the talent development system, support employees' capability enhancement through diversified and customised training, and provide talent support for the Group's development;

- Implement employee health care initiatives, safeguard employees' occupational safety and physical and mental well-being, and support employees in achieving stable development in a safe and healthy environment.

Supply Chain Management:

- Conduct comprehensive supervision over supplier admission, daily management and exit procedures, standardise suppliers' performance in social responsibility and environmental aspects, promote standardised supplier management, and facilitate the sustainable development of the supply chain;

- Pay attention to suppliers' environmental performance and encourage them to conduct environmentally friendly product research and development and carbon footprint measurement, promoting the development of a green supply chain;

- Participate in industry exchanges and cooperation, pay attention to sustainable development trends and industry best practices, and promote coordinated transformation of the industry chain;

- Encourage suppliers to obtain relevant environmental certifications, improve their environmental management standards, reduce environmental risks in the supply chain, and strengthen the foundation for the stable operation of the supply chain.

Product Responsibility:

- Establish and improve product quality review and management mechanisms, comprehensively control product quality, and provide consumers with safe and reliable products;
- Attach importance to customer feedback, improve the customer complaint management mechanism, optimise service processes, and enhance customer experience;
- Improve information security protection technologies and management systems, prevent data security and privacy leakage risks, and safeguard consumers' legitimate rights and interests;
- Practise responsible marketing principles, strengthen intellectual property management and brand protection, and safeguard the brand image.

Anti-corruption:

- Improve anti-corruption supervision mechanisms and implement anti-corruption related institutional requirements to maintain a clean and honest operating environment;
- Improve reporting channels and handling procedures to ensure that reported matters are handled in a timely and fair manner;
- Organise regular anti-corruption training and awareness programmes to strengthen employees' integrity and compliance awareness and foster a culture of integrity.

Community Investment:

- Fulfil corporate social responsibilities by participating in public welfare and charitable activities and supporting the development of social public initiatives;
- Leverage the Group's resource advantages to support the popularisation and development of sports;
- Utilise brand influence to promote sports culture and advocate nationwide fitness and healthy lifestyles.

Sustainable Development Actions

China actively implements the development philosophy of innovation, coordination, green development, openness and sharing, and continues to promote the implementation of the United Nations 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs). China has also issued the China National Plan on Implementation of the 2030 Agenda for Sustainable Development (the "National Plan"), systematically summarising China's achievements and practical experience in sustainable development and clarifying key directions and practical pathways for implementing the Sustainable Development Goals.

In 2025, the Group continued to improve and advance its action plan for responding to the Sustainable Development Goals in line with its development strategy and business operation strategy, continuously expanding and deepening its sustainable development practices and actively contributing to the sustainable development of society. The table below illustrates the sustainable development actions relevant to the Group, as well as our specific initiatives in supporting and promoting the achievement of the Sustainable Development Goals.

SDGs	China National Plan for the Implementation of the SDGs	The Group's 2025 Sustainable Development Actions
SDG 1 – No Poverty	• Improve the social security system and implement universal participation in social insurance.	• Pay social insurance and housing provident fund contributions in full for employees and provide supplementary medical insurance and other benefits to further strengthen the employee social security system.
SDG 2 – Zero Hunger	• Ensure that all people have access to safe, nutritious and sufficient food throughout the year.	• Operate Chinese and Western-style staff restaurants and strictly implement catering hygiene management requirements to ensure food safety. • Optimise dietary structure design based on employees' health needs and provide scientific, balanced and nutritious meal options.
SDG 3 – Good Health and Well-being	• Promote the fairness and accessibility of basic medical and health services.	• Provide pre-employment and annual health examinations for all employees and design targeted examination programmes based on job characteristics to systematically prevent occupational health risks. • Establish an employee health consultation support mechanism to provide employees with disease prevention support and strengthen the foundation of employee health protection. • Provide statutory medical insurance, supplementary medical insurance, personal accident insurance and critical illness insurance to comprehensively safeguard employees' health.

SDGs	China National Plan for the Implementation of the SDGs	The Group's 2025 Sustainable Development Actions
SDG 4 – Quality Education	• Improve the operating conditions of under-resourced schools and boarding schools.	• Donate professional sports equipment worth over RMB60,000 to several schools for young people in the Shigatse region of Tibet. • Donate three-in-one outdoor jackets and sports supplies to schools in Yushu Prefecture, Qinghai Province, with a total value exceeding RMB230,000, and organise themed public welfare activities together with world champions. • Join the "Rural Children's Playground Public Welfare Programme" to build multi-functional playgrounds for kindergartens in underdeveloped areas and provide nutritional support.
SDG 5 – Gender Equality	• Uphold the fundamental national policy of gender equality and eliminate all forms of discrimination and bias against women. • Enhance women's employment and entrepreneurship capabilities and develop public childcare services.	• Adhere to equal employment principles and eliminate gender discrimination in recruitment, promotion, training and remuneration and benefits, fostering a fair and diverse working environment. • Incorporate gender equality requirements into supplier management standards and require suppliers to avoid gender bias or discriminatory behaviour in all business processes to safeguard women's legitimate rights and interests.
SDG 6 – Clean Water and Sanitation	• Significantly increase the proportion of wastewater treated in compliance with standards and strengthen supervision and monitoring of key water functional zones and discharge outlets. • Promote the development of a water-saving society and strengthen management of water demand and water use processes.	• Adopt water-saving sanitary facilities and conduct regular inspections of facility operations to reduce water wastage caused by leakage. • Continue to promote water conservation awareness and employee education through measures such as posting water-saving signage. • Strengthen supplier wastewater management requirements by reviewing wastewater monitoring reports and pollutant discharge permits to ensure strict control of wastewater discharge. • In 2025, continue to advance ZDHC wastewater testing. Key fabric material suppliers covered 95% of order volume, leather suppliers covered over 93%, and mesh fabric suppliers covered over 50% of order volume.

SDGs	China National Plan for the Implementation of the SDGs	The Group's 2025 Sustainable Development Actions
SDG 7 – Affordable and Clean Energy	• Optimise the energy structure, improve the efficiency of fossil energy utilisation and increase the proportion of clean energy consumption. • Build a clean, low-carbon, safe and efficient modern energy system.	• Utilise technologies such as temperature-sensitive skylight systems to regulate indoor environments during hot weather and improve electricity use efficiency. • Actively promote clean energy applications by constructing photovoltaic power facilities and installing solar panels to maximise the use of renewable energy. • Install electric vehicle charging facilities to facilitate employee use and encourage low-carbon commuting. • Continue to optimise and upgrade energy-consuming equipment and introduce efficient intelligent equipment to improve energy efficiency.
SDG 8 – Decent Work and Economic Growth	• Improve the employment and entrepreneurship service system and promote lifelong vocational skills training.	• Establish and continuously improve the employee development system by providing diverse learning opportunities to support employees' ongoing improvement in professional capabilities and overall competencies. • Systematically design and implement training programmes covering new employee orientation, professional capabilities, core values and leadership development to support employees' career development.
SDG 9 – Industry, Innovation and Infrastructure	• Accelerate the upgrading and transformation of traditional industries and promote low-carbon industrial energy use.	• Participate in the 2025 China International Fair for Trade and the "Executives Talk About Trade in Services" interview series. • Participate in the Fourth "Climate Innovation · Fashion Conference" and contribute to the development of textile industry standards. • Organise World Earth Day special events to raise public awareness of environmental protection and promote a green lifestyle.

SDGs	China National Plan for the Implementation of the SDGs	The Group's 2025 Sustainable Development Actions
SDG 10 – Reduced Inequality	• Promote equal opportunities and safeguard equal participation and development rights. • Ensure that residents' income growth keeps pace with economic growth and that labour remuneration growth aligns with productivity growth.	• Implement fair and transparent employment management systems and integrate principles of equality, respect and democracy into recruitment, promotion and termination processes. • Continuously optimise remuneration policies and structures to provide fair and competitive compensation and strengthen talent attraction, motivation and retention.
SDG 11 – Sustainable Cities and Communities	• Strengthen natural disaster monitoring and early warning systems, enhance engineering defence capabilities and improve social mobilisation mechanisms for disaster prevention and mitigation.	• Closely monitor natural disasters and emergency events, respond promptly to the needs of affected areas, and organise donations of supplies and funds to support disaster relief and post-disaster reconstruction. During the year, we donated cold-weather supplies to earthquake-affected areas in Shigatse, Tibet, and provided cash donations to fire-affected communities in Tai Po, Hong Kong.
SDG12 – Responsible Consumption and Production	• Reduce the adverse impacts of chemicals on human health and the environment • Significantly improve the level of green chemical technology • Vigorously develop the circular economy, with a significant improvement in the recycling rate of major waste streams • Fully implement the Extended Producer Responsibility (EPR) system and encourage enterprises to fully integrate the concept of sustainable development into their production management	• Integrates environmental protection requirements into the entire supplier management process and strengthens supervision of the use of chemicals and raw materials to safeguard product safety and customer health at the source. • Formulated and implemented the *Li Ning Product Safety Technical Requirements* and requires suppliers to sign declarations confirming compliance with the relevant standards, thereby strengthening the standardized management of chemical use. • Continues to explore and expand the application of BOOM fiber uppers in footwear manufacturing, further enriching the portfolio of environmentally friendly products. • Adopts environmentally friendly materials such as GCR (Lightweight Non-Slip Rubber Technology) and GCU (Ground Control System Outsole Technology) in outsole manufacturing, ensuring product performance while advancing sustainable development principles. • Continues to promote the use of recycled environmentally friendly yarns in apparel products, promoting resource circularity.

SDGs	China National Plan for the Implementation of the SDGs	The Group's 2025 Sustainable Development Actions
SDG13 – Climate Action	• Promote awareness of climate change and the concept of low-carbon development, and encourage the public to actively participate in climate change mitigation efforts	• Systematically integrates sustainable development principles into production and operational practices, continuously enhancing employees' environmental awareness and encouraging all employees to actively participate in climate action. • Progressively advances product carbon footprint measurement and management and strengthens the control of greenhouse gas emissions to reduce the negative impact on the climate. • Works closely with suppliers to enhance their awareness of energy conservation and emission reduction and promotes the implementation of carbon reduction initiatives to facilitate the green transformation of the supply chain.
SDG15 – Life on Land	• Launch large-scale national afforestation campaigns, strengthen the construction of key forestry projects, improve the system for the protection of natural forests, completely halt commercial logging in natural forests, and protect and nurture forest ecosystems	• Starting the tree-planting activities organized by the trade union to promote ecological protection and biodiversity conservation. • Organised a "Earth Hour" campaign to advocate low-carbon lifestyles and support the protection of terrestrial ecosystems. • Carried out mountain clean-up activities to collect plastic waste, putting into practice the concept of sustainable management of land ecosystems. • Employees were organised to visit a recycled paper processing facility to learn about the full process of paper recycling and classification, enhancing awareness of resource circularity.
SDG16 – Peace, Justice and Strong Institutions	• Implement the *Law of the People's Republic of China on the Protection of Minors* and crack down, in accordance with the laws, on unlawful and criminal acts such as the employment of child and forced labor	• Implements strict identity verification procedures prior to the signing of labour contracts to verify the age of applicants and prevent the risk of child labour. • Respects employees' willingness to work and arranges working and rest hours reasonably, firmly opposing and eliminating any form of forced labour.

SDGs	China National Plan for the Implementation of the SDGs	The Group's 2025 Sustainable Development Actions
SDG17 – Partnerships for the Goals	• Actively participate in global development cooperation and supports the establishment of more balanced global development partnerships. • Actively participate in relevant global technology facilitation mechanisms to promote collaborative innovation and sustainable development.	• As a member of the United Nations Global Compact (UNGC), the Group continues to respond to its initiatives and implement sustainable development management practices.

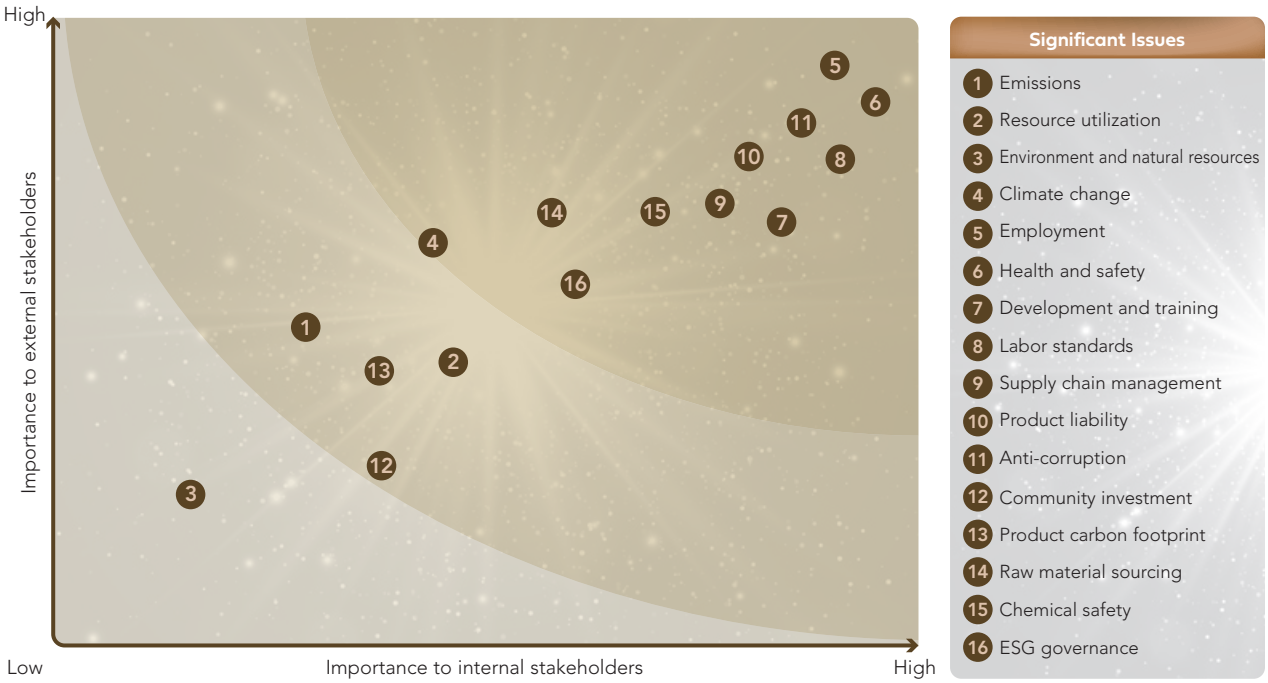
Stakeholder Communication and Identification of Material Issues

The Group's major stakeholders include government and regulatory authorities, shareholders and investors, consumers, distributors and suppliers, communities and the public, media and non-governmental organisations, senior management and employees. The Group continues to improve diversified communication mechanisms with stakeholders and actively promotes the practice and innovation of ESG concepts through cooperation and dialogue. Through systematic communication and feedback evaluation, the Group continuously strengthens its ESG governance framework and enhances its sustainable development capabilities. The Group also integrates stakeholder expectations into business operations and management practices to ensure that ESG considerations are embedded in decision-making and operational processes.

Communication with Key Stakeholders and Response

Key Stakeholders	Communication Channel	Issues concerned	Response
Government and Regulatory Authorities	Policy guidance Regulatory documents Industry meetings On-site inspections Off-site supervision	Energy conservation and emission reduction Corporate governance status Compliant operations Policy implementation	Implementation of regulatory policies Compliance with tax laws Acceptance of regulatory supervision and assessment Implementation of green operations Improvement of the corporate governance system
Shareholders and Investors	Information disclosure General meetings Roadshows Performance announcements	Business strategy Profitability Transparency of information disclosure Environmental and social management	Strengthening ESG management Maintaining brand value Regular release of performance announcements Promoting risk and internal control management
Consumers	Customer service hotline Satisfaction surveys Marketing activities Official website	Product quality After-sales service Privacy protection	Establishing a comprehensive quality control system Improving service quality Protecting consumer rights and interests Safeguarding customer information security
Distributors and Suppliers	Regular communication meetings Routine exchanges and visits Cooperation agreements Strategic negotiations	Fair cooperation Integrity in contract performance Joint development	Establishing transparent and fair procurement systems Enhancing awareness of environmental and social risks and improving environmental and social management standards Establishing sound business cooperation relationships
Communities and the Public	Public welfare activities Volunteer initiatives Community activities	Public welfare activities Community development Community relations	Organising volunteer activities Increasing external donations Promoting professional sports knowledge
Media and Non-governmental Organisations	Press releases Media platforms On-site communication	Corporate influence Transparency of information disclosure Public relations capabilities	Organising media open days Releasing news updates in real time Timely and objective information disclosure
Senior Management	Management meetings Democratic communication meetings Intranet mailbox Corporate activities	Labour standards Health and safety Supply chain management Product quality management	Promoting the implementation of ESG systems Improving ESG workflow processes Facilitating internal communication Strengthening business supervision
Employees	Trade unions Employee representative congress Intranet mailbox Corporate activities	Employee remuneration and benefits Community welfare Development and training Safety protection	Enriching employees' lives Caring for employee health Establishing learning platforms Protecting employee rights and interests

Through communication and surveys with various stakeholders, the Group identified 16 ESG material issues, including four environmental issues and eight social issues as required by the ESG Reporting Guide of the Hong Kong Stock Exchange. Based on the Group's business characteristics and key stakeholder concerns, additional issues such as product carbon footprint management, raw material traceability, chemical safety, and ESG governance were also systematically identified and incorporated into the ESG management framework. Taking into account feedback from both internal and external stakeholders and the analysis of issue materiality, the Group presents the level of importance of ESG material issues through the materiality matrix below.



ESG Materiality Matrix

II. ENVIRONMENTAL MANAGEMENT

Environmental Management Policies

The Group strictly abides by the *Environmental Protection Law of the People's Republic of China*, the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, the *Administrative Measures for Urban Living Garbage*, the *Energy Conservation Law of the People's Republic of China* and the *Renewable Energy Law of the People's Republic of China*, among other environmental laws and regulations, thereby fulfilling the Group's corporate environmental responsibilities. We continue to strengthen and improve its green operations management system, enhance environmental management policies, and promote the implementation of diversified environmental protection measures to advance innovation and expansion in green management practices, respond to climate change challenges and seize opportunities arising from climate change. In 2025, no incidents of significant environmental pollution or major negative environmental impacts were identified in the Group's manufacturing operations.

Environmental Management System and Measures

The Group has established internal management policies, such as the *Li Ning Energy Conservation Management Standard,* the *Li Ning Energy Conservation Work Guidelines* and the *Li Ning Energy Conservation Implementation Rules*, to strengthen the management of emissions control and enhance efficient resource utilization. We also steadily deploy and implement management measures related to energy saving and emission reduction to fully embrace the principles of sustainable development.

Adhering to the concept of green operations, the Group continuously strengthens the management of resource and energy use, expands the application of clean energy, and fully implements diversified environmental protection initiatives such as waste reduction, emission reduction, energy conservation and water conservation. These measures aim to reduce the negative environmental impacts of daily office and operational activities and promote low-carbon environmental protection and sustainable development. The Group also continues to rely on the ESG intelligent management platform to carry out data management activities, continuously improving the collection, monitoring and supervision mechanisms for ESG data based on business scenarios, thereby ensuring the standardisation and effectiveness of data management.

Ensure appropriate waste disposal

- **Hazardous Waste Disposal:** Beijing Li Ning Center implements a closed-loop management approach for printing consumables through leased printing equipment, ensuring compliant disposal of discarded toner cartridges and ink cartridges. Factories in Guangxi store hazardous waste such as chemicals separately in designated hazardous waste warehouses, with safety warning labels and category labels clearly displayed. Protective equipment is provided to employees, and qualified third-party organisations are entrusted with proper disposal. Retail stores have established standardised recycling procedures for discarded electronic equipment and consumables. Waste equipment is handed over to professional institutions or recycled through manufacturer programmes to recover recyclable materials such as metals, while ensuring proper treatment of hazardous substances. For discarded toner and ink cartridges, recoverable components are refurbished and reused, while the remaining components are dismantled using environmentally safe methods to recover materials such as plastics and metals, thereby achieving closed-loop management.
- **Non-Hazardous Waste Disposal:** The Beijing Li Ning Center strictly implements waste sorting and disposal by separating food waste, office waste and recyclable materials. Professional recycling companies are engaged to handle disposal in compliance with regulations, while awareness campaigns on waste classification are actively carried out. Factories in Guangxi manage non-hazardous waste through sorting, recycling and commissioning professional third-party recycling services, while promoting waste processing and transformation to achieve resource recycling. For example, Guangxi Ning Tai Factory regularly transfers non-recyclable waste to third-party companies to produce fuel. Guangxi Li Ning Factory converts production scraps into raw materials for rubber running tracks, construction materials or fuel for power generation. Guangxi Ning Zhan processes production scraps into reusable raw materials.

	• **Air emission treatment:** The Guangxi Li Ning Factory adopts a "UV photolysis + activated carbon adsorption" system to treat volatile organic compounds, ensuring that exhaust gas is discharged only after meeting regulatory standards. Guangxi Ning Zhan Factory has installed exhaust gas treatment facilities and regularly replaces activated carbon to ensure compliant exhaust gas treatment. Fujian Badminton Factory adopts a "spray scrubbing + dry filtration + two-stage activated carbon adsorption" process to treat exhaust gases and ensure emissions meet regulatory standards. • **Wastewater Treatment:** The Guangxi Li Ning Factory has established an integrated sewage treatment station. Domestic wastewater is purified and discharged into the municipal pipeline network, while production wastewater undergoes filtration and sedimentation processes before compliant discharge or reuse. Guangxi Ning Zhan Factory has established separate treatment processes for industrial wastewater and domestic sewage. Primary treatment removes large suspended solids and sand particles through screens, grit chambers and primary clarifiers, while secondary treatment removes organic matter and completes disinfection. Sludge generated during treatment is regularly transported by designated personnel, and all wastewater is ultimately discharged to the local municipal wastewater treatment plant. Wastewater generated by Guangxi Ning Tai Factory is treated through a regulation tank, integrated sedimentation tank and integrated wastewater treatment system before discharge into the municipal pipeline network. Sludge generated from the treatment system is dewatered and stored in hazardous waste storage rooms and periodically disposed of by qualified third-party organisations. Fujian Badminton Factory treats wastewater through purification processes and recycles treated water to improve water resource utilisation efficiency.
Implement low-carbon transportation and logistics	• Collaborate with third-party partners to install charging facilities for freight vehicles and promote the application of new energy vehicles, thereby reducing carbon emissions during transportation and logistics. • Continue to improve its logistics management system by optimising vehicle allocation algorithms, logistics nodes, transportation routes and vehicle selection, in order to avoid capacity waste and reduce fuel consumption. • Strictly control warehouse inbound and outbound scheduling and optimises vehicle dispatch plans to improve utilisation efficiency and reduce energy consumption. • Fully promote the application of electronic proof-of-delivery systems across shipment, receipt and transfer processes. It plans to completely eliminate paper documents by 2026. In 2025, more than 5.55 million sheets of paper were saved.

Promote green commuting	• Encourage employees to prioritise public transportation for commuting and provides transportation subsidies. At the Beijing Li Ning Center, shuttle services are optimised in alignment with the metro network to encourage low-carbon commuting. • Encourage employees to adopt low-carbon business travel practices and continues to implement the "Low-carbon Travel Incentive Programme". High-speed rail options are prioritised where appropriate, and flight carbon emission data are displayed to support employees in selecting lower-carbon travel options. also recognises the "Top 10 Low-carbon Travel Champions" annually to encourage employee participation. • The Beijing Li Ning Center installed an additional 39 electric vehicle charging stations, bringing the total number of charging facilities across all parking areas to 50, providing convenient charging services for employees using electric vehicles. • The Guangxi Li Ning Factory implements a vehicle management system and optimises vehicle dispatch through measures such as cost comparisons and passenger limits to improve energy utilisation efficiency. • The Guangxi Ning Tai Factory implements an online approval system for official vehicle use and optimises travel route selection to reduce fuel consumption.
Promote Intelligent Office and Operations	• The Beijing Li Ning Center installed a centralised lighting management control system to regulate lighting through scheduled switching. In 2025, two additional shading canopy systems were installed, bringing the total number of canopy systems in the campus to five, thereby reducing energy consumption. • Automated systems are widely adopted in warehouses to enable "lights-out factory" operations. For example, the East China Intelligent Logistics Center has established a 22,000-square-metre automated warehousing area equipped with robotic arms, autonomous mobile robots and bin-handling robots, enabling "lights-out" operations and improving operational efficiency while reducing energy consumption. • Continues to optimise its comprehensive budgeting system through cross-system collaboration and automated data integration to reduce manual workloads and improve operational efficiency. • Continues to enhance its employee travel management platform by enabling full-process automated collection of travel receipts and itinerary analysis. This not only improves travel management efficiency but also strengthens the collection and visualisation of travel-related carbon emission data.

Promote the Use of Clean Energy	• The Beijing Li Ning Center has constructed a 1.16 MW photovoltaic power generation station equipped with more than 5,000 solar panels, which are cleaned annually to maintain optimal efficiency. In 2025, the photovoltaic station of Beijing Li Ning Center generated an average of 129,000 kWh per month. Self-generated electricity accounted for approximately 24% of total electricity consumption. • The Jingmen Li Ning Center has completed a 13 MW photovoltaic power project, which can effectively meet daily electricity demand during daylight hours. The annual self-generated electricity can cover more than 50% of the Centre's total electricity consumption. • The East China Intelligent Logistics Center has constructed a 2.56 MW photovoltaic power generation project, with the annual self-generated electricity covering approximately 50% of the power needs.
Strengthen Water Management	• The Beijing Li Ning Center has fully installed quick-opening water taps and placed water conservation signage to enhance awareness of water saving. Regular inspections are conducted on water-use areas such as pantries and restrooms to ensure that faucets, valves and water supply facilities are properly maintained to prevent water wastage. • The Shanghai Li Ning Center conducts water conservation awareness campaigns for employees to promote responsible and safe water use. • The Jingmen Li Ning Center conducts regular inspections of water-use areas and installs water-saving signage to encourage water conservation among all employees. • The Guangxi Ning Zhan Factory implements the Water Conservation Policy, promotes the practice of "turning off taps when leaving", and carries out daily inspections by responsible personnel. Water conservation performance is incorporated into shift handover records. Certain domestic water sources are also recycled to improve water utilisation efficiency. • The Guangxi Li Ning Factory has installed sensor-activated water taps and assign personnel to conduct daily inspections to reduce water consumption.
Strengthen Energy Consumption Management	• The Beijing Li Ning Center has fully adopted LED energy-efficient lighting and continues to strengthen electricity management practices. • The Shanghai Li Ning Center regularly promotes energy conservation and emission reduction awareness and dynamically adjusts indoor lighting and air-conditioning parameters according to weather conditions to reduce energy consumption in daily operations. • The Jingmen Li Ning Center conducts routine inspections and installs electricity-saving signage to minimise unnecessary energy consumption. The park's lighting system is fully equipped with time-control switches, allowing precise energy management based on seasonal adjustments. • Retail stores regularly analyse energy consumption to identify major energy-consuming processes and develop targeted energy-saving measures. Illumination and equipment operation parameters are dynamically adjusted according to business conditions. Energy conservation training is also provided to new employees to promote energy-saving practices in the operation of lighting systems, air-conditioning systems and refrigeration equipment. • Certain logistics warehouses have undergone energy-efficient lighting upgrades, with electricity consumption expected to decrease by 31% compared with pre-upgrade levels.

Advocate for Paper Conservation	• Fully implement paperless office practices, encourages double-sided printing and establish waste paper recycling mechanisms to improve paper utilisation efficiency. • Retail stores continue to promote electronic QR code payment systems and encourage customers to select electronic receipts to reduce paper consumption. • Through the corporate travel platform, the Group has implemented paperless management of business travel processes. In 2025, more than 250,000 paper receipts were reduced.
Packaging Material Management	• Establish an approval mechanism for packaging procurement volumes to standardise packaging purchasing and usage management. • Packaging design is optimised to reduce the number of outer carton layers for footwear products while ensuring product quality, thereby reducing packaging material consumption. • Promote the use of recyclable packaging and encourage consumers to purchase products without shoe boxes where possible. Unused shoe boxes are collected for recycling. • Waste packaging generated during operations is centrally collected and delivered to professional recycling companies, achieving 100% recycling and reuse. • Continue to use environmentally friendly packaging materials. In 2025, FSC-certified shoe boxes accounted for approximately 77%, saving 6,422 kg of ink, 1,085 tons of water and 211,832 kWh of electricity, and reducing carbon emissions by approximately 114 tons. Actively promotes environmentally friendly packaging bags made from 100% recycled polyethylene accounted for 97.7% of usage, reducing carbon emissions by approximately 2,063.85 tons compared with virgin plastic packaging.

Case: Deepening Energy-Saving Upgrades at Beijing Li Ning Center to Promote Green and Low-Carbon Operations

Beijing Li Ning Center is committed to improving energy utilisation efficiency through equipment upgrades and intelligent management, thereby promoting green and low-carbon operations. In 2025, the Beijing Li Ning Center carried out comprehensive upgrades to the energy-consuming equipment across the campus. Key equipment such as direct-fired units and air-conditioning systems were replaced with variable-frequency models, reducing electricity consumption. A high-pressure micro-mist system was also installed to regulate indoor humidity during winter based on demand, improving employee comfort. In addition, an air-source heat pump system was introduced to provide flexible heating solutions for transitional seasons and weekend zoned heating. This reduces the simultaneous operation time of two direct-fired units while extending their service life. The cooling towers were upgraded and fully automatic water treatment equipment was installed to ensure efficient and stable operation of the water supply system. Furthermore, a Building Automation (BA) control system was introduced to enable real-time monitoring and intelligent management of energy consumption.

Beijing Li Ning Center

Case: Nanning Li Ning Center Empowering Smart Operations and Building a Green Campus

Adhering to the concept of sustainable development, the Nanning Li Ning Center promotes green and low-carbon operations through technological innovation and refined management:

- Strengthening Intelligent Operations Management: The automated logistics warehouse project at the Nanning Li Ning Center was successfully launched in 2025. By deploying four-way shuttle vehicles and robotic arms, the facility has achieved "lights-out" warehouse operations. In addition, the Guangxi Li Ning Factory launched a smart logistics project covering finished-product handling and auxiliary material recycling. Automated packaging lines and integrated intelligent cutting machines were introduced to integrate multi-station operations and improve production efficiency. The Guangxi Badminton Factory is also planning smart warehousing and AGV-based intelligent production projects, which are scheduled to be officially put into operation in 2026.

- Expanding the Application of Clean Energy: In 2025, the first phase of the 3.29 MW photovoltaic power generation project was completed, effectively optimizing the energy structure of the campus.

- Enhancing System Energy Efficiency: The Nanning Li Ning Center implemented intelligent upgrades to the air-conditioning system, introducing a smart air-conditioning control system that dynamically regulates temperature according to operational demand. This reduces equipment running time and lowers the load on main units. The system can also automatically switch operating modes during seasonal transitions, avoiding unnecessary energy consumption and improving overall energy efficiency. Through the use of the smart air-conditioning control system, the energy-saving rate reached 19.7%. An energy consumption intelligent monitoring system was also introduced to monitor electricity and water usage in real time and provide early warnings of abnormal consumption, enabling timely identification of energy waste. Meanwhile, the Guangxi Ning Tai Factory optimised air-conditioning operating schedules and set temperature threshold controls to further reduce energy consumption.

Photovoltaic Power Generation at Nanning Li Ning Center

Case: Shenzhen Li Ning Center Advancing Low-Carbon Operations and Building a Green Ecosystem

Shenzhen Li Ning Center continues to practice green operations, reflecting its commitment to environmental protection while actively fulfilling its corporate social responsibility:

- Green Operations Management: Energy consumption management is strengthened through measures such as electricity usage reporting based on demand and participation in virtual power plant initiatives. Energy-efficient variable-frequency air-conditioning units have also been installed to reduce electricity consumption. Electric meters were installed for underground parking lot lighting, enabling time-based management and control. In 2025, this measure resulted in electricity savings of 50,830 kWh. Water-saving sanitary facilities were upgraded to reduce daily water consumption. A hazardous waste management system was established, and dedicated recycling bins were provided for waste such as fluorescent tubes and used batteries, which are regularly collected and disposed of by specialised institutions to protect the office environment and employee health. At the same time, the Center actively promotes paperless office practices, including electronic approvals, double-sided printing and consumables recycling, to further enhance resource efficiency.

- Green Certification Initiatives: In 2025, the Shenzhen Li Ning Center obtained LEED v4.1 O+M:EB (Operations and Maintenance: Existing Buildings) Platinum Certification and ISO 14001 Certification, further strengthening its green management practices.

Shenzhen Li Ning Center

LEED Platinum Certification

Case: Green Operations Practices at Li Ning Retail Stores

Li Ning continues to integrate environmental protection concepts into daily retail store operations, promoting energy conservation and resource efficiency. In 2025, the Group implemented energy-saving upgrades in 12 retail stores in Guangzhou and Beijing. For lighting systems, sensors were installed in store warehouses and fitting rooms to automatically turn off lights when areas are unoccupied; light-sensing devices allow stores to automatically adjust lighting levels based on ambient brightness; smart lighting systems dynamically adjust brightness and switching status according to operational needs. For air-conditioning energy efficiency, air-conditioning control systems are activated at scheduled times. Temperature settings are adjusted appropriately to optimise energy consumption. Through these optimisation measures, the upgrades are expected to achieve annual electricity savings of more than 144,000 kWh, effectively contributing to energy conservation and emissions reduction.

Illustrations of Lighting and Air Conditioning of Retail Stores

Case: Hong Kong Li-Ning Building Focuses on Responsible Operations and Leads the Way in Sustainable Development

Hong Kong Li-Ning Building adheres to sustainable development principles and promotes green operations through multiple initiatives:

- Promoting Water Conservation and Waste Reduction: The building actively participates in the "GREEN@COMMUNITY" recycling programme organised by the Environmental Protection Department. Three-colour recycling bins are installed to collect recyclable materials generated during daily operations, including waste paper, metal and plastic, which are handled by local recycling partners. Professional recycling organisations are also engaged to collect and recycle seasonal waste items, such as mooncake boxes and Christmas trees.

- Environmental Certification Initiatives: The building actively participates in the Quality Water Recognition Scheme for Buildings, led by the Water Supplies Department, implementing systematic management of drinking water and flushing water systems. It has also obtained WELL Building Certification, ensuring water safety and supporting employee health and well-being.

- Strengthening Electricity Management: Energy-saving upgrades were implemented for the chiller plant system, introducing variable-frequency drives and intelligent control systems to improve operational efficiency and reduce energy consumption.

Hong Kong Li-Ning Building

Environmental Goals

The Group has established comprehensive environmental targets covering greenhouse gas emission reduction, waste management and reduction, energy conservation and water resource management, in order to guide the development of green and low-carbon operations and promote the effective implementation of ESG management measures. During the year, we conducted a systematic assessment of the effectiveness and progress of the implementation of these environmental targets. Details are set out below:

Type of target	Content	Progress towards targets
Carbon Emission	Achieve carbon neutrality at the Beijing Li Ning Center by the end of 2040. Achieve carbon neutrality at the Shanghai Li Ning Center by the end of 2040.	Through internal emission reduction measures and the purchase and retirement of carbon dioxide equivalent certified emission reductions and renewable energy certificates, the Beijing Li Ning Center has achieved carbon neutrality for 2021, 2022, 2023 and 2024, and has obtained third-party carbon neutrality certification. The carbon neutrality certification process for 2025 is currently underway. Explore feasible energy-saving measures at the Shanghai Li Ning Center, and plan to achieve carbon neutrality at the appropriate time through measures such as purchasing green electricity or certificates.
Waste	Fully implement waste classification across the Group. Ensure that 100% of waste generated at Li Ning centres is handled by qualified professional enterprises.	Waste classification has been strictly implemented in daily operations. Office waste, food waste , production waste and other types of waste are sorted and disposed of separately and are fully entrusted to qualified third-party service providers for treatment.
Energy Use	Since 2022, the annual average purchased electricity consumption per square metre of building area at the Beijing Li Ning Center shall not exceed 66.5 kWh/m². From 2025, the annual electricity consumption per square metre of building area at the Shanghai Li Ning Center shall not exceed 90 kWh/m². Over the next three years, at least one energy-saving retrofit project will be implemented at Li Ning's self-operated facilities.	In 2025, the annual average purchased electricity consumption per square metre of building area at the Beijing Li Ning Center was 70.38[1] kWh/m². In 2025, the annual average electricity consumption per square metre of building area at the Shanghai Li Ning Center was 89.88 kWh/m². In 2025, Li Ning implemented multiple energy-saving retrofit projects across its centres, factories and retail stores to enhance energy management efficiency. For further details, please refer to the section titled "Environmental Management System and Measures" in this Report.
Water Resource Use	Since 2022, the annual average daily water consumption per square metre of building area at the Beijing Li Ning Center shall not exceed 0.62 tons/m². From 2025, the annual average daily water consumption per square metre of building area at the Shanghai Li Ning Center shall not exceed 0.30 tons/m².	In 2025, the annual average daily water consumption per square metre of building area at the Beijing Li Ning Center was 0.44 tons/m². In 2025, the annual average daily water consumption per square metre of building area at the Shanghai Li Ning Center was 0.17 tons/m².

2025 Environmental Performance

Unless otherwise stated, the statistical basis of environmental performance herein covers the Group's headquarters[2] and major operating premises of principal subsidiaries in the PRC.

[1] In 2025, the Beijing Li Ning Center introduced new employee benefits and expanded its facilities to support business growth, resulting in an increase in electricity consumption per square meter of floor area; in the future, we will consider setting new targets as appropriate.

[2] Include the Beijing Li Ning Center, the Shanghai Li Ning Center, the Shenzhen Li Ning Center and the Hong Kong Li-Ning Building.

I. EMISSIONS[3]

Indicator	Performance
Total GHG emissions (Scope 1, Scope 2 and Scope 3) (ton)[4]	1,162,595.41
GHG emissions per square meter of gross floor area (Scope 1, Scope 2) (ton/m²)	0.03
Direct emission (Scope 1) (ton)[5]	1,768.75
Company vehicle fuel consumption	54.82
Natural gas	1,280.33
Refrigerant	432.71
Diesel	0.90
Indirect emissions (Scope 2) (ton)[5]	56,519.03
Purchased electricity	51,118.08
Purchased steam	5,400.95
Indirect emissions (Scope 3) (ton)	1,104,307.63
Purchased goods and services	1,001,527.71
Capital goods	19,399.89
Fuel- and energy-related activities	1,396.39
Upstream transportation and distribution	45,153.49
Waste generated in operations	3,643.07
Business travel	5,602.45
Employee commuting	488.31
Upstream leased assets	58.44
Downstream transportation and distribution	14,631.94
End-of-life treatment of sold products	3,531.19
Downstream leased assets	3,532.78
Investments	5,341.97
Total hazardous waste (ton)[6]	0.76
Hazardous waste per square metre of building area (ton/m²)	0.000003
Total non-hazardous waste (ton)[7]	1,192.20
Non-hazardous waste per square metre of building area (ton/m²)	0.0047

3 Given the nature of the Group's operation, there are relatively few company vehicles, resulting in low emissions of air emission like nitrogen oxides and sulfur oxides. The primary gas emissions involved are GHG emissions, which originate from the use of electricity and fuels derived from fossil fuels.

4 The greenhouse gas inventory includes carbon dioxide, methane, and nitrous oxide, primarily from purchased electricity, purchased steam, fuel, and refrigerants. Greenhouse gas accounting is presented in carbon dioxide equivalents. Direct emissions (Scope 1) are calculated in accordance with the National Standard of the People's Republic of China, *General Rules for Calculation of Comprehensive Energy Consumption (GB/T 2589-2020),* and the *2006 IPCC Guidelines for National Greenhouse Gas Inventories, Revised 2019 Edition* published by the Intergovernmental Panel on Climate Change (IPCC); Indirect emissions (Scope 2) from purchased electricity are calculated based on the average regional CO2 emission factors for electricity specified in the *Announcement on the Release of 2023 Electricity CO2 Emission Factors* issued by the Ministry of Ecology and Environment of the People's Republic of China, as well as the CO2 emission intensity of electricity sales for The Hongkong Electric Company, Limited and CLP Power Hong Kong Limited in 2024; Purchased steam is calculated in accordance with the *Guidelines on Greenhouse Gas Emission Accounting and Reporting for Enterprises in Other Industrial Sectors (Trial)* issued by the National Development and Reform Commission of the People's Republic of China; indirect emissions (Scope 3) are comprehensively assessed and analyzed based on the fifteen categories outlined in the *Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard*. Ultimately, twelve specific categories applicable to the Group are identified for accounting purposes. For the accounting methods applied to each specific category, we prioritize the use of measured data; where measured data is unavailable, we prioritize estimates based on activity data..

5 This year, the Scope 1 and Scope 2 greenhouse gas emissions reporting scope has been expanded to include the Nanning Li Ning Center and Factory, the Fujian Badminton Factory, the Ning Zhan Factory, the East China Intelligent Logistics Center, offline logistics warehouses, and all company-owned stores. Scope 2 greenhouse gas emissions are calculated using a location-based approach.

6 The main types of hazardous waste involved in the Group's operations are waste fluorescent light tubes, waste lead-acid batteries and discarded ink cartridges, waste toner cartridges, and waste toner from office printing equipment. Waste fluorescent light tubes and waste lead-acid batteries were disposed of by qualified professional agencies, while the replacement and recycling of waste toner cartridges, waste ink cartridges and waste toner from office printing equipment were handled by the respective print service providers.

7 The main types of non-hazardous waste involved in the Group's operations are office and household waste, food waste, office equipment waste and electronic consumables waste. Office and household waste, as well as food waste, are centrally processed by the property management agency. Office equipment waste and electronic consumables waste are collected and processed by recyclers. In particular, the office and household waste of the Foshan office, the Shanghai Li Ning Center and the Hong Kong Li-Ning Building are centrally processed by the respective property management agencies at the premises where they are located, which cannot be measured separately. However, we have made an estimation according to the *Coefficient Manual of the First National Census on Pollution Sources for the Pollutant Generation and Discharge from Urban Living* issued by the State Council.

2. ENERGY AND RESOURCE CONSUMPTION

Indicator	Performance
Total energy consumption (MWh)[8]	128,920.67
Energy consumption per square meter of gross floor area (MWh/m^2)	0.07
Direct energy consumption (MWh)	12,333.43
Gasoline	223.94
Natural gas	6,547.77
Solar energy	5,558.30
Diesel	3.42
Indirect energy consumption (MWh)	116,587.24
Purchased electricity	102,948.46
Purchased steam	13,638.78
Daily water consumption (ton)[9]	61,371.77
Daily water consumption per square meter of gross floor area (ton/m^2)	0.24
Total amount of paper used (ton)[10]	13.60
Total amount of packaging material used for finished products (ton)[11]	28,816.86
Amount of packaging material for finished products consumed per million revenue (ton/million)[12]	0.97

Climate-Friendly and Low-Carbon Emissions

The Group attaches great importance to the latest domestic and international policies and industry developments related to climate change. Focusing on corporate operations and business development, the Group regularly monitors and evaluates climate-related risks and opportunities within its operations and key segments of the value chain. Through continuous monitoring and management of significant climate-related risks, the Group seeks to capture potential climate-related opportunities and continuously improve its climate risk management processes and mechanisms, thereby actively responding to the capital market's and investors' increasing attention to climate-related issues.

Climate Governance

The Board of the Group has ultimate responsibility for the overall climate strategy and management objectives, reviewing and making decisions on key work directions. The Board listens to progress updates on climate-related work twice each year and regularly participates in climate-related training. The ESG Management Committee leads relevant departments in implementing specific actions based on the established strategies and objectives. It ensures that identified climate-related risks and opportunities are effectively tracked, assessed, monitored and managed, and regularly reports progress to the Board. The The ESG Executive Team is responsible for coordinating relevant departments and advancing the implementation of climate-related initiatives, while reporting progress regularly to the ESG Management Committee.

During the reporting period, the Group incorporated ESG-related indicators into the remuneration and performance evaluation mechanisms for applicable management and implementation teams, in order to further promote the effective implementation of the Group's ESG and climate strategies.

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8 Energy consumption data is calculated using the conversion factors provided in the National Standard of the People's Republic of China, *General Rules for the Calculation of Comprehensive Energy Consumption(GB/T 2589-2020)*, and includes purchased electricity, purchased steam, solar energy, natural gas, fuel consumption for company vehicles, and diesel. This year's statistics include energy consumption data for the newly added Nanning Li Ning Center, the Fujian Badminton Factory, the Ning Zhan Factory, the East China Intelligent Logistics Center, offline logistics warehouses, and all company-owned stores.

9 Daily water consumption of the Group includes tap water and reclaimed water, primarily sourced from municipal water supply, and there were no issues found in obtaining applicable water sources. In particular, the daily water consumption of the Xiamen Retail Subsidiary, Hefei Retail Subsidiary, Tianjin Retail Subsidiary, Guangzhou Retail Subsidiary, Chengdu Retail Subsidiary, Wuhan Retail Subsidiary, Shenyang Retail Subsidiary, Xi'an Retail Subsidiary, Changsha Retail Subsidiary and Jinan Retail Subsidiary are controlled by the premises where they are located and the water charges are included in property management fees. Since water consumption cannot be measured separately, we have estimated the water consumption with reference to the *Code for design of building water supply and design* (GB 50015-2019), the national standard issued by the Ministry of Housing and Urban Rural Development of the People's Republic of China.

10 Copy paper includes both A4 and A3 sizes.

11 Packaging material mainly includes plastic packaging bags, paper boxes, cartons and paper bags.

12 The amount of packaging material consumed per million RMB revenue represents the weight of packaging material consumed per million RMB income of the Group.

Climate Resilience Analysis

Based on the established climate scenario analysis model[13], the Group monitors identified material climate-related risks and opportunities and assesses their potential impacts across different time horizons. Through regular communication and feedback from various business departments and key value-chain partners, the Group has developed targeted response strategies for material climate-related risks and opportunities, continuously refining these measures to enhance its climate resilience and build relevant capabilities.

CLIMATE RISK AND OPPORTUNITY ASSESSMENT

Selected Climate Scenario	Risk/ Opportunity	Overview	Potential Impact/Opportunity	Basis for Assessment Analysis	Response Strategy	Period[14] Short Term	Period[14] Medium Term	Period[14] Long Term
IPCC SSP1-1.9[15] scenario and key national policy and regulatory requirements[16]	Transition Risk	Strengthened regulatory requirements for greenhouse gas reduction under the global low-carbon transition.	In the short to medium term, companies will need to work together – both internally and with supply chain partners – to advance low-carbon and emissions reduction initiatives. By aligning with domestic and international industry consensus and best practices, they must implement corresponding plans to meet emissions reduction requirements or fulfill commitments, which may increase operating costs. In the long term, companies and their supply chain partners are gaining increasing experience in low-carbon and emissions reduction practices. While meeting emissions reduction commitments may incur certain operational costs, these are generally manageable.	**In-House Operations:** We must align our efforts with operational management practices to progressively enhance our internal capabilities for collecting and managing carbon emissions data year by year, ensuring the completeness and accuracy of disclosure metrics to meet all regulatory requirements. **Value Chain:** As the primary source of the Group's carbon emissions, we must establish a detailed management system for carbon emissions data from key suppliers and expand the coverage of Scope 3 data at the product level to better manage emissions.	We will closely monitor and draw upon the methodologies and requirements of relevant domestic and international organizations, and steadily advance our energy conservation and carbon reduction program while ensuring the accuracy and reliability of collected data, as well as the reasonableness and verifiability of energy-saving and carbon-reduction plans. **In-House Operations:** 1. Comprehensively review and assess our carbon emissions data, conduct forecast analyses, and regularly discuss and develop specific implementation plans with phased timelines that align with our long-term operational conditions. 2. For key products, we have implemented emission reduction plans based on product life cycle analysis. 3. We actively seek cooperation or investment opportunities with developers of specialized carbon reduction projects (e.g., carbon capture and storage). **Value Chain:** 1. Optimize the online data platform for energy and environmental data from suppliers, company-owned factories, logistics centers, and company-owned stores to accurately track carbon emissions data, thereby facilitating the evaluation and planning of carbon reduction measures. 2. Improve the supplier performance management mechanism and enhance the energy and carbon management capabilities of key suppliers by providing specialized training and collaborative projects.	Low	Low	Low

13 In 2024, the Group, referring to the first two ISSB standards issued by the International Sustainability Standards Board (ISSB), the *Corporate Sustainability Disclosure Standards—Basic Standards (Trial)* jointly issued by nine ministries including the Ministry of Finance, and the relevant requirements of the *Listing Rules Guidance* by the Hong Kong Stock Exchange , has begun building a professional climate scenario analysis model. During this reporting period, there have been no significant changes in the Group's own operations or key links in the value chain, nor have there been major external environmental changes that could directly affect business continuity. Therefore, we continue to assess climate resilience based on the established climate scenario analysis model.

14 The short-term is defined as 1-3 years, the medium-term as 2028-2040 and the long-term as 2040-2060.

15 The RCP-SSP combination scenarios put forth by the Intergovernmental Panel on Climate Change (IPCC) take into account a full range of factors related to climate change and socioeconomic development. The IPCC SSP1-1.9 represents the lowest scenario for radiation emissions, which is generally regarded as having a probable (over 66%) likelihood of a global temperature rise of 1.5°C by 2100.

16 E.g., the State Council's *Action Plan for Carbon Dioxide Peaking Before 2030* and the State Council's *WORKING GUIDANCE FOR CARBON DIOXIDE PEAKING AND CARBON NEUTRALITY IN FULL AND FAITHFUL IMPLEMENTATION OF THE NEW DEVELOPMENT PHILOSOPHY.*

Selected Climate Scenario	Risk/ Opportunity	Overview	Potential Impact/Opportunity	Basis for Assessment Analysis	Response Strategy	Period Short Term	Period Medium Term	Period Long Term
IPCC SSP1-1.9 scenario and key national policy and regulatory requirements	Transition Risk	Mandatory disclosure requirements for carbon emissions.	In the short to long term, regulatory authorities are tightening their requirements for climate-related disclosures by listed companies. Listed companies will be required to disclose more comprehensive and complete carbon emissions data, and those participating in national or regional carbon markets may face stricter carbon emissions management and data reporting mechanisms.	**In-House Operations:** We must promptly respond to mandatory disclosure requirements regarding climate and carbon emissions from government authorities and other regulatory bodies. We must ensure high-quality compliance with disclosure obligations. **Value Chain:** At this stage, some upstream suppliers are designated as key energy-consuming entities in their respective provinces and cities and are required to report carbon emissions data on a regular basis. In the medium to long term, as carbon disclosure regulations continue to evolve and the carbon trading market develops steadily, stricter disclosure and compliance requirements may be imposed on both the Group's own operations and its partners within the value chain.	Proactively track and stay abreast of trends and the latest requirements regarding climate-related disclosures both domestically and internationally, while continuously monitoring the development and relevant requirements of China's mandatory carbon market and voluntary carbon trading market[17]. **In-House Operations:** 1. Continuously optimize the Group's carbon emissions disclosure and management standards, and actively respond to stakeholder feedback. 2. Proactively learn and master domestic and international climate information disclosure practices, particularly those related to mandatory requirements set by regulatory authorities. **Value Chain:** Maintain regular communication with key suppliers in the value chain to promptly share the latest domestic and international regulatory developments and disclosure requirements.	Low	Low	Medium

[17] At this stage, the Group has not yet implemented a carbon pricing mechanism.

Selected Climate Scenario	Risk/ Opportunity	Overview	Potential Impact/Opportunity	Basis for Assessment Analysis	Response Strategy	Period Short Term	Period Medium Term	Period Long Term
IPCC SSP1-1.9 scenario, specialized energy transition databases, and authoritative research	Transition Risk	Increase in production energy costs.	In the short to medium term, the gradual replacement of production machinery and equipment that rely on traditional energy sources (such as coal and petroleum) with renewable energy projects will incur certain operational costs. In the long term, as renewable energy technologies mature and R&D costs decline, the development of carbon reduction programs and models in collaboration with value chain partners may also incur certain operational costs.	**In-House Operations:** At this stage, the Chinese government is steadily advancing the implementation of its "dual carbon" goals, and China's energy structure will continue to shift toward green and clean energy in the future. The Group should continue to promote the evaluation, implementation, and management of new energy projects at facilities within its own operations, such as factories and office buildings. **Value Chain:** Based on internal assessments and research, suppliers within the value chain have the potential and feasibility to adopt and promote new energy projects.	Based on our own operations and value chain management, we will comprehensively evaluate green energy procurement strategies and plans. By factoring in the costs of various emission reduction measures, we will determine the optimal low-carbon emission reduction strategy, including green electricity procurement and the deployment of new energy projects. We will also plan and assess the feasibility of long-term cooperation or investment in carbon capture and storage (CCS) projects, as well as potential initiatives. **In-House Operations:** 1. Actively promote the implementation and operation of photovoltaic projects to increase the proportion of renewable energy supplied by our own facilities. 2. Evaluate the feasibility of using green electricity, including through Power Purchase Agreements (PPA[18]), to increase the share of renewable energy usage. 3. Actively seek collaborations with academic institutions and suppliers to promote the widespread adoption of low-carbon innovative raw materials, as well as production and energy technologies. **Value Chain:** 1. Strengthen specialized training to gradually encourage suppliers to adopt low-energy-consumption equipment and establish cost-effective new energy projects and facilities. 2. Collaborate with key suppliers possessing high carbon reduction potential to evaluate and develop new energy projects or procure green electricity through models such as Power Purchase Agreements (PPA[19]).	Low	Low	Medium

18 Power Purchase Agreement, PPA
19 Power Purchase Agreement, PPA

Selected Climate Scenario	Risk/ Opportunity	Overview	Potential Impact/Opportunity	Basis for Assessment Analysis	Response Strategy	Period Short Term	Period Medium Term	Period Long Term
IPCC SSP1-1.9 scenario, specialized energy transition databases, and authoritative research	Transition Risk	Increased labour costs due to climate change.	In the short to long term, rising temperatures will affect production activities; heat-related work allowances in some regions may increase, while labor efficiency and quality may decline.	Authoritative organizations such as the International Labour Organization (ILO[20]) have pointed out that climate change will cause global working hours to decline by 2.2% by 2030, and that for every 1-degree rise in average temperature, the labor force will shrink by 2%.	**In-House Operations:** 1. Continuously implement measures to optimize ventilation and cooling in our own facilities to improve the working environment. For example, the Li Ning Center in Shenzhen, the Li Ning Center in Nanning, and various retail stores have all undertaken projects to upgrade and retrofit air conditioning systems, which effectively control temperature fluctuations. 2. Focus on the application of automation technology, promoting and implementing mature and feasible automation solutions. 3. Focus on the application and promotion of AI technology, evaluating the feasibility of integrating AI into core operational processes to enhance production efficiency through technological means. **Value Chain:** 1. Collaborate with and encourage key suppliers in the supply chain to increase the proportion of renewable energy used in manufacturing processes. 2. Partner with core supply chain partners to drive the application and implementation of automation and AI technologies across the value chain.	Low	Low	Low

20 International Labour Organization, ILO

Selected Climate Scenario	Risk/ Opportunity	Overview	Potential Impact/Opportunity	Basis for Assessment Analysis	Response Strategy	Period Short Term	Period Medium Term	Period Long Term
IPCC SSP5-8.5 scenario[21]	Physical Risk Physical Risk Physical Risk	Typhoons Extreme rainfall Flooding	In the short to long term, extreme weather[22] events caused by climate change may become more frequent, increasing the likelihood that our facilities will be affected by such events.	According to the key findings of the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report: Climate Change 2023, global warming will continue to intensify in the coming years, potentially leading to a further increase in climate change risks[23].	**In-House Operations:** 1. Continuously assess and ensure that our own facilities in areas vulnerable to physical risks meet local flood control and drainage design requirements. 2. Mitigate risks to a manageable level through measures such as implementing disaster prevention and response plans and purchasing insurance. **Value Chain:** Maintain close communication with key suppliers in the supply chain and share practical experience in assessing and addressing potential climate change risks.	Low	Low	Low
IPCC SSP1-1.9 scenario and key national policy and regulatory requirements	Opportunity	Adopting more efficient production, distribution, and transportation models.	Green and low-carbon technologies related to textiles and footwear are being more widely promoted and adopted, such as automation, 3D printing, and low-temperature materials.	Monitor trends in green technology R&D within the domestic and international textile industries, steadily advance the Group's corresponding R&D and implementation efforts, and actively share experiences and concepts within the industry.	1. The Group's operations and development departments continue to promote and implement automation and lean manufacturing technologies, such as the automated production lines adopted at the Nanning Li Ning Center 2. We continue to increase the use of new eco-friendly materials and technologies, such as using new supercritical foam materials—which are lighter—for shoe soles and encouraging suppliers to engage in recycling.	–	–	–
	Opportunity	Changes in consumer attitudes and demand in end-user markets.	As temperatures rise, market demand for high-comfort sports equipment is increasing.	Monitor trends in consumer demand, consumption habits, and behavior; integrate new materials and textile technologies into product design, manufacturing, packaging, and transportation processes to meet the end-consumer market's demand for green products.	We continue to provide sports products that meet athletic performance requirements and offer climate-adaptive features (e.g., high breathability, cooling/warming effects, and UV protection).	–	–	–
	Opportunity	Expansion of low-carbon innovative products and services	As temperatures rise, sports activities may shift to indoor and home settings, potentially leading to further growth in the market for sports equipment designed for indoor environments.	Monitor the development of indoor and at-home sports activities, and actively meet the end-consumer market's demand for such activities.	We continue to provide products for indoor sports that offer functionality, comfort, and eco-friendly materials.	–	–	–

21 The RCP-SSP scenarios put forward by the Intergovernmental Panel on Climate Change (IPCC) take into account various factors related to climate change and socioeconomic development. The IPCC SSP5-8.5 represents a high-emission scenario that projects a global temperature rise of 2.4~4.8°C by 2100.

22 E.g. Rainstorm: Red level, rainfall exceeding 100 millimeters within 3 hours, potentially leading to water accumulation over 1 meter that could damage goods and equipment; Typhoon: wind speeds exceeding 28.5 m/s, which may cause destruction to houses and damage to temporary buildings.

23 Based on the interpretation and analysis of this report by the National Meteorological Science Data Center; for details, please refer to https://data.cma.cn/site/article/id/41921.html.

CURRENT AND ANTICIPATED FINANCIAL IMPACTS

CURRENT FINANCIAL IMPACTS

The Group has conducted a comprehensive assessment of the current and potential financial impacts of material climate-related risks and opportunities. During the reporting period, the Group's assets did not suffer losses from climate-related physical risks such as typhoons or extreme rainfall, and no assets or business activities were identified as being particularly vulnerable to such risks. The Group's existing commercial insurance policies also cover compensation for losses arising from such risks. The Group has effectively addressed the potential financial impacts of climate-related physical risks. Regarding transition risks, the Group is steadily advancing carbon data management within our own operations and among the value chain partners, conducting comprehensive assessments of the full-lifecycle carbon emissions for key product categories, and closely monitoring external policy regulations and information requirements from both domestic and international governments and industries. We have no assets or business activities that are susceptible to climate-related transition risks. During the reporting period, the Group continued to upgrade energy-saving systems and facilities at our own factories, stores, and other locations, with related operating costs amounting to approximately RMB1 million. In addition, expenses related to obtaining certifications for certain company-owned office buildings that meet international green building standards were within RMB 1 million.

ANTICIPATED FINANCIAL IMPACTS

Based on climate scenario analysis, the Group has evaluated the likelihood, frequency and potential impacts of identified climate-related risks and opportunities. No material climate-related risks with significant financial impacts have been identified. For physical climate risks, the Group will continue deploying energy-efficient and low-carbon equipment while periodically reviewing actual impacts and adjusting response measures accordingly. For transition risks, the Group will closely monitor potential compliance costs arising from carbon reduction policy requirements affecting both its operations and key value-chain partners, and will proactively implement appropriate management plans.

In addition, we are under internal evaluation on the feasible quantitative financial impact assessment method relating with climate-related opportunities.

Climate Risk Management

The Group regularly identifies, assesses and prioritises ESG-related risks, including climate-related risks, based on factors such as compliance requirements and potential business impacts, to ensure that all ESG risks are effectively and appropriately managed. We have incorporated climate risk management into our overall risk management framework and proactively review identified material climate-related risks to ensure that response strategies for key climate risks and opportunities are effectively implemented.

During the reporting period, we did not identify any need to adjust our existing risk management processes due to a significant increase in the potential impact of climate-related risks or the emergence of any new material climate-related risks.

Metrics and Targets

The Group continues to enhance its greenhouse gas emissions accounting and data management capabilities and publicly discloses Scope 1, Scope 2 and Scope 3 greenhouse gas emissions. Details are presented in the section titled "2025 Environmental Performance". For operational emissions management (Scope 1 and Scope 2), the Group actively promotes the development and operation of photovoltaic projects and periodically evaluates the need to purchase appropriate green electricity certificates or carbon credits to support the achievement of climate targets and low carbon transition. For Scope 3 emissions, the Group has for three consecutive years conducted comprehensive reviews of the twelve[24] applicable Scope 3 categories and began publicly disclosing them in this reporting period. Detailed analysis has also been conducted on Category 1 emissions related to purchased goods and services; please refer to the section "Supply Chain Carbon Emissions Management".[25] The Group also assists suppliers in implementing energy conservation and carbon reduction programs to build a green supply chain. For cross-sectoral indicators related to climate-related risks and opportunities and capital allocation, please refer to the relevant sections under "Assessment of Climate-related Risks and Opportunities" and "Current and Anticipated Financial Effects" in the "Climate Resilience Analysis " subsection.

[24] With the exception of Scope 3 greenhouse gas emissions related to the processing of sold products, the use of sold products, and franchise rights—which are not applicable to the Group—the total Scope 3 greenhouse gas emissions disclosed by the Group include emissions from the other twelve categories of Scope 3 greenhouse gas emissions. Specifically, for emissions associated with Category 1 purchased goods and services, we use a calculation method based on raw material procurement.

[25] During the reporting period, we continued to monitor the development of relevant international and industry standards and, in conjunction with industry practices, disclosed detailed information regarding Category 1 emissions from purchased goods and services. As industry standards applicable to the Group become increasingly refined, we will progressively disclose applicable industry metrics.

In addition, the Group closely monitors developments in carbon reduction methodologies, including those of the Science Based Targets initiative (SBTi), and will update and establish carbon reduction targets for its operations and suppliers in line with business development. For greenhouse gas reduction targets and progress during the reporting period, please refer to the section "Environmental Targets."

III. EMPLOYMENT MANAGEMENT

The Group strictly complies with relevant laws and regulations, including the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Employment Promotion Law of the People's Republic of China* and the *Social Insurance Law of the People's Republic of China*, and respects the conventions of the International Labour Organization (ILO), such as the *Minimum Age Convention*, the *Discrimination (Employment and Occupation) Convention*, the *Forced Labour Convention*, and the *Abolition of Forced Labour Convention*. The Group has formulated internal policies such as the Employee Handbook to safeguard employees' legitimate rights and interests in recruitment, promotion, termination, compensation and benefits, equality, diversity and anti-discrimination. The Group strives to foster a fair and inclusive working environment. In employment management, we strictly implement the principle of fairness and actively promote diversity; continuously optimise the compensation and benefits system to safeguard employees' legitimate rights and interests; expand investment in talent development and cultivation to provide a solid talent foundation for the Group's high-quality development; and organise diverse employee cultural and sports activities to foster a harmonious and united workplace environment, promoting mutual growth between the Group and its employees and achieving win-win development. As of the end of the reporting period, the Group had a total of 5,152 employees, among which 4,969 were from the Group headquarters and retail subsidiaries (including the Nanning Li Ning Center), and 183 were from other subsidiaries.

In 2025, the Group continued to improve the human resources management system and strengthen its employer brand, receiving a number of employer branding recognitions.

Honor	Awarding Body
2025 Customer Success Award	Liepin
2025 Employer Brand Excellence Award	Yonyou Dayee
2025 Sustainable Brand Benchmark – Human Resources Leadership Award	Huxiu
Best HR Management Practice in China – Digital Transformation Employer of Choice in China HRA China Human Resources Value Award	Human Resource Association for Chinese & Foreign Enterprises, Beijing
Top Graduate Employer Brands Employer of Choice 2025 2025 ESG Influence Benchmark Enterprise	51job.com

Lawful Employment to Safeguard Rights and Interests

The Group adheres to the principles of "openness, equality, competition and merit-based selection" in employment management and has established comprehensive management regulations to standardise decision-making processes related to recruitment, promotion and termination of employment relationships. These measures safeguard employees' legitimate rights and interests, establish a sound employment management mechanism, and cultivate a diverse, inclusive and harmonious talent pool.

The Group's recruitment channels include online platforms, internal referrals, headhunting/RPO recruitment and other diversified channels. We strictly follow the principles of openness, transparency, fairness and impartiality and have formulated the *Recruitment Operation Manual* to guide recruitment practices. The Group is committed to providing equal employment opportunities and strictly prohibits discrimination based on gender, ethnicity, race, age or nationality. For employees who seriously violate laws and regulations or company rules, or whose capabilities do not meet job requirements, the Group handles termination matters in accordance with the principles of fairness, impartiality and reasonableness. After conducting thorough investigations and communicating with the employee concerned, the Group carries out termination procedures in compliance with relevant laws and regulations.

The Group advocates anti-discrimination and equal opportunity in all human resources and employment decisions, striving to create a workplace characterised by fairness, respect and diversity. Employees are encouraged to report any incidents involving discrimination, and the Group will conduct comprehensive investigations and adopt necessary management measures when such incidents occur.

The Group strictly complies with national and local legal requirements regarding employment age and clearly stipulates in the *Employee Handbook* that employees must meet the statutory employment age. To ensure full compliance with relevant regulations, the Group provides specialised anti-forced labour training for all human resources personnel. Strict identity verification procedures are implemented during the recruitment process, and applicants are required to provide valid identification documents prior to employment to prevent the employment of child labour.

During recruitment, the Group clearly communicates job responsibilities to candidates and signs labour contracts with employees in accordance with the law, ensuring employees' legitimate rights related to working hours and leave. The Group strictly prohibits forced labour. If cases of child labour or forced labour are discovered, the Group will immediately initiate an investigation and take appropriate actions, such as communicating with the guardians of child workers, confirming the willingness of employees suspected of being subject to forced labour, and implementing corrective measures including job adjustment or termination in accordance with investigation results. In 2025, the Group did not identify any cases of child labour or forced labour. The Group adheres to the principles of open communication, transparent channels and smooth processes, and continues to improve its employee feedback mechanisms. Employees are provided with formal and transparent communication channels, including trade unions, suggestion boxes and face-to-face communication. In addition, the Group conducts various employee surveys to collect feedback on company policies, procedures and the working environment through regular questionnaires. Employee meetings, team-building activities and training programmes are organised to establish open communication platforms that facilitate effective dialogue between employees and management. The Group has signed collective agreements with employees to safeguard their rights and interests. The collective agreement coverage rate was 22.6%. Each year, the Company conducts collective bargaining with trade union representatives on relevant matters, including collective agreement terms and the protection of female employees' rights. Such consultations are held at least once per year, typically in November.

Great Place To Work.™
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CHN

Every year, we conduct employee satisfaction surveys through appropriate channels. In 2025, we partnered with Great Place To Work® to conduct an employee survey across five dimensions: Respect (employees feel valued and are treated with dignity), Camaraderie (workplace relationships and team collaboration), Trust (confidence in management and the organization), Pride (sense of pride in one's work and the organization), and Fairness (equitable and non-discriminatory treatment). The results showed that 88% of Li Ning employees consider the Group an ideal place to work. The level of employee satisfaction was relatively good. The Group obtained the Great Place to Work® Certification in January 2026. Going forward, we will continue to enhance the working environment based on the survey results and strive to build an even better workplace.

The Group has established well-defined promotion rules and career development pathways. Employees who meet job requirements and demonstrate outstanding performance are given priority for selection and promotion. Through internal recruitment and open competition mechanisms, the Group ensures equal opportunities and fair treatment for all employees. To support the development of employees with different strengths, the Group has established dual career pathways comprising a management track and a professional track, allowing employees to select suitable development directions based on their career aspirations. Meanwhile, to promote the development of retail employees and encourage initiative at the store level, the Group has established multiple career positions such as sales consultants, team leaders, store managers and warehouse managers, providing diversified career development opportunities.

Employee Employment[26]

Category	Indicator	As of 31 December 2025
By Gender	Male employees (person)	1,420
	Female employees (person)	1,603
By Employment Type	Full-time employees (person)	3,023
	Part-time employees (person)	0
By Age	Employees under 30 years old (person)	598
	Employees aged 30 (inclusive) to 50 (exclusive) (person)	2,335
	Employees aged 50 (inclusive) or above (person)	90
By Region	Employees in Chinese Mainland (person)	2,871
	Employees in Hong Kong, Macau and Taiwan (person)	133
	Overseas employees (person)	19

Employee Turnover Rate[27]

Indicator		As of 31 December 2025
Employee turnover rate (%)		13.71
By Gender	Male employees turnover rate (%)	14.20
	Female employees turnover rate (%)	13.27
By Age	Turnover rate of employees under 30 years old (%)	33.21
	Turnover rate of employees aged 30 (inclusive) to 50 (exclusive) (%)	9.46
	Turnover rate of employees over 50 years old (inclusive) (%)	3.16
By Region	Employee turnover rate in Chinese Mainland (%)	10.60
	Employee turnover rate in Hong Kong, Macau and Taiwan (%)	76.09
	Overseas employee turnover rate (%)	21.62

26 The statistical coverage includes the headquarters and retail subsidiaries, and excludes Nanning Li Ning center.
27 The statistical coverage includes the headquarters and retail subsidiaries, and excludes Nanning Li Ning center.

Creating Harmony through Humanistic Spirit

The Group continues to optimize its employee compensation and benefits system. The Company has established a dedicated compensation and benefits management department that closely monitors changes in relevant regulations and continuously refines the compensation management system. While complying with national minimum wage regulations, the Group formulates compensation strategies aligned with market competitiveness and regularly adjusts compensation structures and policies to attract, motivate, and retain top talent. The Group conducts regular performance evaluations to scientifically assess employee performance; We continuously refine incentive mechanisms to stimulate employee enthusiasm and initiative. Incentive methods include sales bonuses, sales commissions, annual bonuses, stock options, and equity awards, among others. In 2025, overall coverage reached 100%, encompassing management, non-management staff, retail employees, and factory workers. Appropriate performance bonus evaluation mechanisms have been established for each position.

The Group upholds a strong sense of corporate responsibility and, with a "people-oriented" approach as its core management philosophy, is committed to building a healthy, sustainable, and comprehensive benefits system, continuously innovating employee care mechanisms, and through tailored benefits strategies, meeting employees' individual needs, effectively safeguarding employees' rights and interests, and enhancing their well-being and satisfaction. We pay in full social insurance and housing provident fund for our employees according to the laws, and on the basis of the relevant regulations of the national and local governments, we provide additional benefits such as supplemental medical insurance, as well as catering allowance, transportation allowance, communication allowance, cloth purchase fees, expatriate allowance, the Spring Festival and holiday benefits, wedding and childbirth gratuities, and funeral allowance, with a coverage rate of 100% in 2025. For our senior employees, we provide them with seniority souvenirs and organize farewell ceremonies for our retired employees. In addition, in the event of organizational changes, business transformations, or restructuring, we prioritize offering affected employees other internal opportunities that align with their existing or transferable skills to ensure their job security. When making internal hiring decisions, we give priority to employees whose positions are at risk due to restructuring. For employees who cannot be placed internally, we will provide severance pay in accordance with national statutory standards. In 2025, there were no corporate reorganizations or similar events.

The Group actively assists employees in balancing their work and life by formulating the *Employee Attendance and Leave Management System*, adopting scientific and appropriate attendance management measures, making reasonable arrangements for the working hours of employees, and adequately safeguarding the rest and leave rights of employees. In case of any work demand exceeding the statutory working hours, we will compensate the employees by arranging for a transfer of time off or payment of overtime wages. Employees are entitled to various types of leave in accordance with the law, such as statutory holidays, annual leave, marriage leave, prenatal examination leave, maternity leave, breastfeeding leave, paternity leave, sick leave, bereavement leave, long-distance family visit leave, parental leave, nursing leave, and personal leave.

In terms of care for employees' children, we established the Li Ning Oriental Cambridge Kindergarten at our campus, staffed with high-quality teachers to promote the all-round development of the "Li Ning Second Generation" in morality, intelligence, physical fitness, aesthetics, and labor skills, while also making it convenient for employees to drop off and pick up their children. Furthermore, we have established the "Little Tree Growth" After-School Care Program, which effectively alleviates the challenge of childcare during school breaks. Over the past five years, we have held a total of 38 sessions, providing care for more than 240 children, thereby relieving hundreds of families of their worries about childcare during school breaks. In 2025, the Group's trade union organized the "Love Backpack, Growing with You" closing ceremony, distributing backpacks and other school supplies to the "Li Ning Second Generation" participating in the after-school program, thereby enhancing the well-being of employees' families and showing care for the next generation's growth.

Celebration Activity

The Group continues to host the "Ningju – Family Carnival (寧聚 • 家年華)" company anniversary celebration, promoting the company's core values and positive culture, and strengthening employees' sense of belonging and team cohesion. The event is open to all employees and their families, and features a variety of parent-child interactive activities, including a carnival, competitive games, fun games, DIY craft workshops, educational presentations, and an evening gala, aimed at fostering harmony within employees' families and helping employees balance work and family responsibilities. The 2025 anniversary celebration attracted 2,880 employees and their family members to participate, and invited independent media to document the anniversary celebration. After the related videos were released, they accumulated over 370,000 views and 20,000 interactions, and received positive external feedback.

"Ningju – Family Carnival (寧聚 • 家年華)" Celebration Activity

Employee Activities

The Group organizes a variety of employee activities to encourage active participation. By offering a rich and diverse range of activities, we enhance the participant experience and fully demonstrate the Group's commitment to employee well-being:

Environmental Activities	• We organized a tree-planting event where over 100 employee families planted saplings and attached name tags to them, actively fulfilling the company's responsibility for ecological conservation. • The Nanning Li Ning Center, Shenzhen Li Ning Center, and Hong Kong Li-Ning Building actively participated in the "Earth Hour" campaign, advocating for the shutdown of non-essential lighting and electrical appliances to reduce energy consumption. • The Shenzhen Li Ning Center launched the "Ningfeng Green Trail, Putting ESG into Practice" public welfare campaign, encouraging employees to hike and pick up plastic waste to safeguard the environment and protect nature. • The Hong Kong Li-Ning Building organized a field trip for employees to a waste paper recycling plant to learn about the recycling process and raise environmental awareness.
Cultural Activities	• The Shenzhen Li Ning Center organized a "Books for Vegetables" event, exchanging unused books for fresh vegetables to promote knowledge sharing and resource circulation, and put the concept of green living into practice. • The Hong Kong Li-Ning Building hosted a workshop on guide dogs and animal-assisted therapy to raise employees' awareness of animal welfare.

Holiday Activities

- A makeup workshop was held to teach female employees makeup techniques, fostering communication among them and boosting their professional confidence and sense of self-worth.
- Organized the "Zongzi Spirit of Dragon Boat Festival, Ning Gathering of Joy" event, featuring DIY zongzi-making and fun quizzes to strengthen employees' cultural identity.
- Held a dual celebration for National Day and Mid-Autumn Festival, featuring ice-skin mooncake making, afternoon tea, and fun activities to enhance team cohesion.
- Organized the "New Year, New Beginnings · Lantern Festival Celebration" event, featuring intangible cultural heritage sugar painting, lantern riddle guessing, and DIY crafts, to share a warm and joyful reunion with employees.
- Held the "Warmth at Year's End · Christmas and New Year's Carnival" event, featuring elegant tea breaks and surprise raffles to enhance employees' sense of belonging and happiness.

National Day Celebration Activities

Lantern Festival Celebration Activities

Help employees in need

The Group has continued to deepen efforts to help employees in need by setting up a trade union committee and establishing a mutual assistance fund to help employees who have difficulties in their living due to accidents or major illnesses, in an aim to alleviate their financial pressure. During the 2025 Spring Festival, we organized a sympathy activity to send warm consolation subsidies to employees in need in the New Year, demonstrating the strong humanistic care of the Group.

Ensuring Safety and Protecting Health

The Group strictly complies with the *Labor Contract Law of the People's Republic of China*, the *Production Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, and the *Fire Protection Law of the People's Republic of China*, and continues to optimize employee health management system, strengthen the safety management in offices, and endeavor to create a safe and comfortable workplace, thus providing a comprehensive safeguard for the health and safety of employees.

Caring for Employee Health

We place a high priority on our employees' physical and mental well-being, through diverse management initiatives to create a comfortable and safe work environment, comprehensively safeguarding our employees' occupational health and safety.

➢ Health protection

The Group has implemented a range of health protection initiatives to comprehensively safeguard employee health and mitigate occupational health risks. We provide employees with appropriate pre-employment and annual health checkups tailored to the specific characteristics of their respective positions, in order to effectively identify and reduce occupational health risks. The Beijing Li Ning Center features a health consultation room, which is stocked with common preventive medications and emergency supplies on a daily basis, providing basic support for employees' day-to-day health management.

In addition, we provide employees with a comprehensive commercial insurance coverage system, including supplemental medical insurance, personal accident insurance, and critical illness insurance, offering multi-tiered protection for their health. These commercial insurance plans provide necessary financial support in the event of sudden accidents or critical illnesses, helping to offset medical expenses and alleviate personal financial burdens. Furthermore, the Group collaborates with professional insurance companies to offer supplemental medical insurance plans for employees' family members, thereby extending the scope of coverage and establishing a more comprehensive and secure protection system for both employees and their families.

➢ Health-oriented exercise

To support employees in building physical fitness and relieving mental and physical stress, the Group has established sports clubs for table tennis, badminton, basketball, tennis, soccer, swimming, running, frisbee, jump rope, fitness, and pickleball. We regularly organize a wide variety of competitions and activities to continuously enrich employees' after-work cultural lives. In 2025, the Jump Rope Club delivered a spectacular performance during the company anniversary celebration and supply chain team-building activities, vividly embodying the corporate culture of "Uniting Strengths" and "Efficient Collaboration"; The Fitness Club offers a variety of classes centered on the goals of "building physical strength, pursuing excellence, and creating a shared future," such as Tai Chi and yoga classes, to help employees relieve work-related fatigue and improve physical fitness; The Pickleball Club actively represents the Group in city and district-level competitions, demonstrating outstanding competitive prowess and corporate spirit through excellent results; the Running Club organizes employees to participate in the Beijing Half Marathon, showcasing the team's fighting spirit and high level of engagement.

Beijing Half Marathon Event

Pickleball Events

Case: "Vibrant Li Ning, Moving Together" Sports Market Event

In 2025, to promote a healthy lifestyle and enrich employees' leisure activities, the Human Resources Department collaborated with sports clubs across various locations to jointly organise the "Vibrant Li Ning, Moving Together" Sports Market event. Through interactive challenge activities and dedicated club booths, the event provided employees with a platform to gain deeper understanding and hands-on experience of club culture. The event attracted active participation from employees across multiple locations, effectively supporting the expansion and development of employee clubs and providing strong support for fostering a positive and uplifting corporate culture atmosphere.

"Vibrant Li Ning, Moving Together" Sports Market Event

Healthy Diet

The Group has established Chinese and Western staff cafeterias, strictly implementing food hygiene and food safety management requirements to provide employees with a safe and hygienic dining environment. At the same time, the Group places emphasis on dietary structure and nutritional balance, building a scientifically structured dietary system to provide employees with healthy and balanced meal options.

Health Promotion

To enhance employees' awareness of personal health management and occupational health protection, the Group continuously conducts diverse health and safety awareness initiatives to systematically improve employees' understanding of occupational safety.

- The Group organises health knowledge awareness campaigns, sharing information related to health management and occupational disease prevention with employees through channels such as email, thereby enhancing employees' health awareness and serving as a preventive reminder.
- Factories in Guangxi provide employees with occupational health position training, systematically explaining occupational disease hazards and preventive measures to reinforce employees' awareness of health and safety.
- Factories in Guangxi also regularly organise hazardous chemical handling training to ensure standardised and safe operations.
- Jingmen Li Ning Center conducts health and safety training for all employees twice a year, covering equipment operation standards and chemical safety handling, thereby comprehensively safeguarding employees' occupational health and safety.
- The Li Ning Center Laboratory organises specialised training on standardised laboratory equipment operation, chemical safety protection and traffic safety, enhancing employees' overall safety competence and risk prevention capabilities.

Safeguarding Workplace Safety

The Group continues to strengthen workplace safety management and practices. It has formulated management systems and emergency plans such as the *Emergency Evacuation Plan of Li Ning Center, Fire and Electricity Safety Management Regulations, Fire Patrol and Inspection System and Safety Evacuation Management Regulations*, thereby improving the workplace safety emergency response mechanism. At the same time, the Group conducts relevant safety training, awareness campaigns and emergency drills to continuously enhance workplace safety assurance capabilities.

- The Beijing Li Ning Center has established a mini fire station and regularly organises fire drills to improve employees' emergency response capabilities and ensure workplace safety. It also actively conducts fire safety training to strengthen employees' safety awareness.

- The Shenzhen Li Ning Center organised two fire safety drills, simulating rescue and evacuation procedures to ensure the practical feasibility of emergency fire response plans.

- The Jingmen Li Ning Center regularly conducts specialised safety training and emergency drills, covering topics such as first-aid knowledge, fire safety and emergency elevator rescue procedures, enhancing overall employee safety awareness.

- Factories organise annual fire safety drills, inspect and replace expired fire-fighting equipment, and actively identify potential fire hazards. Meanwhile, they organise fire safety training for employees to strengthen fire risk prevention awareness.

Guangxi Ning Zhan Factory Fire Safety Training

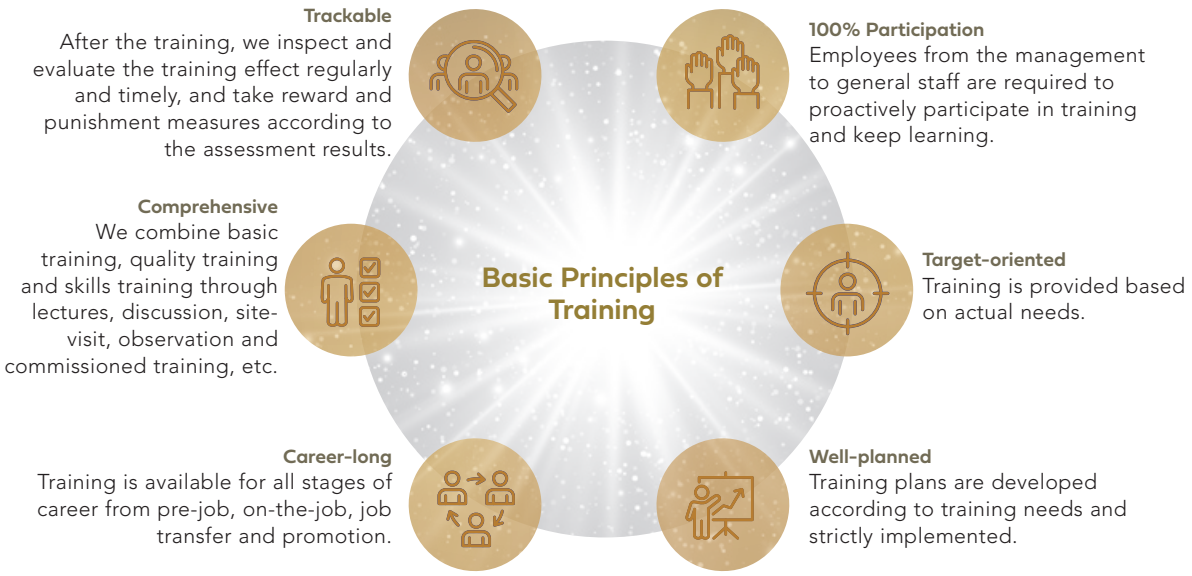
Beijing Li Ning Center Fire Drill

Occupational Health and Safety[28]

Indicator	Data
Number of work-related deaths	
– Number of work-related deaths in 2023 (person)	0
– Number of work-related deaths in 2024 (person)	0
– Number of work-related deaths in 2025 (person)	0
Proportion of work-related deaths	
– Proportion of work-related deaths in 2023 (%)	0
– Proportion of work-related deaths in 2024 (%)	0
– Proportion of work-related deaths in 2025 (%)	0
Loss of working time due to work-related injuries (day)	284

Talent Training and Value Creation

The Group adheres to a "people-oriented" talent philosophy and continues to advance its talent development strategy, increasing resource investment to provide strong support for employees' long-term growth and career development. Centered on the goal of building a high-quality talent workforce, we systematically implement diversified learning and training programmes and continuously improve employee development mechanisms to comprehensively enhance employees' professional capabilities and overall competencies. In planning and implementing employee training programmes, the Group follows the following core principles:



Li Ning Training Principles

[28] The statistical coverage includes the headquarters and retail subsidiaries, and excludes Nanning Li Ning center.

Combining these fundamental talent development principles, the Group adheres to the "721 Rule" for talent development (i.e., 70% learning from experience, 20% learning from others, and 10% formal training). The Group continues to increase investment in talent development to enhance overall team capability and respond to increasingly complex market environments and competitive challenges. Based on employees' different functional roles and development needs, we continue to improve a multi-level, tiered talent development system, providing diversified training resources and learning support to help employees achieve greater potential development. Training participants include management, non-management employees, retail employees, factory employees and management trainees.

- **New employee training:** New employee orientation adopts a blended learning model combining online and offline training, building a systematic and multi-dimensional onboarding development pathway. Training content includes company systems, management requirements and behavioural guidelines from the Staff Handbook. At the same time, separate development plans are designed for store-based and non-store-based employees, closely integrating real work scenarios and business practice to help new employees quickly understand business logic and adapt to role requirements. In 2025, this programme achieved 100% coverage of new employees across the Company.

- **Business capability training:** In terms of business capability development, the Group adopts a dual approach. On one hand, through the "Benchmark Learning" programme, employees visit leading companies in the industry for in-depth benchmarking, learning advanced management models and best practices to broaden their professional perspectives. External design experts are also invited to share design philosophies and creative methodologies, injecting innovative thinking and cross-disciplinary insights into internal teams. On the other hand, focusing on current business challenges, the Group introduces action learning and facilitation techniques and organises specialised workshops to encourage cross-departmental collaboration and co-creation of solutions, promoting simultaneous improvement in professional depth and problem-solving capabilities. The Company has also established a national-level postdoctoral research workstation enterprise sub-station, providing a high-level research platform and development support for employees in relevant professional fields.

- **General core competence training:** Centered on the core competency requirements of Li Ning employees, the Group organises training programmes on topics such as structured proposal presentation, effective reporting and communication. Through flipped classroom learning models combining online and offline formats, structured thinking, presentation skills and project management tools are embedded into real business scenarios to strengthen cross-department communication efficiency, improve proposal capabilities and logical thinking, and promote simultaneous enhancement of professional competence and organisational communication efficiency.

- **Training for management trainees:** The Group iteratively upgraded the 18-month development pathway for management trainees, building a full-cycle development ecosystem that includes cultural integration, training programmes, rotational assignments and mentorship guidance. This system helps management trainees transition their professional mindset, develop a holistic understanding of business operations and deepen their identification with the Company's culture, providing strong support for their rapid growth.

- **Leadership training:** The Group has established a multi-level and multi-format management development system covering newly promoted managers, incumbent managers and senior executives. Training for newly promoted managers focuses on "management transformation", with development plans designed around real management scenarios. Training for incumbent managers emphasises practical experience in solving specific management challenges. Senior leadership programmes focus on innovation, strategy and business development, combining external expertise with internal co-creation to continuously enhance leadership capabilities. At the same time, the Company focuses on the personalised development needs of core business teams by organising targeted team-building activities to strengthen collaboration and team cohesion.

In addition, the Group provides compliance-related knowledge and training to all employees through the WeCom platform. Based on professional requirements, the Company also supports relevant employees in obtaining external professional certifications such as ISO internal auditor certificates and accessing compliance-related learning resources through paid professional learning platforms (such as China Legal Executive Council – Ligou (理購)).

Case: 2025 Retail Management Trainee Conference

The Group regards the cultivation of young talent as a core driver of sustainable corporate development and has established a systematic retail management trainee development system. In September 2025, the Retail Management Trainee Conference was held at the Shanghai Li Ning Center. The event focused on brand culture integration, professional skills strengthening and foundational leadership development, providing comprehensive workplace training for management trainees. Centered around three themes — "Interpreting Value through Professionalism," "Building Connection through Scenarios," and "Expressing Passion through Dedication" – the programme strengthened trainees' foundation in product culture knowledge and sales techniques. Meanwhile, internal senior instructors delivered sharing sessions on cutting-edge topics such as "Decoding Sports Science and Research" and "Exploring Operational Thinking", effectively broadening management trainees' understanding of Li Ning's product portfolio and technological capabilities.

2025 Retail Management Trainee Conference

Case: Climate Change Training to Enhance Awareness of Green and Low-Carbon Development

The Group attaches importance to strengthening climate-related capability building across the organisation and enhancing awareness of green environmental protection and low-carbon development. In 2025, training was conducted for the Board of Directors covering topics such as climate-related regulatory requirements, climate scenario analysis, carbon emissions data management and ESG information disclosure. These sessions aimed to deepen the Board's understanding of climate change and sustainable development. For all employees, the Group conducted two internal knowledge dissemination campaigns focusing on climate change and the "dual carbon" strategy. The content covered topics such as global climate governance, China's "dual carbon" goals and corporate green transformation pathways. These initiatives aim to enhance employees' awareness of sustainable development issues and encourage them to practice low-carbon principles in their daily work

Employee Training

Indicator		Percentage of training (%)	Average training time (hour)[29]
By gender	Male employees	100	14.5
	Female employees	100	18.2
By type	Management employees	100	21.8
	Non-management employees	100	15.1

[29] The statistical coverage includes the headquarters and retail subsidiaries, and excludes Nanning Li Ning center.

IV. WIN-WIN MANAGEMENT

The Group has been committed to optimizing supply chain management and strengthening the construction of a socially responsible supply chain management system by formulating the *Supplier Management Policy,* the *Group's internal restricted substances (RSL) standard – Q/LNB 71001-2021 Li Ning Product Safety Technical Requirements, Management Commitment on Anti-forced Labor, Supplier Corporate Social Responsibility Management Manual of Li Ning Company Limited, Internal Risk Management Procedure for Anti-forced Labor in Supply Chain of Li Ning Company Limited, Productive Supplier Management System of Li Ning Company Limited, Environmental Management Manual of Li Ning Company Limited, Chemical Management Framework of Li Ning Company Limited* and other internal systems and procedures.

In 2025, while remaining committed to the concept of sustainable development, the Group made endeavors to continuously optimize the supplier management system, promote the digitalization of supplier management processes, and exert closed-loop management in key aspects of the introduction, evaluation, optimization and elimination of suppliers. In addition, the Group further improved the management mechanism of suppliers' social responsibility, and strengthened the stewardship of environmental and social risks of suppliers. We actively built a green supply chain and product system, and cemented exchanges and collaboration with industry partners, in an aim to promote the high-quality development of a sustainable supply chain together. As of the end of the reporting period, the Group has a total of 226 suppliers.

Number and Distribution of Suppliers

Indicator	As of 31 December 2025
Number of suppliers in Chinese Mainland	226
Number of suppliers in overseas, Hong Kong, Macao and Taiwan Region	0
Number of primary suppliers[30]	173
Number of secondary suppliers[31]	53

Introduction of Suppliers

During the year, amendments were made to the management system related to standards for supplier introduction by the Group, which added constraints on establishment years of suppliers, strengthened the process of reviewing the introduction. All proposed introduced suppliers need to submit necessary explanatory material. Subject to the approval by the CEO, the process for newly added supplier would be initiated in the system.

During the supplier introduction review stage, the department of demand submits the supplier cooperation application through the supply chain management system, and all relevant departments cooperate to finish the document audit and on-the-spot audit, and upload the audit results to the supplier management system. After that the Supplier Management Department will judge whether the target supplier meets the introduction standards according to the opinions. For those qualified target suppliers, the introduction evaluation results must be approved by the senior management leaders, and ultimately by the CEO to complete the introduction process.

[30] Primary suppliers include finished goods factories, semi-finished goods factories and processing factories. The finished goods factory is the finished goods production factory, the semi-finished goods factory is the production factory of the more independent components that make up the finished goods that can be sold, and the process factory is the processing and handling factory of the materials.

[31] Secondary suppliers are material factories. The material factory is the factory that processes the materials needed to form finished or semifinished products.

To ensure the comprehensiveness and impartiality of the evaluation, we adopts various assessment methods, including document evaluation, on-site visits, staff interviews and management interviews, etc. On the basis of our own standards, we fully refer to national laws and regulations as well as international standards such as GB/T 36000-2015[32], ISO 26000, OECD standards[33], ILO[34] guidelines, SA8000[35], ETI[36] standards, Disney ILS[37], Intertek WCA[38], Sedex[39], SMETA[40], BSCI[41], SLCP[42], RBA[43], IETP[44], WRAP[45], and ICS[46]. The assessment covers not only the supplier's production qualifications, scale, quality management system, and technical capabilities, but also focuses on their institutional development and actual performance regarding social responsibility in areas such as labor, occupational health, fire protection and safety, chemical management and environmental protection. If zero tolerance items such as commercial bribery, child labor, forced labor, and illegal discharge of sewage are found, the introduction will be terminated. In case of other major environmental and social risks, the introduction procedure will be suspended, and restarted after the supplier completes systematic rectification. In 2025, a total of 17 suppliers entered the social compliance audit in the introduction stage. Among them, 14 were audited by Li Ning and 3 by third parties. After first review and second review, and submit of compliance documents where necessary in relation to the employment, fire protection, and environment, all suppliers passed the introduction evaluation with a 100% pass rate.

Supplier Management

The Group continues to optimize its supplier audit and evaluation management system. Through quarterly reviews, annual assessments, special inspections and spot checks, the Group systematically identifies potential environmental and social risks within the supply chain and promotes supplier improvement.

The Supplier Management Department, together with departments including Production, R&D, Development, Supply Chain, Quality and Sustainable Development, conducts quarterly comprehensive performance evaluations. The evaluation scope includes business aspects such as quality, delivery time, and cost, and also covers multiple dimensions such as business ethics, labor employment, working hours, remuneration and benefits, occupational health, energy and environmental performance, chemical management, as well as fire safety and emergency evacuation. The specific evaluation process includes:

- Quarterly self-assessment and submission: In the first month of each quarter, a self-inspection notice is issued to suppliers requiring them to complete the self-inspection by the end of the quarter and submit relevant documentary information with transparency, clarity, relevance, timeliness and traceability.

- Document review and feedback: Conduct rigorous review on information submitted by suppliers, communicate the optimization and improvement requirements for the next quarter to suppliers, so as to promote them to continuously improve their management standard.

- Evaluation consolidation and reporting: The Supplier Management Department summarizes the quarterly assessment results of all relevant functional departments and organizes quarterly assessment meetings. Each department summarizes and reports to the CEO on the quarterly performance of suppliers, problems need to be rectified, improvement targets and specific measures.

In addition, the Group organizes and implements an annual audit every year based on the cooperation situation and the assessment result of the previous year, which covers business ethics, labour and employment practices, working hours, remuneration and benefits, occupational health, environmental management, chemical management, as well as energy and carbon emissions management. We formulate rectification plan for the problems identified during the audit, with dedicated staff tracking to ensure that rectification measures are fully implemented and yield tangible results; For detailed indicators of the quarterly and annual assessments, please refer to the Group's Investor Relations website (https://ir.lining.com/en/csr/csr.php) for the *Supplier Corporate Social Responsibility Management Manual*, *Environmental Management Manual*, and *Chemical Management Framework*.

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32 GB/T 36000-2015: *The Social Responsibility Guidelines*, promulgated by the State Standardization Administration Committee and the General Administration of Quality Supervision, Inspection and Quarantine.
33 OECD Guidelines: OECD Guidelines for the Testing of Chemicals.
34 ILO: International Labor organization.
35 SA8000: Social Accountability 8000.
36 ETI: Ethical Trading Initiative.
37 Disney ILS: Disney International Labor Standards.
38 WCA: Workplace Conditions Assessment.
39 Sedex: Supplier Ethical Data Exchange.
40 SMETA: Sedex Members Ethical Trade Audit.
41 BSCI: Business Social Compliance Initiative.
42 SLCP: Social & Labor Convergence Program.
43 RBA: Responsible Business Alliance.
44 IETP: ICTI Ethical Toy Program.
45 WRAP: Worldwide Responsible Accredited Production.
46 ICS: Initiative for Compliance and Sustainability.

Social compliance audit

In 2025, the Group conducted social responsibility audits for a total of 173 factories, covering all finished goods, semi-finished goods and processing factories through third-party audits, achieving 100% coverage. Audit standards referenced BSCI, SMETA, SLCP, WCA, WRAP, ICS and SA8000 and applied the Li Ning Group internal scoring system. Results are classified as Green Card, Blue Card, Yellow Card and Red Card ratings, with Red Card indicating a failing grade[47]. Suppliers with different ratings receive targeted management measures. Unannounced audits may be conducted for Green or Blue suppliers. Red-rated suppliers must complete rectification within a specified time limit, and repeated Red ratings will trigger the supplier exit procedure. Suppliers with serious non-compliance issues must complete rectification within three months. By mid-2025, based on the assessment results, three suppliers were assigned Yellow Card ratings. Issues included missing PPE use, missing evacuation signage and insufficient machine needle guards. No zero-tolerance violations were identified. Following rectification, a total of 173 suppliers were rated Green or Blue, with no suppliers rated Yellow or Red. In addition, three unannounced on-site audits were conducted during the year.

During the audit process, we have clearly defined zero tolerance items including false records and documents, commercial bribery, employment of child labor, forced labor and inhumane treatment, remuneration below the legal minimum wage standard, and occupational health and safety. For suppliers that engage in any one of the zero-tolerance behavior, we reserve the right to terminate the relationship.

Environmental audit

In 2025, a third-party auditing body entrusted by the Group conducted quarterly desktop audit and evaluation of environmental compliance for 66 semi-finished products factories, process factories and material factories whose orders accounted for more than 1%, and conducted on-site environmental audits for 25 of them. The environmental audit focused on core dimensions such as environmental permits, environmental management, water resource usage and management, pollutant discharge and control, chemical management, environmental emergency management and energy management for assessment. In light of the results of the 2025 on-site environmental audits, the two key areas of solid waste management and chemical management were more challenging across all assessment dimensions, as were wastewater management and energy management. Through the combined efforts of on-site environmental audits and quarterly assessments, we continue to provide training and technical capability output to suppliers, so as to help them improve their problem-solving capabilities. Ultimately, all suppliers participating in quarterly environmental assessments receive a Green or Blue card rating.

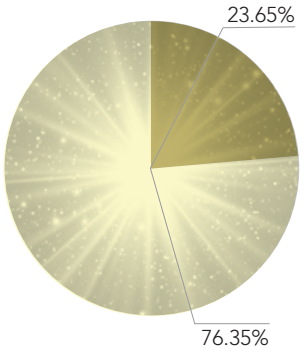
[47] Site audit rating requirements: Green: score >= 85, Blue: 85 > score >= 70, Yellow: 70 > score >= 60, Red: score < 60

Supply chain carbon emission management

Since 2020, the Group has implemented a carbon inventory initiative for core suppliers with third-party institutions, reviewing energy consumption and carbon emissions data over the past three years for about 60 factories. This work established a foundation for Scope 3 carbon emissions disclosure, supplier carbon reduction programs and product carbon footprint reduction initiatives. Starting in 2024, we conducted energy assessment projects targeting footwear and apparel suppliers with higher carbon emissions, based on our supplier carbon inventory projects from the previous three years. By 2025, a total of 20 suppliers had participated. In 2025, we collected carbon emissions data from factories producing finished and semi-finished footwear and apparel products, as well as process facilities, which accounted for over 97% of our orders. The carbon emissions from the 20 participating factories represented approximately 51% of total emissions. The project was designed to assist suppliers in identifying energy categories, gathering and verifying energy usage data, evaluating the effectiveness of their energy management systems and energy use efficiency, guiding suppliers to accurately collect energy usage data, conducting energy statistics and analysis, and thereby improving their energy management capabilities. Meanwhile, a carbon management tool has been developed to assist suppliers in establishing their own emission reduction targets and defining pathways in accordance with international standards and requirements. Currently, each supplier has established specific emission reduction goals and pathways, with detailed measures including increasing solar photovoltaics, replacing older motor equipment, and improving boiler efficiency. Taking 2022 as the baseline year, suppliers set at least 20% carbon reduction targets by 2030. Additionally, for the 10 factories participating in the project in 2024, 19 additional energy-saving measures were implemented in 2025, saving 2,438,226 kWh electricity and 7,800 tons steam, reducing emissions by 3,700 tons. Furthermore, the total amount of self-consumed solar power was 15,868,625 kWh, accounting for 19.41% of total electricity consumption.

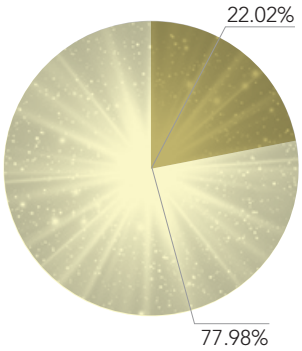
In 2025, we further expanded the scope of suppliers carbon emission data collection through the ESG information system, covering finished products, semi-finished products and process factories that account for more than 97% of orders, including both apparel and footwear levels. According to the results thereof, the carbon emissions from finished products, semi-finished products and processing factories in 2025 amounted to approximately 341,542 tons, of which 23.65% of the carbon emissions originated from Scope 1 and 76.35% derived from Scope 2. For detailed distribution of carbon emissions, please refer to the chart below. Compared to 2024, the proportion of Scope 2 emissions increased significantly, primarily due to efforts to electrify suppliers and phase out boilers, while the overall change in emissions was driven by an expansion of the scope of the inventory and an increase in production.

2025 Total Carbon Emissions from Li Ning Footwear and Apparel Suppliers



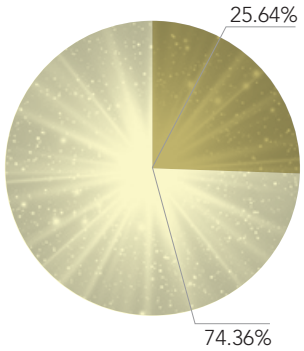
Scope 1 Direct emissions
Scope 2 Indirect emissions

2025 Total Carbon Emissions from Li Ning Apparel Suppliers



Scope 1 Direct emissions
Scope 2 Indirect emissions

2025 Total Carbon Emissions from Li Ning Footwear Suppliers



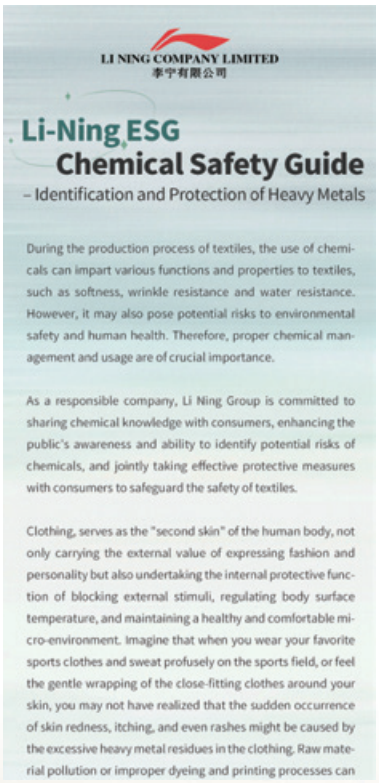
Scope 1 Direct emissions
Scope 2 Indirect emissions

Supplier chemical management

The Group continues to improve the chemical use management in the supply chain by developing the brand's own restricted substances list and engaging in international cooperation. Based on the domestic and international attention to high-risk chemicals and relevant laws and regulations, we prepared the *Technical Requirements for Health and Safety of Clothing, Shoes and Accessories* in 2012, which specifies the requirements for restricted chemical substances. After ongoing updating and improvement, *Q/LNB 71001-2021 Li Ning Product Safety Technical Requirements*, a brand restricted substances (RSL) standard, was developed in 2021, including 25 categories of restricted substances and their testing specifications. All suppliers are required to sign declarations of compliance with this standard. In the production process, suppliers are required to monitor the compliance of the use of chemicals in the whole process. Meanwhile, we also conduct random testing on a regular basis to ensure the compliance of restricted substances. The Group actively promotes chemical safety awareness and has established a 24/7 professional support channel. As outlined in the *Environmental Management Manual*, consumers can make inquiries regarding product safety, chemical content, and other related matters through multiple channels, including a dedicated hotline (400-610-0011), online customer service, and retail stores, where professional responses are provided. In 2025, we mainly provided consumers with effective answers to inquiries regarding the chemical components of products and their impact on health and comfort.

Case: Popularizing chemical safety knowledge

As a responsible enterprise, the Group has always strictly managed the handling and use of chemicals, placing great emphasis on chemical safety management and effectively safeguarding consumer health. We are also actively committed to raising public awareness of chemical safety: in 2025, Li Ning Group continued its public education efforts by publishing the *Li Ning ESG Chemical Safety Guide – Identification and Protection of Heavy Metals* on the Group's investor website, focusing on the risks of heavy metal residues in the textile manufacturing process. The article points out that harmful heavy metals may enter products through stages such as raw materials, synthesis processes, and dyeing and finishing, and that long-term exposure can harm human health and impact the ecological environment. To this end, the Group actively fulfills its corporate responsibility by establishing strict safety standards, publishing and implementing the Chemical Management Framework, achieving supply chain control, and promoting eco-friendly materials and safety consumption guidelines to support the industry's green transition. The article was simultaneously published in Research in Textile Science, Issue 6, 2025.



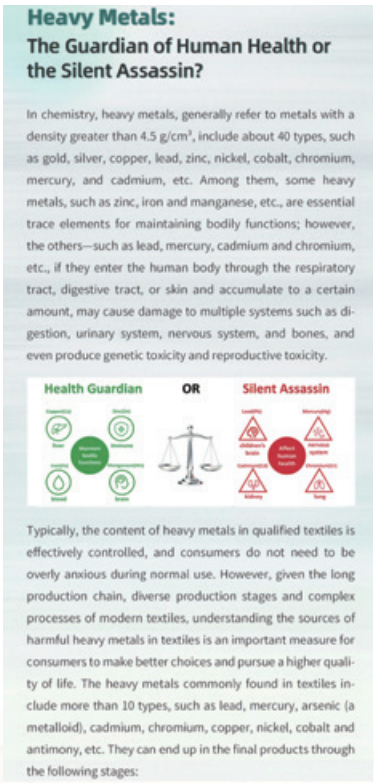
LI NING COMPANY LIMITED
李宁有限公司

Li-Ning ESG
Chemical Safety Guide
– Identification and Protection of Heavy Metals

During the production process of textiles, the use of chemicals can impart various functions and properties to textiles, such as softness, wrinkle resistance and water resistance. However, it may also pose potential risks to environmental safety and human health. Therefore, proper chemical management and usage are of crucial importance.

As a responsible company, Li Ning Group is committed to sharing chemical knowledge with consumers, enhancing the public's awareness and ability to identify potential risks of chemicals, and jointly taking effective protective measures with consumers to safeguard the safety of textiles.

Clothing, serves as the "second skin" of the human body, not only carrying the external value of expressing fashion and personality but also undertaking the internal protective function of blocking external stimuli, regulating body surface temperature, and maintaining a healthy and comfortable micro-environment. Imagine that when you wear your favorite sports clothes and sweat profusely on the sports field, or feel the gentle wrapping of the close-fitting clothes around your skin, you may not have realized that the sudden occurrence of skin redness, itching, and even rashes might be caused by the excessive heavy metal residues in the clothing. Raw material pollution or improper dyeing and printing processes can



Heavy Metals:
The Guardian of Human Health or the Silent Assassin?

In chemistry, heavy metals, generally refer to metals with a density greater than 4.5 g/cm³, include about 40 types, such as gold, silver, copper, lead, zinc, nickel, cobalt, chromium, mercury, and cadmium, etc. Among them, some heavy metals, such as zinc, iron and manganese, etc., are essential trace elements for maintaining bodily functions; however, the others—such as lead, mercury, cadmium and chromium, etc., if they enter the human body through the respiratory tract, digestive tract, or skin and accumulate to a certain amount, may cause damage to multiple systems such as digestion, urinary system, nervous system, and bones, and even produce genetic toxicity and reproductive toxicity.

Typically, the content of heavy metals in qualified textiles is effectively controlled, and consumers do not need to be overly anxious during normal use. However, given the long production chain, diverse production stages and complex processes of modern textiles, understanding the sources of harmful heavy metals in textiles is an important measure for consumers to make better choices and pursue a higher quality of life. The heavy metals commonly found in textiles include more than 10 types, such as lead, mercury, arsenic (a metalloid), cadmium, chromium, copper, nickel, cobalt and antimony, etc. They can end up in the final products through the following stages:

Li Ning ESG Chemical Safety Guide – Identification and Protection of Heavy Metals

As one of the founding brands of the "Zero Discharge of Hazardous Chemicals (ZDHC) Foundation", the Group continues to monitor industry developments and actively promotes the elimination of hazardous chemical discharges.

In 2025, the Group continued to collaborate with professional third-party testing institutions to implement on-site chemical assessment programmes. Based on the Chemical Management Framework of Li Ning Company Limited, eight key suppliers were selected for systematic evaluation of their chemical management across the entire "input–process–output" cycle, focusing on key challenges identified in assessments conducted over the past three years. Targeted guidance and capacity-building activities were also carried out.

Through site visits, specialised training and experience-sharing activities, the suppliers participating in the assessment significantly improved their chemical management capabilities. Specifically, two suppliers improved from "Good" to "Leader", one supplier improved from "Qualified" to "Good" and one supplier improved from "Unqualified" to "Qualified".

In addition to enhancing supplier chemical management capabilities through the evaluation programme, the Group also focuses on improving the environmental sustainability of chemicals used throughout the production process. Efforts include promoting chemical phase-out and green alternatives to reduce environmental impact and safety risks at the source, thereby strengthening the foundation of a green supply chain. In 2025, 100% of adhesives used in footwear production obtained bluesign®, OEKO-TEX STANDARD 100 or ZDHC certification. More than 80% of materials used in apparel products obtained OEKO-TEX STANDARD 100 certification. Through recognised third-party certification systems, the Group strictly manages chemical substance emissions across the entire apparel and footwear value chain, reinforcing safety and environmental protection in manufacturing while fulfilling its commitment to sustainable development.

In the field of leather materials, in 2025, the major leather suppliers participated in the "ZDHC Supplier to Zero Programme" and obtained Fundamental Level certification, with synthetic leather products accounting for more than 90% of supply. The Group's commitment to responsible leather sourcing and related indicators have been disclosed in public documents. According to the *Environmental Management Manual*, we require that all leather suppliers obtain LWG certification. In 2025, 100% of our genuine leather suppliers obtained LWG Gold certification, with raw leather originating from the United States, South America and Australia.

In 2025, the Group also promoted supplier participation in ZDHC wastewater discharge testing. ZDHC wastewater discharge testing covers major apparel material suppliers accounting for more than 95% of orders. MRSL compliance reached 75%. Meanwhile, for leather suppliers representing over 93% of order volume, and shoe mesh suppliers representing over 50% of order volume, we also carried out wastewater testing, with 100% compliance in testing results.

In 2025, the Group also integrated sustainable development evaluation into overall supplier assessments. More than 50 factories carried out additional green development initiatives in 2025. For example, 3 factories obtained ISO 50001 certification, 20 factories achieved a 10% reduction in carbon emissions compared with the 2020 baseline and 20 factories achieved a 10% reduction in water consumption. In addition, in the *Supplier Corporate Social Responsibility Management Manual of Li Ning Company Limited*, we encourage suppliers to obtain certifications related to organic cotton, such as GOTS (Global Organic Textile Standard)/OCS (Organic Content Standard) certification. In 2025, 8 suppliers obtained organic cotton GOTS/OCS certification.

In terms of animal welfare protection, all down suppliers cooperated with by the Group have obtained Responsible Down Standard (RDS) certification, ensuring that down and feathers are sourced from animals that have not been subjected to unnecessary harm. In 2025, the relevant subsidiaries of the Group also passed the RDS certification, formally obtaining the RDS certificate and establishing a systematic responsible down management system covering both its supply chain and internal operations.

➢ Supplier capacity building

In 2025, the Group continued to strengthen supplier capability building through various training and exchange activities to enhance suppliers' comprehensive capacity in sustainable development management.

- In November 2025, the Group invited TÜV Rheinland to organise two online training sessions with the themes "Fair Employment and Compliance Management" and "Factory Carbon Emissions Management." This initiative represents another important step by Li Ning to continuously empower supply chain partners and build a responsible supply chain ecosystem. The sessions attracted nearly 300 supply chain partners, with over 500 times of participants in total. The training lasted 4 hours and aimed to further explain the meaning of labor-related international conventions and potential risks, strengthen supplier awareness and management capabilities in fair employment, preventing forced labor and compliant operations, while also responding to China's "3060" carbon neutrality strategy, accelerating green transformation and jointly addressing global climate challenges.

- In June 2025, TÜV Rheinland organised two additional online supplier social responsibility training sessions focusing on "Factory Employment Compliance" and "Best Practices in Labour Compliance Management." The sessions attracted over 600 times of participation from more than 300 supplier companies. The training lasted 4 hours and mainly included explaining the specific indicators of the International Labour Organization (ILO) conventions related to forced labor, as well as sharing practical cases on prohibiting child labor, protecting underage workers, anti-forced labor, preventing discrimination and harassment, protecting women's rights, and managing working hours, wages, and benefits, aiming to help suppliers better understand the latest corporate social responsibility practices, industry standards and compliance requirements, while strengthening supply chain collaboration to build a fair, transparent and responsible business ecosystem.

- In March 2025, the Group held the Supplier Conference titled "Renew Quality, Build Glory Together". During the conference, the Group and suppliers reviewed the findings in social responsibility audits, environmental audits, chemical management, and carbon emission management, and put forward related requirements and expectations to the suppliers. This initiative covers finished and semi-finished products such as shoes, clothing, accessories, and equipment, as well as factories specializing in manufacturing processes and materials, such as mesh fabric, leather, and sole materials.

Supplier Disqualification

The Group evaluates all accepted suppliers on a quarterly basis. Suppliers who fall below the minimum standard and touch the red line in two of the four consecutive quarters of comprehensive evaluation, have major quality incidents, environmental incidents, social responsibility incidents, breach of integrity and anti-corruption related clauses, are disqualified in accordance with established procedures. During the year, the Group has refined the conditions on supplier disqualification, and specified the disqualification events and red line for incident to ensure a more fair and transparent implementation of the supplier removal policy.

Building a Green Supply Chain

The Group strictly regulates the environmental management requirements of suppliers in the introduction and auditing process.

- In the introduction process, we audit relevant documents of construction projects of suppliers, such as environmental impact assessment (EIA) files, EIA approval, environmental completion and acceptance report, wastewater/air emission monitoring report, and pollutant discharge permit, etc., and make illegal discharge of sewage and hazardous wastes as zero tolerance items in the audit;

- In the quarterly audit, we require suppliers to provide their main energy consumption data and greenhouse gas emission data, energy consumption assessment system or energy-saving action plan and measures;

- In the annual audit, besides review of environmental qualifications and compliance, we further focus on evaluating suppliers' waste management, energy-saving measures, application of new energy-saving technologies and the implementation of carbon emission reduction.

In 2025, we made active efforts to expand the application scope of environmentally friendly materials, promote the development of diversified environmentally friendly products, and continuously promoted the carbon footprint measurement of raw materials and products, to provide support in advancing the consistent and steady development of the green supply chain.

Product carbon footprint measurement

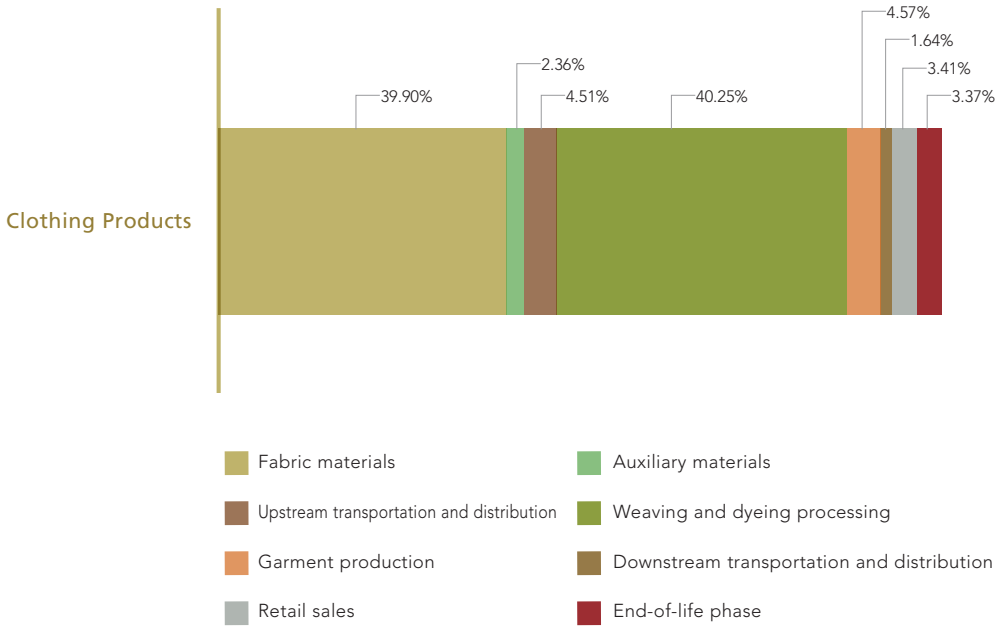
The Group remains committed to reducing the carbon footprint of its products and developing green, low-carbon products throughout their entire lifecycle. In 2025, we further expanded the application of green, low-carbon materials in our products and conducted carbon emission inventories in raw material manufacturing and processing, including the raw material manufacturing and production stages of GCR (lightweight Non-Slip Rubber Technology), GCU (Ground Control System Outsole Technology), and the Boom and Super Boom technologies. According to the results of these inventories, compared to traditional rubber outsoles and EVA (ethylene-vinyl acetate copolymer) foam midsoles, the use of GCR in 2025 resulted in carbon reductions of approximately 1,658.52 tons, while the use of GCU resulted in reductions of approximately 379.15 tons. Furthermore, the introduction of electric heating boilers, the use of green electricity, and the expansion of carbon dioxide recovery of the Boom and Super Boom technology achieved a total carbon reduction of approximately 30,236.17 tons.

Since 2023, Li Ning Company has annually selected iconic products for carbon footprint certification. We collaborate with professional third-party certification bodies, adopting the ISO 14067 standard and credible databases, based on the European Product Environmental Footprint Categories (PEFCR), and conducting extensive on-site testing. This process covers Scope 1, 2, and 3 carbon emissions across the product's entire life cycle (raw materials, production of primary materials and finished goods, transportation, packaging, use, and end-of-life disposal). Over the past three years, we have completed carbon footprint certifications for a total of 15 products. These results provide invaluable guidance for our product design and development, as well as our overall energy conservation and carbon reduction management efforts. In 2025, we completed carbon footprint certifications for 10 products.

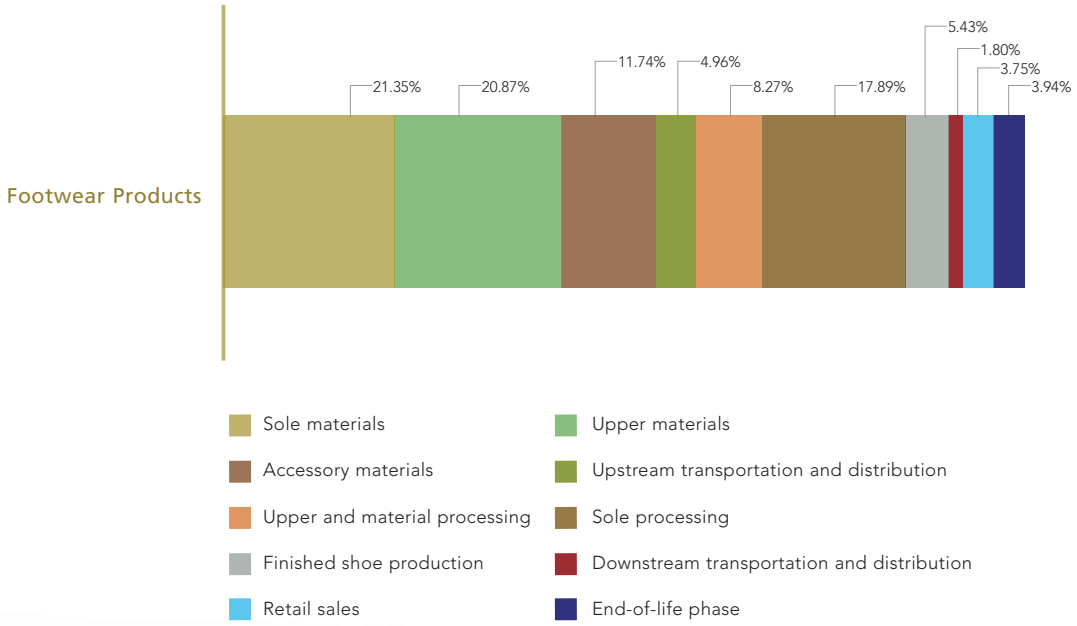
Product	Total Weight incl. Packaging (g)	Carbon Footprint (kg CO_2-e)	Unit
CBA Competition Uniform Set	513.55	6.715	Set
Pullover Hoodie	523.2	9.501	Piece
Protective Shell Jacket	451.47	6.498	Piece
Knitted Sports Pants	767.67	9.69	Piece
Badminton Competition Top	217	4.227	Piece
Feidian 6 CHALLENGER（飛電6 CHALLENGER） Running Shoes	793.23	10.017	Pair
Red Hare 9 PRO（赤兔9 PRO）Running Shoes	875.36	7.352	Pair
Yueying 5 PRO（越影5 PRO）Running Shoes	916.52	9.581	Pair
Super Light 22（超輕22）Running Shoes	761.2	6.498	Pair
Red Hare 8 PRO（赤兔8 PRO）Running Shoes (Fully Degradable Version)	765.5	4.8	Pair

In addition to obtaining carbon footprint certification for our signature products, we are actively promoting carbon inventory and accounting for the entire lifecycle of our core products. We utilize internationally recognized material carbon emissions databases and combine them with on-site audits of suppliers to calculate and account for lifecycle carbon emissions across all stages, including "raw material manufacturing, production and processing, upstream and downstream transportation and distribution, and end-of-life disposal." In 2025, the specific life-cycle carbon emissions for our two main product categories—apparel and footwear—were as follows:

2025 Percentage of Carbon Emissions in the Lifecycle of Clothing Products



2025 Percentage of Carbon Emissions in the Lifecycle of Footwear Products



Diversified environmental-friendly products

The Group is dedicated to the research and development and production of environmentally-friendly products, and proactively exploring and applying advanced environmental-friendly technologies and materials. The Group makes active response to the "carbon peak and carbon neutrality" goals with practical actions, to firmly advance the implementation of the green and low-carbon development strategy. In 2025, the Group's order volume of environmental-friendly products accounted for 24.65%, of which 20.96% was footwear and 26.85% was apparel and accessories.

Footwear products

The Group continues to promote and apply environmentally friendly materials in footwear products, expands the application of Boom Fiber (靈絲), Boom and Super Boom, GCR and GCU, to enrich the product range and realize low-carbon and green development. In 2025, the use of Boom Fiber, Boom and Super Boom technology, and GCR/GCU in running and basketball shoes accounted for 51.19%, 75.33%, and 52.57%, respectively.

Boom Fiber	• Boom Fiber is a new type of thermoplastic elastomer, and through advanced spinning technology, it can be made into lightweight "Boom Fiber", which has better flexibility, elasticity and durability than ordinary fibers, and is very comfortable to the touch. By combining "Boom Fiber" with advanced knitting technology, we can obtain a lightweight, breathable and comfortable shoes upper, which is not easy to deform and has a longer service life. • We continue to utilize "Extreme Boom Fiber" (極限靈絲). Its strength has been improved by 700% and durability is increased by 240% by adding special fibers to Boom Fiber, and further integrating the characteristics of "cut resistance, high strength and ultra-durability" on the basis of "lightness, breathability and toughness", which can provide athletes with more exceptional performance in complex sports scenarios.

Boom and Super Boom Technology	• The self-developed midsole material adopts a supercritical foaming process, using carbon dioxide and nitrogen as foaming agents to ensure that all raw materials are recyclable thermoplastic elastomers. • Compared with traditional materials, it significantly improves the resilience and durability of the shoe material while reducing its weight. • It avoids the use of chemical foaming agents, effectively reduces VOC emissions, and realizes zero discharge of industrial wastewater. • The application of carbon core and poly core shortens the processing of midsole assembly and reduces the consumption of glue and treatment agent. • Super Boom: Li Ning's Super Boom technology has been further upgraded in terms of lightweight and appearance. With innovative techniques on production and preparation, the weight of the midsole is further significantly reduced, while the froth cell is more delicate and uniform, and the appearance texture is smoother and more refined. • Super Boom Capsules: Featuring superior properties such as high resilience, rapid rebound, and exceptional durability, these capsules enhance the stability and comfort of the midsole while providing an upgraded level of softness and responsiveness.
GCR	• It is a transparent outsole rubber material for injection molding with low density and high abrasion resistance. It features stable process, high production efficiency, and excellent appearance quality. • Its low density makes the sole lighter than traditional materials, providing consumers with a better comfort experience while realizing green environment.
GCU	• The cast polyurethane outsole material for soles of sports shoes and athletic shoes is equipped with excellent abrasion resistance, anti-slip performance, low temperature resistance and aging resistance. It also features extensive applicability and can enhance the wearer's sports experience. • It does not contain harmful elements, and has no organic VOC emission.

Case: "Red Hare 9 PRO" (赤兔9 PRO) - Innovative technology, low-carbon running

In terms of materials, the upper of "Red Hare 9 PRO" adopts bio-based Boom Fiber, while the midsole incorporates LI-NING BOOM supercritical foaming materials, accounting for 60.55% of the total weight of the sole, further enhancing breathability and wrapping. In terms of performance, the sole features the GCR ground control system with its high strength, good abrasion resistance and flexural resistance to create outstanding ground control performance. In terms of process, more than 80% water-based glue and NO-SEW seamless process are applied, which guarantees users' health and safety while reducing environmental impacts. Leveraging its eco-friendly materials, superior performance and advanced process, the "Red Hare 9 PRO" effectively achieves an organic integration of product performance enhancement and environmental sustainability.

LI-NING "Red Hare 9 PRO" running shoes

Case: "Feidian 6 CHALLENGER" (飛電6 CHALLENGER) Running Shoes – Cross-border integration, leading the new trend in environmental protection

The product design of the "Feidian 6 CHALLENGER" running shoes integrates multiple innovative materials and processes, comprehensively optimizing product performance while enhancing its environmental attributes. The upper adopts Li Ning' s original Boom Fiber Technology, of which Boom Fiber bio-based material accounts for 10%, thereby improving the breathability and wrapping performance of the upper. The sole system incorporates the GCR ground control system, new cast polyurethane material, and Li Ning' s BOOM supercritical foaming material. Among these, the Boom supercritical foaming midsole material accounts for 55.84% of the total weight of the sole, and its lightweight and energy recovery performance are superior to that of traditional EVA materials. In terms of manufacturing process, the "Feidian 6 CHALLENGER" uses more than 80% water-based glue, ensuring environmental-friendly production and users' health and safety. This innovative product not only reduces pollution to the environment, but also further elevates its eco-value through non-toxic, easy-to-clean product characteristics.

LI-NING "Feidian 6 CHALLENGER" running shoes

Apparel

In terms of eco-friendly apparel, we use a large amount of sustainable cellulose fibers and recycled polyester yarns. In 2025, a total of approximately 4,715 tons of recycled polyester yarns were used, accounting for 29.7% of the total polyester yarns used, with a carbon reduction of 5,318.2 tons as compared to using virgin polyester. Meanwhile, 813 tons of cellulose fibers were used, with a carbon reduction of 3,461.83 tons as compared to using traditional material. The recycled polyester yarns have been certified by the Global Recycling Standard (GRS).

Case: Environmental protection professional uniform production

Li Ning continued its partnership with the China Men's Basketball Association (CBA) in the 2025-2026 season, steadfastly integrating environmental protection concepts into professional sports. By using recycled plastic bottles to produce uniforms with recycled yarn, more than 9,300 uniforms will be produced for the entire season, with about 26 plastic bottles recycled for each set of uniforms. A total of 243,464 plastic bottles will be recycled.

In addition, we continued to use recycled yarns in other professional apparel, including professional apparel for domestic and international teams and players such as the China Table Tennis Team, the China Junior Badminton Team, the Indonesian National Badminton Team and the Singapore National Badminton Team. In 2025, with the use of recycled yarn, 372,146 plastic bottles were recycled for table tennis professional apparel, and 600,394 plastic bottles were recycled for badminton professional apparel.

China Men's Basketball Association (CBA) 2025-2026 season uniforms

China Table Tennis Team Uniforms

Badminton Youth Team Competition Uniform

Case: Medalists' Outfit designed for the Chinese Sports Delegation at the Olympic Winter Games Milano Cortina 2026

In October 2025, the Group, in collaboration with the Chinese Olympic Committee, unveiled the medalists' outfits for the Chinese sports delegation at the Olympic Winter Games Milano Cortina 2026, integrating sustainability concepts into product design and production. Each outdoor award ceremony outfit incorporates approximately 45% recycled nylon and recycled polyester. The recycled nylon is derived from the recycling and reuse of industrial waste silk, while the recycled polyester yarn is made from recycled waste plastic bottles. The production of outdoor award ceremony outfits recycled over 800 kg of industrial textile waste yarn and more than 4,200 waste plastic bottles.

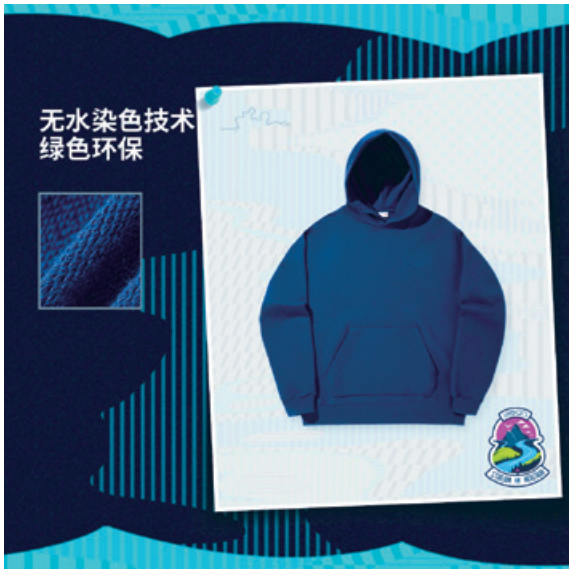
Outdoor Award Ceremony Outfit for the Chinese Sports Delegation at the Olympic Winter Games Milano Cortina 2026

Case: Recycling leftover materials to produce recycled yarn

The Group makes use of leftover materials of apparel product, establishes a circulation process from recycling leftover materials of apparel products to producing recycled yarns, thereby developing a commercial operation model from leftover materials to recycled yarns. In 2025, we continued the project for polyester leftover materials, whereby the leftover materials are sorted, baled, stored, transported, and recycled yarns are produced in accordance with the requirements through partner factories, and 12 tons of recycled yarn were produced.

Case: Application of Water-Free Dyeing Technology

The Group applies water-free dyeing technology on certain apparel, utilizing recyclable non-aqueous composite medium to replace water in the dyeing process with reactive dyes. Compared to traditional dyeing process, this technology achieves a 95% reduction in water consumption, a 100% reduction in salt consumption, and nearly zero wastewater discharge through a water circulation system. On average, each garment produced saves approximately 40 liters of water, substantially lowering the product's environmental footprint.



Water-free dyeing technology apparel

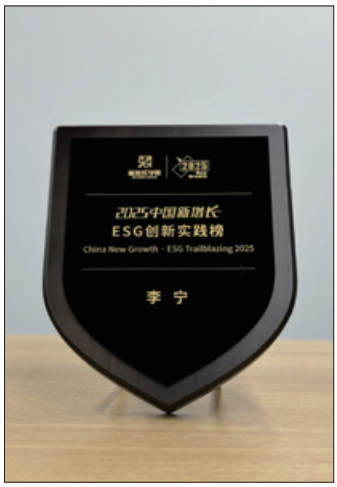
Enhance External Exchanges and Cooperation and Promote Green Consumption

The Group actively participates in industry sustainability exchange activities to gain an in-depth understanding of sustainability trends and hotspot issues and continuously optimize our sustainable development management capabilities and practices. The Group fulfills corporate social responsibilities to promote green and low-carbon development through practical actions and contributes to building a sustainable future. During the year, we have received multiple honors and recognitions related to sustainability management, including: "Outstanding ESG Communication Award" by the Economic Observer, "Annual Environmentally Friendly Pioneer Enterprise" by the Southern Metropolis Daily, "Best ESG Company Award" by Zhitong Financial, "Vitality ESG Environmentally Friendly Case" by the 21st Century Economic Research Institute, "2025 Huaxia ESG Practice Quality Selection Case" by the China Times, inclusion in Harvard Business Review's "China New Growth · ESG Trailblazing 2025", recognition of the "Best ESG" title in the Extel Asia's Best Management Team selection, and the Influential Sports Social Responsibility Award in the 2025 Forbes China Sports Influence Selection, etc.

Outstanding ESG Communication Award

Annual Environmentally Friendly Pioneer Enterprise

Best ESG Company Award



China New Growth · ESG Trailblazing 2025

Influential Sports Social Responsibility Award

Case: Exchanges and Interviews on Sustainable Development Management Practices

In June 2025, the Group participated in interview series of "Executive Talks on Trade in Services "at the China International Fair for Trade in Services (CIFTIS). A total of 15 media conducted 20 interviews with the Company, during which Mr. Song Chun Tao, vice president of the Group, and the relevant departments provided in-depth introductions to the media on the Group's overall development, as well as our sustainability philosophy, vision, and practical achievements. In addition, Mr. Song Chun Tao was exclusively interviewed by Xinhua Net, clearly stating that ESG is regarded as the core of the Group's long-term strategic approach. He elaborated on the three dimensions of practicing sustainable development—guidance by superior governance, empowerment through product technology, and full implementation across the operational chain"—and affirmed that the Group will continue to accumulate experience on the path of sustainable development, thereby achieving the integration of commercial value and social value.

Case: Participation in the "Climate Innovation · Fashion Conference" and Industry Standard Development

In June 2025, the Group participated in the fourth "Climate Innovation and Fashion Summit" hosted by the China National Textile and Apparel Council and was awarded the "Navigator 2024" on the Climate Leadership Ladder. With the theme "Li Ning Company Advancing Climate Transition Along the Supply Chain", we comprehensively presented the Group's sustainable practices from product design to supply chain.

We also actively participated in the drafting of the "White Paper on Digital Product Passport (DPP) for the Chinese Textile Industry" and relevant practical support. The Li Ning knitted crew-neck short-sleeve T-shirt became the first real-world data case for a textile product digital passport in China.

Case: "Look Further Run Further, Create a Better World" Earth Day Special Campaign

In response to the World Earth Day, the Group organized a series of "Look Further Run Further, Create a Better World" themed activities to raise public awareness of environmental protection and advocate green lifestyle.

We featured the "LI-NING Natural Space" pop-up event, forming four major sections—"Derived from Nature", "Naturally Dyed", "Naturally Renewed", and "Returning to Nature"—to systematically showcase the Group's innovative practices in bio-based materials, water-free dyeing technology, waste recycling and reuse, and fully degradable technology to the public. In addition, Earth Day themed installations as well as workshop and interactive experience zones were set up to encourage consumers to jointly practice the sustainable concept of "Look Further Run Further".

During the event, Mr. Song Chun Tao, vice president of our Group, also told the media that sustainable development was precisely a reflection of a company's competitive advantage. The concept of environmental protection not only related to the social responsibility of the brand but was also an important component in shaping the long-term value of the brand.

At the same time, the Group launched the "Naturally Renewing Old Items" shoes and apparel recycling program, providing convenient channels for recycling through online platforms and offline stores. Incentives such as points vouchers were offered to encourage active participation from consumers, while partnering with professional platforms to ensure standardized and transparent recycling and disposal processes. As of the end of 2025, a cumulative total of over 2,700 kg of clothing had been recycled, achieving approximately 33 tons of carbon emission reductions.

By combining public education with recycling practices, the Group effectively extends the concept of sustainable development from the product end to the consumption stage. This initiative not only enhances public awareness of environmental technologies but also engages consumers in resource circularity, serving as further evidence of the Group's efforts to guide green consumption and fulfill its social responsibility.

Case: Participation in the ZDHC Solutions Conference

In 2025, the Group participated in the ZDHC East Asia Conference, which themed with "Responsibility and Value – The Path to Sustainable Impact", brought together brands, manufacturers, technical service providers, and policymakers from across the industrial chain. The conference facilitated in-depth discussions on cutting-edge advancements in the pathway to zero chemical discharge and practical implementations of the "Zero Discharge from Suppliers" project. The event once again underscored that: "a transparent, traceable, and compliant supply chain serves as a critical pillar for the industry's journey toward sustainable development". Li Ning actively monitors and engages in leading industry practices, continuously promoting the deep integration and innovative exploration of sustainability within the fashion sector. While steadily enhancing its own sustainable development management system, the Group is committed to collaborating with industry partners to jointly build a sustainable future for the fashion industry.

V. PRODUCT LIABILITY MANAGEMENT

The Group strictly abides by relevant laws and regulations such as the *Product Quality Law of the People's Republic of China* and the *Law of the People's Republic of China on Protection of Consumer Rights and Interests*. To ensure the legitimate rights and interests of consumers are fully protected, we constantly enhance product quality control and customer service capability; optimize customer communication mechanism; protect the security of customers' information; regulate the management of advertising and trademark; strengthen the protection of intellectual property rights and brand protection; and actively initiate responsible publicity.

Product Quality Control

According to the national GB/T 19001-2016 Quality Management System, ISO 9001 Quality Management system requirements and technical specifications for shoes, clothing and accessories, and referring to relevant industry standards, the Group systematically sorted out the control process requirements for each node, and revised the *Li Ning Shoes Product Physical Properties Standard Manual, the General Technical Specifications for Footwear Functionality, the Common Woven Fabrics, the Common Knitted Fabrics, the Sportswear and Fashion Apparel, the Technical Requirements for Functional Textiles, the Badminton Rackets* and other internal standards, thereby further improving the product quality control system and strengthening quality management for various types of products of the Company.

The Group strictly implements quality supervision throughout the entire process of production, continuously conducting quality management and control at the stages of product research and development, production, and launch to ensure reliable product quality.

Stage	Management Content
Product Research and Development	• **Set up a risk assessment team**: A risk assessment team composed of personnel from the product development project team, the Quality Control Department and QA Department is set up to evaluate and analyze potential quality risks in product development every quarter. • **Focus on consumer needs**: According to the *Quality Control Manual Based on Consumer Experience*, we optimize the product quality that meets quality standards but falls short of consumer expectations, and focus on consumer expectations and needs from the front-end of research and development to improve product quality.
Product Production	• **Improve inspection and assessment**: A joint inspection team composed of personnel from the Quality Control Department and the QA Department is set up to conduct joint quality inspection every quarter in aspects of production processes, material quality and craftsmanship levels. • **Restricted substance requirements**: All suppliers are required to sign Q/LNB 71001-2021 *Safety Technical Requirements for Li Ning Products*. Suppliers are required to monitor the compliance of chemicals use throughout the whole production process, and we will conduct regular random sampling to test the compliance of restricted substances.
Product Launch	• **Carry out launch inspection**: According to the national standards for launch inspection, including security code, external inspection, quality inspection seal and other procedures, any unqualified product inspected will be returned to the warehouse for repair, or returned as obsolete if cannot be repaired to ensure that marketed products meet quality requirements.
Product After-sales	• **Quality technical support**: A online quality appraisal system and a professional after-sales team have been established to provide customers with quality technical support. • **Develop management documents**: Improve documents including the *Quality After-Sales Manual and the Procedures for Handling Complaints on Batch Quality Issues* are in place, and targeted measures will be taken to ensure that after-sales product quality meets relevant standards.
Raw Material Quality	• **Quality inspection of supply materials**: We audit the quality management systems of finished shoe suppliers, major sole material suppliers and clothing material suppliers every year. We take measures such as rectification within a prescribed time limit, inquiry, and notice of criticism or starting disqualification procedure for unqualified suppliers. • **Restricted Substances (RSL) testing**: In accordance Q/LNB 71001-2021 *Safety Technical Requirements for Li Ning Products*, samples of raw materials are subject to restricted substances (RSL) chemical testing on a quarterly basis. Any unqualified materials found will cause materials isolated for scrapping to ensure the quality, safety and reliability of raw materials.

The Group strives to strengthen the product testing management mechanism, and actively participates in the construction of industry standards, to promote the standardized and high-quality development of the industry. In terms of product testing, the Li Ning Center Laboratory is equipped with 292 sets of advanced devices and equipment, including automatic pH testing system, breathability and thermal testing machine of ready-made shoes, computer system for anti-slip testing machine of ready-made shoes, high-temperature DIN abrasion testing machine, servo-controlled tensile testing machine, etc., comprehensively cover various key indicators such as physical properties, safety, function, comfort and applicability, and exert strict quality control on various materials. In terms of operational management, the Li Ning Center Laboratory continued to promote informatization and automation-oriented management, and the Laboratory Information Management System (LIMS) has been put into trial operation. In terms of the construction of industry standards, in 2025, the Group participated in solicitation of opinions for a total of 21 national standards and 4 industry standards to continuously promote the standardization and improvement of industry standards.

Product Identification and Recall

The Group adheres to the quality-first principle, strictly controls product quality and establishes a comprehensive recall management process for defective products, with an aim to effectively protect the legitimate rights and interests of consumers. In 2025, the Group did not have any incidents of product recalls for safety and health reasons.

We recall products with quality problems, health and safety hazards and infringement based on regulations such as the *Management of Defective Product Recall of Li Ning Company Limited,* the *Procedures and Standards for the Collection of Defective Products of Li Ning Company Limited,* the *Service Commitment of Three Guarantees of Product Quality,* and the *Product After-sales Service Manual of Li Ning Company Limited*. The applicable scenarios include:

- Products that are not qualified for sampling inspection by the State or local market supervision department;
- Products that are found not meeting national or enterprise standards with quality hazards in batches;
- Products that have caused personal or property damage to consumers due to defects in design or manufacturing and may occur again after evaluation;
- Products that do not cause actual damage, but may still cause personal or property damage under certain conditions after testing, experiment and demonstration;
- Products involved in infringement, plagiarism or violation of relevant laws and regulations, and have a negative impact on the Group;
- The defective rate of a single type of product reaches a certain percentage, which leads or may lead to a failure in sales or the rapid decline in customer satisfaction.

In response to the above recall scenarios, the Group has formulated comprehensive treatment measures, which specifically include:

- QA Department has the right to request the immediate suspension of sales of products concerned, so as to prevent the potential risks from expanding, and carry out investigations in collaboration with other relevant departments to track the causes;
- QA Department informs the suppliers of product quality information in time, to help the suppliers take actions to reduce losses, establish effective communication channels with suppliers and other stakeholder, and jointly resolve the issues;
- QA Department decides to implement the recall plan according to the quality inspection report, infringement appraisal report or market feedback, and formulates the treatment plan for recalled products to minimize the impact on consumers.

For online sales products, the Group stipulates that all goods sold in the online stores enjoy the seven days of no reason return or exchange policy and strictly adheres to the national three-guarantee policy. If a consumer submits an application for return or exchange, the application will be examined by the customer service specialist; upon receipt of the returned or exchanged goods, we will carry out a quality inspection and provide timely feedback to the consumer, at the same time, the results will be sent to the relevant business department for processing. In the subsequent product development stage, the product research and development department will refer to effective market feedback to consistently optimize the product quality.

Customer Complaints and Protection

The Group always adheres to the principle of "customer first and professional service". In strict compliance with the requirements of relevant laws and regulations, we have formulated systems such as the *Management Requirements for Customer Service Telephone and Online Support, Guidelines for the Management of Knowledge in Customer Service* and *Daily Management Standards of Customer Service Hotline*, which clearly stipulate the processing flow and relevant requirements for customer complaints. In daily operations, we constantly summarize experience and identify potential risk points, revise and improve relevant systems in accordance with updates to laws and regulations, and fully implement management requirements. By actively listening to consumer opinions, the Group continuously improve the quality of customer service.

Diversified communication channels	• We comprehensively established diversified customer connection and service channels, setting up self-media service ports such as Weibo (@Li-Ning Official Weibo), LI-NING CLUB official account, WeChat mini-program, etc., and established response channels including the "400 Customer Care Hotline" (400-610-0011), public feedback email (ccc.support@lining.com), voice messages, etc., realizing 24/7 hours uninterrupted service support; • Targetedly improve full business support assurance for mainstream e-commerce platforms' instant retail channels, maximizing smooth customer communication chains and ensuring efficient response to demands.
Efficient response to customer complaint	• In response to consumer complaints, we implemented tiered handling to ensure efficiency and compliance. The customer service team follows up on complaints throughout the whole complaint process, verifies information, coordinates with relevant stores or departments, and promptly conducts follow-up visits to assist in resolving issues. Upon closure of the case, conduct post-resolution reviews and summaries to promote management optimization. Routine complaints are handled by dedicated complaint specialists, who negotiate returns, exchanges or compensation and follow up on progress; public opinion, complaints transferred from competent authorities, and those from we-media channels are immediately communicated and appeased by senior customer service officers, with liaison to relevant departments for coordinated resolution and completion of follow-up visits.
Intelligent service technology	• We have built an all-round integrated information system for business flows of after-sales and front-end store to achieve real-time sharing of order information, customer feedback, after-sales progress and other data. When handling complaints, customer service staff can quickly retrieve information on the entire process, accurately locate the root cause of the problem, and effectively improve processing efficiency of coping with customer complaints; • We comprehensively optimized and upgrade the intelligent customer service operation system, deployed intelligent robots, auxiliary robots and intelligent work order systems, and integrated AI large model technology to apply to core processes such as front-end reception, after-sales handling and complaint response, in order to precisely and promptly respond to customer demands, effectively supporting quality improvement and efficiency enhancement in complaint handling. The average communication duration between customer service officers and customers were shortened by 21.34% year-on-year, significantly improving the consumer service experience.
Consumer satisfaction survey	• We establish consumer feedback mechanisms covering all consumption scenarios, and push online survey questionnaires exclusively to members, systematically collect opinions on shopping experience, product quality, logistics and delivery, etc. Offline stores invite customers to scan codes to leave comments, ensuring coverage of feedback across different consumption scenarios. All feedback opinions are promptly transmitted to relevant departments to promote management optimization.

We continuously strengthen the construction of customer service training system to enhance the professional capabilities of customer service personnel and safeguard consumer rights and interests. For all customer service personnel, we conduct quarterly specialized training sessions covering service standards, platform rules, communication etiquette, and consumer privacy protection to strengthen employees' compliance awareness. For the after-sales and complaint handling teams, we organize two physical product appraisal training sessions annually to improve the accuracy of employees' judgment on product issues. In addition, we actively carry out specialized training initiatives. For example, to ensure service quality in major sales progress, we issue specialized work reminders to terminal stores and conduct compliance training to proactively prevent violations of laws and regulations that may harm consumer rights and interests. We also conduct the Consumer Complaint Handling Guidelines Themed Workshop to strengthen the professional capabilities of the customer service team in handling consumer complaints; furthermore, we implement the AI Trainer Role Transition Development Program and simultaneously launch the "AI Trainer Elite Program – Intelligent Entity Practical Camp" to improve the efficiency of handling consumer feedback.

In 2025, the total number of valid consumer complaints received by the Group's headquarters and complaints received by the Market Supervision Administrations was 2,603. Our e-commerce platform received 216 consumer complaints through the Market Supervision Administrations. Upon receipt of complaints, the Group analyzed the product problems together with the consumer complaints and the feedback from the Market Supervision Administrations. Based on the analysis results, we appropriately deal with consumers' requirements and actively follow up with the relevant feedback. During the current year, customer complaint settlement rate reached 100%.

Customer Information Protection

The Group strictly complies with the requirements of relevant laws and regulations such as *Personal Information Protection Law of the People's Republic of China*, the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Administrative Measures for the Graded Protection of Information Security*, the *Measures for the Security Assessment of Outbound Data Transfer*, the *Civil Code of the People's Republic of China*, etc. We continue to improve the data compliance management system and work processes, enhance data security management, construct the full life cycle management system covering data collection, processing, storage and destruction, optimize data classification standards and protection measures. We also organize information security training and publicity activities to enhance employees' sense of information protection. In 2025, the Group had no incidents of customer information and data leakage.

During the year, the Group adopted multiple measures to continuously improve the management level of data and information security:

- **System optimization and improvement:** We updated the daily information security requirements and norm of conduct for staff, improved the information security management system in the process of information technology system operation and maintenance, which included the *Li Ning Company Information Security System,* the *Li Ning Company Master Data Management Measures,* the *Li Ning Company Online Meeting Usage Specifications,* the *IT System Go-Live Security Acceptance Standards*, etc.

- **Establishment of management structure:** In 2025, the Group established the Data Compliance Management Committee led by the CEO, clearly defining the reporting, assessment, and approval processes for important company data and personal information. In business operations involving data processing, the Committee, in combination with legal compliance requirements and data security technical assessments, conducts filing registration and review for relevant business activities.

- **Improvement of agreement terms:** We improved data protection and privacy security terms in contract templates, clearly stipulating that the data recipient shall not publicly disclose or further transfer the data without authorization from the data sender; clarified the legal cycles for data usage and retention as well as requirements for handling overdue data, and stipulated that the data recipient must cooperate with the data sender in fulfilling corresponding information security responsibilities and obligations. In addition, the privacy policies of APP and mini-programs involving consumers' personal information were updated.

- **Response to cross-border risks:** To address potential cross-border risks of personal information involved in information interactions between the Singapore system and the Chinese Mainland system, we formulated and implemented supporting privacy policies and user agreements for the Singapore membership system in accordance with the requirements of the laws and regulations in Singapore. We provided localized membership management systems and marketing activities for registered members in Singapore and achieved localized storage of relevant registration and operational data by separately storing such data in the membership system and retail POS system deployed overseas.

- **External audit and supervision:** The Company annually engages external professional audit firms to conduct regular business audits on approval processes, operation records, and information security protection measures during the IT system operation and management process, and to issue audit reports.

In addition, we continuously enhance information security capabilities and prevent and reduce the risks of data security incidents through approaches such as "deploying new technological measures + conducting ongoing security testing and verification". For example, through a centralized identity and access management platform, we implement unified management of login identities and access permissions for internal enterprise application systems and set tiered access permissions for backend accounts in different departments to achieve effective identity recognition and adhere to the principle of least permissions. By leveraging Web security and host security tools, we regularly conduct vulnerability scanning and penetration testing to timely identify and remediate business risks. We deploy endpoint security software to strengthen the capabilities of office terminals in virus defense, phishing identification, as well as audit and control of outbound sensitive data. We optimize the underlying data storage structure of the retail system and membership system, strictly implement encrypted storage and desensitized display for consumers' sensitive personal information, thereby comprehensively protecting consumers' personal information security. Logs are retained for all key operations to ensure full traceability.

The Group attaches high importance to data security capacity building and has launched online and offline training for employees to strengthen their awareness of data protection and effectively safeguard information security.

- **Knowledge lectures**: We organize compliance lectures on relevant laws and regulations regarding data security and personal information protection for employees above manager level.

- **Regular security promotions**: We promote security awareness through WeCom and the Group's email, including personal account and password protection measures, spam identification and prevention methods, anti-phishing and anti-fraud case sharing on a quarterly basis.

- **Daily awareness promotions**: During weekly and monthly meetings of customer service staff, we conduct training focused on consumer information and privacy protection, strengthening the routine publicity and alert of information security education.

- **Specialized training**: For new employees, we conduct specialized information security training to clearly define data classification and grading requirements, standard software lists, and standard usage methods. For e-commerce employees, we conduct specialized training on a quarterly basis, with emphasis on measures for protecting consumers' personal information and risks of personal information infringement in e-commerce, thereby continuously strengthening information security management in online business operations.

The Group has established a comprehensive emergency response mechanism for network information security incidents. When an information security incident occurs that affects business operations of the Company, such as virus infection, illegal invasion, sensitive data leakage, etc., the emergency response plan will be activated according to the level of the incident.

- **Emergency response process**: Firstly, the information security working team will promptly adjust the security policy of network security equipment, identify the source and isolate the incident area, and coordinate the Group's resources to carry out emergency response. Secondly, we set up a real-time reporting and communication channel with the higher-level supervisory departments and external security service providers to ensure normal operation while controlling the incident. In addition, we activate the incident preparedness program for system and data recovery when necessary. When the incident is resolved, we summarize the experience and analyze the problems to continue to optimize the response strategies and processes.

- **Emergency response exercise**: In order to improve the overall security risk awareness and emergency response capability of the information technology team, the Group actively participates in network security attack and defense drills to timely identify security risks and loopholes exposed by the Internet and carry out corrective actions targeting at the weak points.

With respect to third-party data and information security, the Group issued the *Regulations on the Management of Third Party Personnel*, which clearly stipulates that the on-site staff, remote support staff of the partner enterprises and external service providers are responsible for information security and data protection, so as to ensure that they comply with the Company's information security and data protection requirements. In addition, we have added a "letter of undertaking of personal information and data protection" to all service contracts, distribution contracts and technology development contracts, requiring suppliers and service providers to assume the responsibility of protecting customers' privacy. In daily work, we strictly prohibit the provision of any customer information to third parties without the authorization of the customer, and all customer information and materials are strictly protected and properly stored to ensure that authorized personnel read and use relevant materials within the scope of authorization.

Intellectual Property Rights and Brand Protection

In strict compliance with the requirements of laws and regulations such as the *Trademark Law of the People's Republic of China,* the *Implementation Regulations of the Trademark Law of the People's Republic of China,* the *Patent Law of the People's Republic of China,* the *Implementation Regulations of the Patent Law of the People's Republic of China,* the *Copyright Law of the People's Republic of China,* the *Implementation Regulations of the Copyright Law of the People's Republic of China,* the *Copyright Collective Management Regulations,* the *Advertising Law of the People's Republic of China,* the *Anti-Unfair Competition Law of the People's Republic of China,* the *Law of the People's Republic of China on Protection of Consumer Rights and Interests,* the *Implementation Regulations of the Law of the People's Republic of China on Protection of Consumer Rights and Interests,* the *Interim Provisions on Anti-Unfair Competition on the Internet,* the *Measures for the Administration of Internet Advertisements,* the *Guidelines on the Enforcement of Absolute Language in Advertisements,* the *Computer Software Protection Ordinance and the Enforcement Guidelines 1 on the Application of the PRC Advertising Law*, the Group constantly strengthens the protection of intellectual property rights and standardize the process of brand management, advertising and trademark management.

In terms of intellectual property rights protection, the Group has systematically revised its existing internal systems such as *Intellectual Property Rights Management System* with the support of *Trademark Management Measures* and *Patent Management Measures*. By refining product promotion management and increasing penalties for violations, it has clearly defined control procedures for emerging businesses and external partners, thereby improving the intellectual property rights management system. In 2025, the Group submitted a total of 223 trademark applications, 105 patent applications and 32 copyright registrations.

- **Risk review:** We strengthen intellectual property rights risk control by conducting strict reviews before product launches and the release of marketing materials, timely identifying and addressing potential risks. In external cooperation agreements, we also clearly stipulate the intellectual property rights ownership and terms on liability for breach of agreements;

- **Protection of intellectual property rights:** We timely apply for intellectual property rights protection for innovative achievements, and actively respond to illegal acts such as global trademark squatting and intellectual property infringements through diversified measures including platform complaints, administrative and civil litigations, complaints to industrial and commercial authorities, and criminal reporting;

- **Specialized training:** We conduct specialized training on intellectual property rights protection for employees, covering systematic training content related to product design, use of marketing materials, and risks associated with implicit marketing, strengthening employees' compliance awareness and risk prevention capabilities in intellectual property rights matters;

- **System upgrade:** We comprehensively upgrade the intellectual property rights management system by introducing intelligent tools such as AI technology and big data interaction, achieving full lifecycle management of intellectual property rights, enhancing risk prevention and control, and continuously exploring the value of intellectual property rights.

In terms of advertising compliance, the Group has stipulated that external publicity shall strictly comply with the internal rules and regulations; fulfill the corresponding brand material review and approval procedures; the contents and data reflected in the publicity and promotion should be in line with the facts; and no false advertisements should be published. In 2025, the Group systematically enhanced the compliance management level of marketing activities, establishing a full-process risk control system covering pre-event prevention, in-event review, and post-event traceability. We built an intelligent marketing content management platform, utilizing AI technology to conduct intelligent reviews of published marketing materials, promoting the digital upgrade of the advertising review model from traditional manual processes to human-machine collaboration. This established an integrated control process of "reviewing → archiving → sharing", thereby improving review efficiency and marketing compliance.

During the year, we continued to cultivate the marketing compliance awareness of our staff, initiating the special campaign of "Glorious New Journey, Safeguarding Every Step" Olympic Compliance Promotion Month, conducting systematic training centered on sponsorship rules, implicit marketing risks, etc. At the same time, we effectively enhanced employees' compliance awareness and standardized marketing activities through regular updates on interpretations of regulations such as the Implementation of the *Law on the Protection of Consumer Rights and Interests,* and issue of multiple internal management guidelines including the *Compliance Guidelines for Prize-giving Sales Activities*.

In terms of brand protection, the Group strictly complies with the *Li Ning Company Logo Usage Specifications*. In 2025, we further refined logo management standards for the main brand, certain sub-lines, and sub-brands, continuously strengthening brand logo management and enhancing brand recognition. To further enhance brand protection, the Group implemented multiple comprehensive management measures covering brand logo management, trademark monitoring, and defending rights:

- We monitor the trademark and key technology squatting on a regular basis, and strictly implement the management on defending rights and combating counterfeits;
- We strengthen the crackdown on counterfeits of e-commerce brands and cooperate with e-commerce platforms. For counterfeits detected or received, we make a complaint to the platform and remove them from the shelves;
- We proactively collect evidence on clues of counterfeit sales and safeguard the legitimate rights and interests of the brand through civil lawsuits, industrial and commercial complaints, criminal proceedings and other means.

VI. ANTI-CORRUPTION MANAGEMENT

The Group complies with requirements of laws and regulations including the *Criminal Law of the People's Republic of China,* the *Criminal Procedure Law of the People's Republic of China,* the *Company Law of the People's Republic of China,* the *Anti-Unfair Competition Law of the People's Republic of China,* the *Anti-Money Laundering Law of the People's Republic of China,* the *Interim Provisions of the State Administration for Industry and Commerce on Prohibiting Commercial Bribery,* the *Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Laws in Handling Criminal Cases of Corruption and Bribery* and the *Opinions of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Laws in Handling Criminal Cases of Commercial Bribery*, etc., to carry out anti-corruption and integrity promotion work in an orderly manner in accordance with the law, thus ensuring integrity and efficient operations.

The Group constantly improves anti-corruption internal management standards, and has formulated systems and measures, such as the *Anti-Corruption and Anti-Bribery System of Li Ning Group,* the *Complaint Reporting Procedure,* the *Retail Store Operation Management Manual,* the *Financial Management and Punishment Standards,* the *Cash Expenditure System,* the *Employee Handbook,* the *Non-productive Procurement Management System* and the *Tendering and Bidding Management Measures*, which clearly stipulate the anti-corruption management processes and punishment standards, and cement the guarantee of anti-corruption management system. The Group annually reviews anti-corruption-related policies and makes revision in accordance with changes in laws and regulations and actual operational needs, ensuring the management systems comply with the latest legal and regulatory requirements. In 2025, the Group had no concluded corruption litigation cases.

The Group is determined to crack down on corruption, favoritism and malpractice and standardize management and supervision mechanisms, and actively conducts business audits, internal control, and audit supervision across all retail stores and subsidiaries of the Group. At the Group level, our audit efforts involve matters related to professional ethics. By combining key audits with effective internal control inspections, we ensure that all departments of the Group are subject to the audit of professional ethics every three years, which covers but not limited to the revision, update and implementation of relevant policies and systems, the effectiveness of daily work procedures and system support, etc., so as to continuously strengthen the supervision and management of employees' behaviors and professional ethics. For retail stores and subsidiaries, we continue to carry out monthly audits to ensure annual coverage of all stores and subsidiaries. The audit includes aspects such as inventory management, operational compliance, etc., ensuring standardized store operations and enhancing effective compliance management.

The Group continues to improve the corruption reporting mechanism, and strictly carries out anti-corruption management work in accordance with the Complaint Reporting Procedures.

- **Reporting channels**: we set up reporting mailboxes, senior management complaint mailboxes, HR system complaints and employees' independent reporting to ensure that reporting channels are unobstructed. In special circumstances, employees may report directly to the CEO.

- **Report handling process**: considering the information received from complaints and reports, we strictly verify the information authenticity, and investigate and handle based on relevant evidence, in an aim to resolutely crack down on violations of regulations and disciplines. For complaints involving terrorist activities or bribery, independent investigations will be conducted and promptly feed back handling results; other general complaints will be handled by the responsible personnel of the relevant departments.

- **Whistleblower protection**: we strictly protect the whistleblower's information and provide anonymous reporting methods to protect the whistleblower's rights and interests, while prohibiting any retaliation or discrimination against whistleblowers arising from the reporting of violations of laws and regulations.

In terms of suppliers and partners management, the Group strictly implements the anti-corruption mechanism by requiring all suppliers to sign the Commitment Letter of Anti-corruption and Anti-bribery, which specifies the "zero tolerance" towards corruption. We conduct investigations into suppliers by anti-corruption and anti-bribery periodic surveys every six months. Suppliers are encouraged to report verifiable corruption and clues, enhancing their awarenesses and engagements in anti-corruption.

The Group has actively launched anti-corruption training and strengthened anti-corruption capacity building to enhance the awareness of anti-corruption among employees and partners. The Group carried out anti-corruption training for all employees, with a total of 11,792 times of participation in 2025. The details of the training are as follows:

- The Board and senior management of the Group were arranged to watch and learn from the featured program series entitled "Anti-Corruption for the People", focusing on core topics such as strengthening joint investigation and resolution of corruption, promoting case-driven reforms, to enhance the management's awareness of integrity in performing duties and build a strong ideological defense line against corruption.

- Through orientation training, specialized training, monthly bulletins, and learning platforms, we guide all employees to study anti-corruption and anti-bribery policies, stay informed about violation penalty information in a timely manner, and enhance integrity awareness. In addition, we require all new employees to sign documents such as the Anti-Corruption and Anti-Bribery Commitment Letter and Personal Declaration upon joining the Group, to ensure behavioral compliance.

The Group takes active participation in the industry's anti-fraud and anti-corruption alliance. As a member of the Anti-Fraud Alliance and a member of the Trust and Integrity Enterprise Alliance, the Group is resolute to maintain an internal style of integrity and honesty and jointly promote the construction of a fair and clean business environment with industry partners.

VII. COMMUNITY INVESTMENT MANAGEMENT

The Group leverages its professional advantages in sports to continuously advance diversified public welfare practices, actively participating in emergency disaster relief and social assistance, supporting the development of youth sports, promoting the integration of sports philanthropy with community needs, and fulfilling corporate social responsibility through environmental and low-carbon public welfare initiatives.

Emergency Disaster Relief, Standing Together in Solidarity

The Group actively engages in social public welfare undertakings, responding promptly to sudden disasters by launching rescue and donation campaigns, and shouldering the responsibility of corporate citizenship.

PUBLIC WELFARE AND DISASTER RELIEF – SWIFT ASSISTANCE TO THE QUAKE-AFFECTED AREA IN XIGAZE, TIBET

Following the earthquake in Xigaze, Tibet, the Group responded swiftly by donating cold-weather and thermal protection materials with a tagged value of approximately RMB10 million through the China Women's Development Foundation. A total of 12,498 pieces of warm clothing were provided, making the Group one of the first enterprises in the industry to offer resources support to the disaster area, effectively meeting the basic living needs of the affected population.

Donation of Emergency Relief Supplies to Xigaze Region, Tibet

EMERGENCY RELIEF – SUPPORTING POST-DISASTER RESCUE EFFORTS IN TAI PO, HONG KONG

Following the fire in Tai Po, Hong Kong, the Group responded immediately to the rescue needs by donating HK$20 million in cash through the Support Fund for Wang Fuk Court in Tai Po to support the procurement of supplies, livelihood assistance, and infrastructure restoration, thereby aiding post-disaster recovery and community rebuilding.

Swift Assistance to Post-Disaster Rescue in Tai Po, Hong Kong

Cultivate people with sports, Accompanying Youth Growth

The Group consistently adheres to the philosophy of "serving the public with the spirit of sports" (以體育精神服務大眾), deeply engaging in youth sports initiatives to support the healthy growth and all-round development of teenagers, and promoting equitable access to sports education resources across different regions.

TALENT CULTIVATION – BEIJING YOUTH "FOOTBALL, BASKETBALL AND VOLLEYBALL" PROGRAM

The Group actively supports youth brand competitions and youth training system development. In December 2025, we signed the *Donation Agreement for the Beijing Youth Three Major Ball Games Talent Cultivation Program* with the Beijing Municipal Sports Bureau and the Beijing Sports Foundation, providing in-depth support to the "Keep Running, Teenagers" (奔跑吧少年) youth brand event in Beijing. This initiative strengthens the foundation of youth training systems for basketball, football, and volleyball, inspiring greater enthusiasm among young people to participate in sports.

SUPPORTING DEVELOPMENT – BUILDING PROFESSIONAL GROWTH AND SHOWCASE PLATFORMS FOR YOUTH BASKETBALL

In 2025, the Group remained committed to its mission of supporting the development of Chinese youth basketball. Building on the ten-year strategic cooperation with the Chinese Student Sports Federation, we continued to deepen our engagement in the campus basketball sector. We integrated professional resources covering youth basketball, including the Chinese Secondary School Basketball Team, the Chinese Junior Secondary School Basketball League, the Chinese Primary School Basketball League, and Li Ning campus signed cooperation teams, to participate in the "Li Ning Star Alliance Campus Tour" activities, and brought together signed coaches/players such as Butler, Yang Hansen, Fan Bin, Qu Shaobin, along with CBA league resources, to build professional growth and showcase platforms for teenagers.

SUPPORT FOR CONSTRUCTION – PROVIDING SPORTS EQUIPMENT FOR THE YOUTH FOOTBALL

The Group continuously assists the development of campus football in the central and western regions. In August 2025, the Youth Football Invitational Tournament in the Central and Western Regions was successfully held in Xingyi City, Qianxinan Prefecture, Guizhou Province, attracting secondary school teams from 11 provinces (autonomous regions and municipalities) in the central and western area. Since 2024, we have served as the sports equipment provider for the event, deeply promoting the popularization of youth campus football in the central and western regions. By providing professional equipment to support the tournament, we gather more strength for the vigorous development of rural revitalization in the central and western regions.

Supporting the Youth Football Invitational Tournament in the Central and Western Regions

SPORTS EMPOWERMENT – SUPPORTING YOUTH SPORTS DEVELOPMENT IN WESTERN REGIONS

Focusing on regional sports talent cultivation and competitive capability development, the Group supports schools to improve training conditions and event participation. In February 2025, we made a charity donation of sports equipment amounting to approximately RMB100,000 through the China Women's Development Foundation to the College of Physical Education of Qinghai Minzu University and Qinghai Women's Football Team, providing professional training support for students participating in grassroots competitions in the western regions and promoting the co-construction and sharing of high-quality youth sports education resources in the central and western regions. In July 2025, in partnership with the Beijing StarPower Charity Foundation, we supported the "StarPower Champion Education Assistance Project" by donating professional sports equipment valued at approximately RMB60,000 to teenagers in multiple schools in Xigaze, Tibet, assisting balanced development of sports education for young people in remote areas. In addition, in October 2025, we donated three-in-one jackets, sports supplies, and other materials to Bayi Zhi Xing School in Yushu Prefecture, Qinghai Province, with a total value exceeding RMB230,000. At the same time, in collaboration with Ms. Bi Wenjing, a world champion, we launched the themed charity activity "Together with Sports, We Grow Towards a Youthful Future" at schools, planning and organizing diversified interactive activities such as fun sports sessions, providing comprehensive support ranging from equipment provision to spiritual encouragement for the students.

Resources Donation to Bayi Zhi Xing School in Yushu Prefecture, Qinghai Province

PUBLIC WELFARE EMPOWERMENT – "RURAL CHILDREN PLAYGROUND CHARITY PROGRAM"

In October 2025, the Group partnered with Meituan to officially join the "Rural Children Playground Charity Program", becoming the first Chinese sportswear brand to deeply participate in this initiative. This collaboration adopts an innovative "Meituan Order Donation" model, whereby for every order placed by users at designated stores, a donation is automatically made to support the construction of multi-functional playgrounds in rural kindergartens and provide health and nutrition support, realizing public welfare driven by consumption.

Promoting Sports Equality, Empowering Disabled Athletes

The Group pays close attention to the development of sports for disabled people, supporting improvements in training and competition conditions for disabled athletes and promoting the practice of the concept of "sports equality".

PUBLIC WELFARE SUPPORT – ZHEJIANG PROVINCE DISABLED SPORTS DEVELOPMENT CHARITY INITIATIVE

In April 2025, with the theme of "Strengthe'Ning' Unity and Dreams Further", the Group supported the Zhejiang Province Disabled Sports Development Charity Initiative. Over the next three years, we will donate professional sports equipment amounted RMB1.2 million to support the daily training and competition preparation of disabled athletes, enhancing training safety and professionalism, creating better sports conditions for athletes, and providing long-term assurance for the cultivation of disabled sports talent.

Donation Ceremony for Zhejiang Province Disabled Sports Development Charity Initiative

Environmental Public Welfare, Reduce Carbon Emission Together

The Group actively participates in environmental and climate-related public welfare initiatives, contributing to regional green development by supporting low-carbon research and policy advocacy.

GREEN SUPPORT – DONATION TO THE HONG KONG CARBON NEUTRALITY POLICY RESEARCH PROJECT

In June 2025, the Group donated HK$500,000 in cash to Our Hong Kong Foundation to support the Hong Kong Carbon Neutrality Policy Research Project. The project focuses on low-carbon development and climate governance issues, supporting research on carbon neutrality pathways, policy design, and implementation mechanisms in Hong Kong. Through this research, we effectively promote the synergy between corporate ESG strategies and regional green transformation goals, contributing corporate strength to the construction of a low-carbon development system in Hong Kong.

ESG Indicators Index

Aspect	Content	Section
Part B: Mandatory Disclosure Requirements		
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Particulars of the Report
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: **Materiality:** The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. **Quantitative:** Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. **Consistency:** The issuer should disclose in the ESG report any changes to the methods or KPIs used (if any), or any other relevant factors affecting a meaningful comparison.	Particulars of the Report
Reporting Scope	A narrative explaining the reporting scope of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Particulars of the Report

Aspect	Content	Section
Part C: "Comply or explain" provisions		
A. Environment		
Aspect A1: Emissions	General disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non–hazardous waste. *Note: Exhaust air emissions include NOx, Sox, and other pollutants regulated under national laws and regulations.* *Hazardous wastes are those defined by national regulations.*	Environmental Management
	A1.1 The types of emissions and respective emissions data.	2025 Environmental Performance
	A1.3 Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2025 Environmental Performance
	A1.4 Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2025 Environmental Performance
	A1.5 Description of emissions target(s) set and steps taken to achieve them.	Environmental Goals Environmental Management System and Measures
	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Goals Environmental Management System and Measures

Aspect	Content	Section
Aspect A2: Use of Resources	General disclosure Policies on the efficient use of resources, including energy, water and other raw materials. *Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.*	Environmental Management
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	2025 Environmental Performance
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	2025 Environmental Performance
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Goals Environmental Management System and Measures
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Goals Environmental Management System and Measures 2025 Environmental Performance
	A2.5 Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	2025 Environmental Performance
Aspect A3: Environment and Natural Resources	General disclosure Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Environmental Management
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Management Policies Environmental Management System and Measures

Aspect	Content	Section
B. Social		
Employment and Labor Practices		
Aspect B1: Employment	General disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment Management
	B1.1 Total workforce by gender, employment type (for example, full or part- time), age group and geographical region.	Lawful Employment to Safeguard Rights and Interests
	B1.2 Employee turnover rate by gender, age group and geographical region.	Lawful Employment to Safeguard Rights and Interests
Aspect B2: Health and Safety	General disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Safety Security and Health
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Safety Security and Health
	B2.2 Lost days due to work injury.	Safety Security and Health
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Safety Security and Health

Aspect	Content	Section
Aspect B3: Development and Training	General disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. *Note: Training refers to vocational training. It may include internal and external courses paid by the employer.*	Talent Training and Value Creation
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Talent Training and Value Creation
	B3.2 The average training hours completed per employee by gender and employee category.	Talent Training and Value Creation
Aspect B4: Labor Standards	General disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Employment Management
	B4.1 Description of measures to review employment practices to avoid child and forced labor.	Lawful Employment to Safeguard Rights and Interests
	B4.2 Description of steps taken to eliminate such practices when discovered.	Lawful Employment to Safeguard Rights and Interests

Aspect	Content	Section
Operating Practices		
Aspect B5: Supply Chain Management	General disclosure	Win-Win Management
	Policies on managing environmental and social risks of the supply chain.	
	B5.1 Number of suppliers by geographical region.	Win-Win Management
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Introduction of Suppliers
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Introduction of Suppliers Supplier Management Supplier Disqualification
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Building a Green Supply Chain
Aspect B6: Product Liability	General disclosure	Product Liability Management
	Information on:	
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
	relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Identification and Recall
	B6.2 Number of products and service related complaints received and how they are dealt with.	Customer Complaints and Protection
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Rights and Brand Protection
	B6.4 Description of quality assurance process and recall procedures.	Product Quality Control Product Identification and Recall
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Customer Information Protection

Aspect	Content	Section
Aspect B7: Anti-corruption	General disclosure	Anti-corruption Management
	Information on:	
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
	relating to bribery, extortion, fraud and money laundering.	
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption Management
	B7.2 Description of preventive measures and whistle–blowing procedures, and how they are implemented and monitored.	Anti-corruption Management
	B7.3 Description of anti-corruption training provided to directors and staff.	Anti-corruption Management
Community		
Aspect B8: Community Investment	General disclosure	Community Investment Management
	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Investment Management
	B8.2 Resources contributed (e.g. money or time) to the focus area.	Community Investment Management

Aspect	Content	Section
Part D: Climate-related disclosures		
Governance	19. An issuer shall disclose information about: (a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities; (i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities; (ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities; (iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; (iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and (b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities. (i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and (ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	Climate Friendliness, Low-carbon and Emission Reduction – Climate Governance Talent Training and Value Creation

Aspect	Content	Section
Strategy	Climate-related risks and opportunities	
	20. An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall: (a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term; (b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk; (c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and (d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	Climate Friendliness, Low-carbon and Emission Reduction – Climate Resilience Analysis
	Business model and value chain	
	21. An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose: (a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and (b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	Climate Friendliness, Low-carbon and Emission Reduction – Climate Resilience Analysis

Aspect	Content	Section
	Strategy and decision-making	
	22. An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:	Environmental Targets Performance of Environmental Targets in 2025
	(a) information about how the issuer has responded to, and plans to respond to, significant climate risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation;	Climate Friendliness, Low-carbon and Emission Reduction – Climate Resilience Analysis
	(i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities;	
	(ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);	
	(iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan;	
	(iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and	
	(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	
	23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	Environmental Targets
	Financial position, financial performance and cash flows—Current financial effect	
	24. An issuer shall disclose qualitative and quantitative information about:	Climate Friendliness, Low-carbon and Emission Reduction – Climate Resilience Analysis
	(a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and	
	(b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	

Aspect	Content	Section
	Financial position, financial performance and cash flows—Anticipated financial effect	
	25. The issuer shall provide qualitative and quantitative disclosures about: (a) how the issuer expects its financial performance to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities. (i) its investment and disposal plans; (ii) its planned sources of funding to implement its strategy; and (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	Climate Friendliness, Low-carbon and Emission Reduction – Climate Resilience Analysis
	Climate resilience	
	26. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose: (a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of: (i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; (ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; (iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;	Climate Friendliness, Low-carbon and Emission Reduction – Climate Resilience Analysis

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

Aspect	Content	Section
Risk Management	27. An issuer shall disclose information about: (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks and opportunities, including information about: (i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes); (ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks; (iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria); (iv) whether and how the issuer prioritises climate-related risks relative to other types of risks; (v) how the issuer monitors climate-related risks; and (vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period; (b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related risks and opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	Climate Friendliness, Low-carbon and Emission Reduction – Climate Risk Management

Aspect	Content	Section
Metrics and Targets	Greenhouse gas emissions	
	28. An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO2 equivalent, classified as: (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions.	Climate Friendliness, Low-carbon and Emission Reduction – Metrics and Targets Environmental Performance in 2025
	29. An issuer shall: (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; (b) disclose the approach it uses to measure its greenhouse gas emissions, (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	Climate Friendliness, Low-carbon and Emission Reduction – Metrics and Targets Environmental Performance in 2025

Aspect	Content	Section
	Climate-related transition risks	
	30. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Climate Friendliness, Low-carbon and Emission Reduction – Climate Resilience Analysis – Assessment of Climate-related Risks and Opportunities Climate Friendliness, Low-carbon and Emission Reduction – Climate Resilience Analysis – Current and Anticipated Financial Effects
	Climate-related physical risks	
	31. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Climate Friendliness, Low-carbon and Emission Reduction – Climate Resilience Analysis – Assessment of Climate-related Risks and Opportunities Climate Friendliness, Low-carbon and Emission Reduction – Climate Resilience Analysis – Current and Anticipated Financial Effects

Aspect	Content	Section
	Climate-related opportunities	
	32. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Climate Friendliness, Low-carbon and Emission Reduction – Climate Resilience Analysis – Assessment of Climate-related Risks and Opportunities Climate Friendliness, Low-carbon and Emission Reduction – Climate Resilience Analysis – Current and Anticipated Financial Effects
	Capital deployment	
	33. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Climate Friendliness, Low-carbon and Emission Reduction – Climate Resilience Analysis – Assessment of Climate-related Risks and Opportunities Climate Friendliness, Low-carbon and Emission Reduction – Climate Resilience Analysis – Current and Anticipated Financial Effects
	Internal carbon prices	
	34. An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	Climate Friendliness, Low-carbon and Emission Reduction – Climate Resilience Analysis – Assessment of Climate-related Risks and Opportunities

Aspect	Content	Section
	Remuneration	
	35. An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	Climate Friendliness, Low-carbon and Emission Reduction – Climate Governance
	Industry-based metrics	
	36. An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	Climate Friendliness, Low-carbon and Emission Reduction – Metrics and Targets
	Climate-related targets	
	37. An issuer shall disclose (a) qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose: (a) the metric used to set the target; (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); (d) the period over which the target applies;	Environmental Targets

Aspect	Content	Section
	(e) the base period from which progress is measured;	
	(f) milestones or interim targets (if any);	
	(g) if the target is quantitative, whether the target is an absolute target or an intensity target; and	
	(h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target and provided the information.	
	38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	Board Statement Environmental Targets
	(a) whether the target and the methodology for setting the target has been validated by a third party;	
	(b) the issuer's processes for reviewing the target;	
	(c) the metrics used to monitor progress towards reaching the target;	
	(d) any revisions to the target and an explanation for those revisions.	
	39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	Environmental Targets
	40. For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:	Environmental Targets
	(a) which greenhouse gases are covered by the target;	
	(b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;	
	(c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;	
	(d) whether the target was derived using a sectoral decarbonisation approach; and	

Aspect	Content	Section
	(e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; (ii) which third-party scheme(s) will verify or certify the carbon credits; (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	
	Applicability of cross-industry metrics and industry-based metrics	
	41. In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics and (ii) industry-based metrics.	Climate Friendliness, Low-carbon and Emission Reduction – Climate Resilience Analysis Climate Friendliness, Low-carbon and Emission Reduction – Metrics and Targets

INVESTOR RELATIONS Report

In 2025, amid uncertainties in global economic development, the Chinese economy demonstrated strong resilience while the sports products market continued to experience intense competition. Driven by a series of policies to expand domestic demand and promote consumption, the consumer market continued to recover and its structure was further optimised. By actively capitalizing on market opportunities, the Group adhered to its strategy of "Single Brand, Multi-categories, Diversified Channels" with a focus on six core categories and insisted on technological innovation and Olympic cooperation momentum as dual drivers, deepened its presence in the professional sports sector, and simultaneously expanded into segmented markets. At the same time, it integrated online and offline marketing resources, strengthened the competitiveness and influence of the brand, and continuously improved operational efficiency, in order to further consolidate the brand's leading position in the sports industry. During the year, the Group recorded a steady performance and sound overall operating conditions, laying a solid foundation for its long-term sustainable development.

Benefiting from its enhanced brand influence and steady operating performance, the Group improved its market popularity, strengthened consumer loyalty, and continued to attract broad attention from capital markets. This in turn created higher demand for the Company's Investor Relations Department. During the year, in strict compliance with the relevant information disclosure requirements of the Hong Kong Stock Exchange, the Investor Relations Department of the Company took "Communication and Discovery, Transmission and Recommendation" as its major task, where it remained committed to the principles of "accessible, credible and timely" in the communication and interaction with seller/analysts and buyer/investors, striving to demonstrate the development progress and investment value of the Company's business to the investment community in an all-round and multiangle manner.

• COMMUNICATION AND DISCOVERY

– Based on the strict compliance with relevant information disclosure requirements of the Hong Kong Stock Exchange, the Company's Investor Relations Department actively sets up a communication channel with the investment community, and proactively delivers key information such as the Company's operating performance in a timely manner through multiple methods including roadshows, daily meeting and telephone conference calls, helping the investment community to gain a deep understanding of the Company's development logic and maintain a two-way communication model featuring smooth and efficient interaction;

– The Investor Relations Department continued to strengthen participation in investor conferences, deepen the level of information transmission by conducting more focused interactive communication, and expanded the scope of information transmission to achieve better communication outcomes, with active access to the latest industry and capital market perspectives to capture new information and new trends in a timely manner;

– The Investor Relations Department actively listened to insights and suggestions of the investment community on the Company's development, including hot topics such as "Environment, Social Responsibility, Corporate Governance (ESG)" and AI technology, and focused on cutting-edge industry trends to identify outstanding industry standards;

• TRANSMISSION AND RECOMMENDATION

– The Investor Relations Department further enhanced the transparency and effectiveness of information disclosure, proactively optimised the disclosure schedule, and began issuing separate announcements to disclose operating data for the second and fourth quarters starting from 2025;

– As a key link for information exchange, the Investor Relations Department made active efforts to help investors experience LI-NING's experience value in an in-depth and all-round way, while conducting analysis of the views, suggestions and concerns of the investment community, which shall be regularly reported to the Company's management;

– The Investor Relations Department continued to explore excellent industry experience and cutting-edge practices, which would be accurately conveyed to the management subject to systematic summary, driving the Company to improve operational efficiency, strengthen corporate governance capability and contribute to the Company's steady operation.

Investor communication activities of the Company during the year are summarised as below:

Type of activities	2025	2024	2023
Roadshows (including reverse roadshows)	**5 (175 meetings in total)**	4 (173 meetings in total)	4 (180 meetings in total)
Forum	**26 (117 meetings in total)**	16 (71 meetings in total)	18 (75 meetings in total)
Meeting/online conference	**287**	352	340

In 2025, the Company was recognized with multiple awards in the 2025 All-Asia Executive Team rankings organised by Extel (formerly Institutional Investor Research). Notably, the Company was named as the "Most Honored Company". In the Consumer Discretionary category, the Company won the awards for "Best IR Team", "Best IR Program", "Best ESG Program", and "Best Company Board". For individual executive accolades, the Company received "Best CEO", "Best CFO", and "Best IR Professional". These honours fully demonstrate that the Company's practices in corporate governance, investor relations and sustainable development have been highly recognised by the capital markets.

2025 All-Asia Executive Team

extel

Looking ahead to 2026, in line with the Company's development strategy, the Investor Relations Department of the Company will continue to focus on the core working principle of "Communication and Discovery, Transmission and Recommendation", and strengthen communication and exchanges with the investment community, striving to convey the Company's development dynamics in a timely and accurate manner. It will also actively respond to investor questions and demands, and seek to win broader support for the Group in capital markets in a way that contributes to the long-term development goals of the Company.

INFORMATION FOR INVESTORS

Share Information

Listing: Main Board of the Hong Kong Stock Exchange on 28 June 2004
Stock code: 2331 (HKD counter) and 82331 (RMB counter)
Board lot: 500 Shares
No. of issued Shares as at 31 December 2025: 2,584,811,005 Shares
Market capitalisation as at 31 December 2025: approximately HK$48,258,421,463

Dividend for 2025

Interim dividend: RMB33.59 cents per Share
Final dividend: RMB23.36 cents per Share

Financial Calendar

Announcement of annual results: 19 March 2026
Annual General Meeting: 11 June 2026

Corporate Websites

Li Ning Official Website: http://www.lining.com
Li Ning IR Website: http://ir.lining.com

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DIRECTORS AND Senior Management

Biographies of Directors and Senior Management as at the date of this report are as follows:

EXECUTIVE DIRECTORS

Mr. Li Ning, aged 63, is the founder of the LI-NING brand and the Group's Executive Chairman, Joint Chief Executive Officer and an executive Director, he is also the chairman of the nomination committee of the Company. Mr. Li served as an Interim Chief Executive Officer of the Company from 18 March 2015 to 1 September 2019, and has been re-designated as the Joint Chief Executive Officer of the Company with effect from 2 September 2019 with his focus on the overall control and strategic planning of the Group. Mr. Li is one of the most outstanding athletes in the 20th century. In the 6th World Cup Gymnastics Competition in 1982, Mr. Li unprecedentedly won six gold medals in men's artistic gymnastics events and was named the "Prince of Gymnastics" (體操王子) in the PRC. In the 23rd Los Angeles Olympic Games in 1984, Mr. Li won three gold, two silver and one bronze medals, making him the athlete winning the most medals of that Olympic Games. In 1987, Mr. Li became the member of the Athlete's Commission of the International Olympic Committee. From 1993 to 2000, Mr. Li served as a member of the Men's Artistic Gymnastics Technical Committee of the Federation Internationale De Gymnastique. He is currently an honorary member of the Federation Internationale De Gymnastique. In 1999, Mr. Li was voted one of the "World's Most Excellent Athletes in the 20th Century" by the World Sports Correspondent Association. After retiring from his athlete career in 1989, Mr. Li initiated the idea of LI-NING brand with the goal of creating the first national sports goods brand in the PRC. He has dedicated the past over 35 years to the development of the Group's business, making great contribution to the development of the sporting goods industry in China. Mr. Li also serves as chairman, co-chief executive officer, executive director, chairman of the nomination committee and the chairman of the executive committee of Viva Goods Company Limited, a company which is listed on the Main Board of the Hong Kong Stock Exchange and is a substantial shareholder of the Company. Mr. Li is the non-executive chairman of LionRock Capital GP Limited and a director of The Hong Kong Research Institute of Textiles and Apparel Limited. Mr. Li holds a bachelor's degree in law from School of Law of Peking University (北京大學), an executive M.B.A. degree from Guanghua School of Management of Peking University (北京大學光華管理學院), a technical honorary doctorate from Loughborough University in the United Kingdom, a degree of Doctor of Humanities honoris causa of The Hong Kong Polytechnic University and an honorary fellowship from The Hong Kong University of Science and Technology. In January 2026, Mr. Li was also conferred a Doctor of Business Administration honoris causa from Lingnan University. Mr. Li has also been actively involved in charities via his "Li Ning Foundation" (李寧基金) and has supported educational development in impoverished and remote areas in China. In October 2009, Mr. Li was appointed by The United Nations World Food Programme (WFP) as "WFP Goodwill Ambassador against Hunger". Mr. Li is an honorary president of the Hong Kong Association of Youth Development and a life member of The Chinese General Chamber of Commerce, Hong Kong. Mr. Li is the uncle of Mr. Li Qilin, an executive Director of the Company, and he is also the brother of Mr. Li Chun, a substantial shareholder of the Company as defined in the SFO.

Mr. Kosaka Takeshi, aged 55, a Japanese-Chinese whose former Chinese name was Qian Wei (錢煒), is an executive Director and the Joint Chief Executive Officer of the Company. Mr. Kosaka joined the Group in September 2019 and focus on the operations of the Group. Mr. Kosaka graduated from Kwansei Gakuin University in Japan. Prior to joining the Company, he was the chief executive officer of South Korea Uniqlo. Mr. Kosaka joined Fast Retailing Co., Limited ("Fast Retailing") in 1996 and worked in various divisions and Asian regions gaining extensive experience in supply chain, products and merchandising as well as retail management. Fast Retailing is the holding company of Uniqlo and its securities are secondary listed as depositary receipts on the Hong Kong Stock Exchange (Stock Code: 6288). He served as the vice general manager and the chief operating officer of the PRC Uniqlo in 2001 and 2005 respectively. Mr. Kosaka has over 22 years' experience in the development and management of the PRC market.

Mr. Li Qilin, aged 39, is an executive Director. Mr. Li joined the Group in December 2017 as a non-executive Director and re-designated as an executive Director in June 2018. He has considerable experience in financial services industry and was an analyst of Persistent Asset Management Limited during the period from January 2010 to July 2013. Mr. Li serves as an executive director and a member of the executive committee of Viva Goods Company Limited, a company which is listed on the Main Board of the Hong Kong Stock Exchange and is a substantial shareholder of the Company. Mr. Li also serves as a director of The Hong Kong General Chamber of Textiles Limited from October 2022. Mr. Li is the nephew of Mr. Li Ning, the Executive Chairman and Joint Chief Executive Officer of the Company, and he is also the son of Mr. Li Chun, a substantial shareholder of the Company as defined in the SFO.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Koo Fook Sun, Louis, aged 69, is an independent non-executive Director and chairman of the audit committee of the Company. Mr. Koo joined the Group in June 2004, and has many years of experience in corporate finance and professional accounting. Mr. Koo served as the managing director and the head of corporate finance department of a major international bank, and a director and chief executive officer of a company listed on the Main Board of the Hong Kong Stock Exchange. Mr. Koo serves as an independent non-executive director of Xingda International Holdings Limited and Winfull Group Holdings Limited, both of which are listed on the Main Board of the Hong Kong Stock Exchange. Mr. Koo graduated with a bachelor's degree in business administration from the University of California at Berkeley in the United States.

Ms. Wang Ya Fei, aged 70, is an independent non-executive Director, chairperson of the remuneration committee, a member of the audit committee and the nomination committee of the Company. Ms. Wang joined the Group in January 2003, she has over 32 years of experience in management and corporate investment and finance matters. Ms. Wang served as a chairperson of Caelum Asset Management Company from 2011 to 2020. She served as a director of Xueda Education from 2006 to 2010, and an independent director of Xueda Education Group, a company listed on the New York Stock Exchange, from 2010 to 2016, and was the partner, director and deputy general manager of Beijing Investment Consultants Inc. from 1996 to September 2011, and was a professor and dean assistant in Guanghua School of Management of Peking University (北京大學光華管理學院) from 1995 to September 2011. Ms. Wang holds a bachelor's degree in international politics from Fudan University (復旦大學) in Shanghai and was an exchange scholar in Maryland University, College Park in the United States. Ms. Wang also holds a M.B.A. degree from University of Lancaster in the United Kingdom.

DIRECTORS AND
Senior Management

Dr. Chan Chung Bun, Bunny, *GBM, GBS, SBS, BBS, JP,* aged 68, is an independent non-executive Director, a member of the audit committee, the remuneration committee and the nomination committee of the Company. Dr. Chan joined the Group in June 2004, he has over 39 years of experience in the garment industry and is currently the chairman of Prospectful Holdings Ltd. Dr. Chan serves as an independent non-executive director of Glorious Sun Enterprises Limited and MTR Corporation Limited, both of which are listed on the Main Board of the Hong Kong Stock Exchange. He also served as an independent non-executive director of Speedy Global Holdings Limited from December 2012 to January 2023, and as an independent non-executive director of Great Harvest Maeta Holdings Limited (formerly known as Great Harvest Maeta Group Holdings Limited) from September 2010 to August 2024 respectively, both companies are listed on the Main Board of the Hong Kong Stock Exchange. Dr. Chan is active in community affairs in Hong Kong. He is a member of the Court of Hong Kong Metropolitan University whose former name was The Open University of Hong Kong from 2012. Dr. Chan was appointed as Justice of Peace in 2002 and was awarded the Bronze Bauhinia Star medal in 2004, Silver Bauhinia Star medal in 2009, Gold Bauhinia Star medal in 2014 and Grand Bauhinia Medal in July 2021 by the Government of the Hong Kong Special Administrative Region. In December 2013, Dr. Chan was conferred Doctor of Business Administration, honoris causa, by Hong Kong Metropolitan University.

Ms. Wang Yajuan, aged 56, is an independent non-executive Director and a member of remuneration committee of the Company. Ms. Wang joined the Group in December 2022, she has over 23 years of experience in business administration and is currently the chief marketing officer of Xingyin Information Technology (Shanghai) Co., Ltd. (行吟信息科技(上海)有限公司)("Xingyin"), which operates Xiaohongshu (小紅書), a social media and e-commerce platform in the People's Republic of China. Prior to joining Xingyin, she served as a senior vice president of Weibo (a company listed on NASDAQ) from February 2014 to March 2020. Ms. Wang holds a bachelor's degree in science (Library and Information Science) and an executive master degree in business administration from Peking University.

SENIOR MANAGEMENT

Mr. Zhao Dong Sheng, aged 54, vice president and chief financial officer of the Group, joined the Group in August 2022, and is responsible for financial and treasury functions of the Company as well as investor relations. Mr. Zhao has over 27 years of experience in the fast-moving consumer goods industry. He has worked for Swire Coca-Cola (China) Co., Ltd. as the finance general manager. Mr. Zhao is a Senior Accountant of the People's Republic of China, a fellow member of Certified Practising Accountant in Australia, a Chartered Global Management Accountant and a fellow member of the Chartered Institute of Management Accountants. Mr. Zhao holds a master degree in accounting from Jiangxi University of Finance and Economics and a master degree in business administration from China Europe International Business School.

Mr. Hong Yu Ru, aged 60, vice president and chief sports officer of the Group, joined the Group in March 1990, and is responsible for sports science research of the Group. Mr. Hong has 9 years of experience as a professional badminton athlete before joining the Group. After joining the Group, he served as a chief product officer and a chief product and marketing officer of the Group for 10 years from 2014 to 2024, responsible for the Group's product design, planning, launching and marketing.

Mr. Jin Zhai Xuan, aged 48, vice president and chief operating officer of the Group, joined the Group in April 2020, and is responsible for the Group's general management, such as store sales & operation, merchandise planning, logistics and supply chain. Mr. Jin has over 23 years of general retail management experience in household and apparel industry. Mr. Jin held senior retail management position in several well-known multinational and domestic enterprises throughout his career. Mr. Jin holds a master degree from University of Science and Technology of China.

Mr. Wang Nan, aged 43, vice president of the Group, joined the Group in October 2021, and is responsible for wholesale business of the Group. Mr. Wang has over 20 years of working experience in sales of fast-moving consumer goods and sports products. He has worked at internationally renowned sports goods brand enterprises. In his career, Mr. Wang held senior management positions in well-known multinational enterprises. Mr. Wang holds a bachelor's degree from Beijing University of Technology and a master degree from NEOMA Business School in France.

Mr. Feng Ye, aged 46, vice president of the Group, joined the Group in August 2008, and is responsible for the e-commerce, new retail business and outdoor products planning, design and management of the Group. Mr. Fung has over 22 years of experience in the areas of Internet and e-commerce. He has worked at a number of well-known internet companies. He holds a bachelor's degree in electronic information engineering from Shanghai Maritime College (now known as Shanghai Maritime University).

Mr. Song Chun Tao, aged 48, vice president and chief human resources officer of the Group, joined the Group in April 2023, and is responsible for the Group's human resources, administration, legal affairs and environmental, social and governance matters. Mr. Song has over 27 years of experience in human resource management in the consumer goods and apparel retail industries and successively held senior management positions in well-known multinational and domestic enterprises. Mr. Song holds a bachelor's degree in engineering from Nanchang University and a master degree in business administration from Sun Yatsen University.

Mr. Wang Yi, aged 46, vice president and chief marketing officer of the Group, joined the Group in June 2023, and is responsible for the Group's brand strategy planning and management, sports resource management and multi-category product marketing, retail and consumer experience, consumer insight, media planning, and corporate public relations. Mr. Wang has served for a number of world-renowned consumer goods corporates such as Procter & Gamble, Mars, Johnson & Johnson, and engaged in multi-category and multi-brand marketing management. He was also in charge of brand management, media planning and digital transformation of Yili Group. Mr. Wang has extensive experience in consumer insight, brand building and marketing. He holds a bachelor's degree in science from Sun Yat-sen University and a master degree in business administration from Tsinghua University.

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REPORT OF THE Directors

The Directors submit their report together with the audited financial statements for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

Li Ning Company Limited is one of the leading sports brand companies in China, mainly operates in professional and leisure footwear, apparel, equipment and accessories under the LI-NING brand. The Group has comprehensive research and development, design, manufacturing, marketing, distribution and retail management capabilities. It has established an extensive retail distribution network and supply chain management system in China. We are committed to be the most prominent, stylish, world-leading sports brand from China.

In addition to its core LI-NING brand, the Group also manufactures, develops, markets, distributes and/or sells various sports products which are self-owned by or licensed to the Group, including Double Happiness (table tennis), AIGLE (outdoor sports) and Kason (badminton), which are operated through joint ventures/associates with third parties of the Group.

SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES

Particulars of the Company's subsidiaries and its investments in associates and joint ventures as at 31 December 2025 are set out in notes 1 and 18, respectively, to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss on page 191 of this annual report.

DIVIDENDS AND DIVIDEND POLICY

During the year, the Company declared on 21 August 2025 an interim dividend of RMB33.59 cents per Share issued or to be issued upon conversion of CS for the six months ended 30 June 2025 (2024: RMB37.75 cents), and such interim dividend had been paid in September 2025.

The Board has recommended the payment of final dividend of RMB23.36 cents per Share issued or to be issued upon conversion of CS for the year ended 31 December 2025 (2024: RMB20.73 cents). The proposed final dividend is subject to approval by the Shareholders at the 2026 AGM and is payable in Hong Kong Dollars based on the official exchange rate of RMB against Hong Kong Dollars as quoted by the People's Bank of China on 11 June 2026. Such dividend will not be subject to any withholding tax. Upon approval by the Shareholders, the proposed final dividend will be paid:

(i) on 29 June 2026 to Shareholders whose names shall appear on the register of members of the Company on 18 June 2026;

(ii) on 29 June 2026 to CS Holders issued under the 2015 Open Offer and remain outstanding on 18 June 2026; and

(iii) on 3 July 2026 (i.e. the third business day after 29 June 2026) to CS Holders issued under the 2013 Open Offer and remain outstanding on 18 June 2026.

For the avoidance of doubt, any CS subject to a conversion notice completed, executed and deposited on or before the final dividend record date (being 18 June 2026) shall be entitled to the distribution of such final dividend of the Company. For details of calculation of distribution of the final dividend that each CS is entitled to, please refer to the listing documents of the Company dated 27 March 2013 and 9 January 2015 respectively.

The Company has adopted a dividend policy, which aims to set out the approach with the objective of achieving right balance of the amount of dividend and the amount of profits retained in the business for various purposes. The dividend policy is to provide relatively steady dividend payout ratio, linked to the Group's earnings performance and cash flow position as well as the business environment. However, the prospective dividend growth remains dependent upon the financial performance and future funding needs of the Group.

There is no arrangement under which a Shareholder has waived or agreed to waive any dividend.

CLOSURE OF REGISTER OF MEMBERS AND CS HOLDERS

For the purpose of determining Shareholders who are entitled to attend and vote at the 2026 AGM and Shareholders and CS Holders qualifying for the proposed final dividend to be approved at the 2026 AGM, the register of members and register of CS Holders of the Company will be closed as set out below:

(i) For ascertaining eligibility to attend and vote at the 2026 AGM:

Latest time to lodge transfer documents	4:30 p.m. on 5 June 2026 (Friday)
Period of closure of register of members	8 June 2026 (Monday) to 11 June 2026 (Thursday) (both days inclusive)
Record date	11 June 2026 (Thursday)
2026 AGM date	11 June 2026 (Thursday)

In order to qualify for attending and voting at the 2026 AGM, all transfer documents must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before the above latest time to lodge transfer documents.

(ii) For ascertaining entitlement to the proposed final dividend to be approved at the 2026 AGM:

Latest time to lodge transfer documents	4:30 p.m. on 16 June 2026 (Tuesday)
Period of closure of register of members and register of CS Holders	17 June 2026 (Wednesday) to 18 June 2026 (Thursday) (both days inclusive)
Final dividend record date	18 June 2026 (Thursday)

In order to qualify for the proposed final dividend, all transfer documents must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before the above latest time to lodge transfer documents.

During the above closure periods, no transfer of Shares or CS will be registered.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2025 are set out in note 28 to the consolidated financial statements.

RESERVES

As at 31 December 2025, the Company's distributable reserves, including share premium, treasury shares, other reserves and retained earnings, amounted to RMB10,761,302,000 (31 December 2024: RMB10,332,306,000).

Details of the movements in the reserves of the Group and the Company during 2025 are set out in the consolidated statement of changes in equity on pages 195 to 196 of this annual report and note 30 and note 40(a) to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Sales and purchases of the Group attributable to its major customers and suppliers respectively in the financial year ended 31 December 2025 were as follows:

	Year ended 31 December	
	2025	2024
	% of total revenue	% of total revenue
The largest customer	**3.8**	3.5
Five largest customers	**12.7**	13.2
	% of total purchases	% of total purchases
The largest supplier	**7.8**	7.4
Five largest suppliers	**28.1**	27.5

All of the above five largest customers and suppliers of the Group are independent third parties. To the best knowledge of the Directors, none of the Directors, their associates or any Shareholder holding more than 5% of the issued share capital of the Company, has any interest in any of the Group's five largest customers or suppliers as disclosed above.

BANK BORROWINGS

Bank borrowings of the Group as at 31 December 2025 was nil (2024: nil).

DONATIONS

During the year, the Group has implemented cash and material donations with value of RMB36,102,000 (2024: RMB40,048,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Group's property, plant and equipment during the year are set out in note 13 to the consolidated financial statements.

CONVERTIBLE SECURITIES

On 25 January 2013, in order to raise funds for general working capital of the Group, the Company announced the open offer of convertible securities (the "2013 Convertible Securities") in the principal amount of approximately HK$1,847.8 million on the basis of each 2013 Convertible Securities in the principal amount of HK$3.50 for every two existing Shares held on 19 March 2013. Details of the 2013 Open Offer and the terms thereof are set out in the Company's announcement dated 25 January 2013 and the prospectus dated 27 March 2013 respectively.

After the 2013 Open Offer became unconditional, the Company issued the 2013 Convertible Securities with an aggregate principal amount of HK$1,847,838,349 which is convertible into a total of 527,953,814 Shares on 22 April 2013. Please refer to the announcement of the Company dated 18 April 2013 for details.

On 16 December 2014, in order to raise further funds to support its next stage of growth and to optimize its capital structure, the Company announced the 2015 Open Offer of offer securities (i.e. new Shares and/or convertible securities (the "2015 Convertible Securities")) (the "Offer Securities") on the basis of 5 Offer Securities for every 12 existing Shares held on 8 January 2015. Details of the 2015 Open Offer and the terms thereof are set out in the Company's announcement dated 16 December 2014 and the prospectus dated 9 January 2015 respectively.

After the 2015 Open Offer became unconditional, the Company issued a total of 597,511,530 Offer Securities, which included 450,630,034 new Shares and the 2015 Convertible Securities with an aggregate principal amount of HK$381,891,889.60 which is convertible into a total of 146,881,496 Shares on 2 February 2015. Please refer to the announcement of the Company dated 30 January 2015 for details.

As a result of the 2015 Open Offer and pursuant to the terms and conditions of the 2013 Convertible Securities, the conversion price of the 2013 Convertible Securities was adjusted from HK$3.50 per Share to HK$3.183 per Share on 2 February 2015. Based on the outstanding 2013 Convertible Securities in the aggregate principal amount of approximately HK$529,251,713 on 2 February 2015, the conversion rights attaching to the outstanding 2013 Convertible Securities were adjusted from 151,214,775 Shares to 166,274,493 Shares. Please refer to the announcement of the Company dated 30 January 2015 for details.

During the year ended 31 December 2025, the 2013 Convertible Securities in an aggregate principal amount of approximately HK$41,694.12 had been converted into 13,099 Shares and no 2015 Convertible Securities were converted into Shares. As at 31 December 2025, the outstanding 2013 Convertible Securities amounted to approximately HK$3,354,428.47 and the outstanding 2015 Convertible Securities amounted to HK$200.20 which are convertible into a total of 1,053,857 Shares and 77 Shares respectively.

Assuming all outstanding CS were converted into Shares as at 31 December 2025, set out below is the shareholding structure of the Company before and after such conversion:

Name of Substantial Shareholders *(Note 1)*	No. of Shares before conversion of outstanding CS	% of holdings	No. of Shares convertible under the CS	No. of Shares after including shares convertible under the outstanding CS	% of holdings
Li Ning	373,205,696 *(Note 2)*	14.44%	–	373,205,696	14.43%
Public	2,211,605,309	85.56%	1,053,934	2,212,659,243	85.57%
Total	2,584,811,005	100.00%	1,053,934	2,585,864,939	100.00%

Notes:

1. Substantial shareholder has the same meaning ascribed to it under the Listing Rules.

2. Mr. Li Ning is interested in 373,205,696 Shares, among which:

   – 4,426,153 Shares are held as personal interest; and

   – 368,779,543 Shares are held by Viva Goods Company Limited.

   Mr. Li Qilin, the nephew of Mr. Li Ning and the son of Mr. Li Chun, is deemed to be interested in 368,779,543 Shares held by Viva Goods Company Limited. Please refer to Notes 1(a) and 2 in the section headed "Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares" of this Report of the Directors for details of his deemed interest.

   Mr. Li Chun, the brother of Mr. Li Ning and the father of Mr. Li Qilin, is deemed to be interested in 368,779,543 Shares held by Viva Goods Company Limited. Please refer to Notes 1(a) and 3 in the section headed "Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares" of this Report of the Directors for details of his deemed interest.

As the Company has no contractual obligation to settle the CS in cash, it is at the Company's own discretion to determine whether or not to redeem all or part of the principal amount of the CS. The CS Holders have substantially the same economic interest as the equity holders (other than voting rights) and the CS are already included in the basic earning per share calculation. For details, please refer to note 12 to the consolidated financial statements.

In view of the above, an analysis on the Company's share price at which it would be equally financially advantageous for the CS Holders to convert or redeem the CS based on implied internal rate of return at a range of dates in the future is not applicable.

FIVE-YEAR FINANCIAL HIGHLIGHTS

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 4 of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands where the Company is incorporated.

DIRECTORS

The Directors of the Company during the year and up to the date of this annual report are as follows:

Executive Directors

Mr. Li Ning	*(Executive Chairman and Joint Chief Executive Officer)*
Mr. Kosaka Takeshi	*(Joint Chief Executive Officer)*
Mr. Li Qilin	

Independent non-executive Directors

Mr. Koo Fook Sun, Louis	*(re-elected on 12 June 2025)*
Ms. Wang Ya Fei	
Dr. Chan Chung Bun, Bunny, *GBM, GBS, SBS, BBS, JP*	*(re-elected on 12 June 2025)*
Ms. Wang Yajuan	*(re-elected on 12 June 2025)*

In accordance with article 87 of the Articles of Association and the Corporate Governance Code ("CG Code") as set out in Appendix C1 to the Listing Rules, Mr. Kosaka Takeshi, Mr. Li Qilin and Ms. Wang Ya Fei shall retire from the office by rotation and, being eligible, offer themselves for re-election as Directors at the 2026 AGM.

The Company has received from each of the independent non-executive Directors an annual confirmation of his or her independence as required under Rule 3.13 of the Listing Rules. Independence of each of the independent non-executive Directors has been assessed by the Board and the Board continues to consider each of them independent in accordance with the Listing Rules.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographies of the Directors and senior management of the Group are set out in the section headed "Directors and Senior Management" of this annual report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the 2026 AGM has an unexpired service contract which is not determinable by the Company or its subsidiaries within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTEREST IN TRANSACTION, ARRANGEMENT AND CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, no transaction, arrangement or contract of significance to which the Company or any of its holding company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or any time during the year.

TRANSACTION, ARRANGEMENT AND CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDER

Save as disclosed in this annual report, during the year ended 31 December 2025, no transaction, arrangement or contract of significance was made between the Company or any of its subsidiaries, and the Company's controlling Shareholder or any of its subsidiaries, and no transaction, arrangement or contract of significance was made for the provision of services to the Group by a controlling Shareholder or any of its subsidiaries.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year, the following Directors have interests in the following businesses which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules:

Businesses which are considered to compete or are likely to compete with the businesses of the Group			
Name of Directors	Name of entity	Description of the entity's business	Nature of interest of the Director in the entity
Mr. Li Ning and Mr. Li Qilin	Viva Goods Company Limited ("Viva Goods")	The core business of Viva Goods and its subsidiaries (collectively, the "Viva Goods Group"), is the operation of multi-brands apparels and footwears business. It also engages in sports experience including operation, service provision and investment of sports destinations, sports competitions and events as well as an e-sports club. Among the core businesses of Viva Goods Group, its development, design and sale of sports, health and leisure consumables and apparels might compete, directly or indirectly, with the business of Li Ning Group.	Director and substantial shareholder (within the meaning of the SFO)

As the Board is independent of the board of Viva Goods Group and none of the above Directors can control the Board, the Group is therefore capable of carrying on its businesses independently of, and at arm's length from, the businesses of Viva Goods Group.

PERMITTED INDEMNITY PROVISIONS

Under the Articles of Association, and subject to the applicable laws and regulations, the directors and officers of the Group shall be indemnified out of the assets and profits of the Company from or against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. Such permitted indemnity provision has been in force throughout the year. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

EMOLUMENT POLICY

In order to continue to maintain the sustainable development of the Group's competitiveness, the Group has always emphasized the importance of recruiting, incentivizing, developing and retaining its employees, paid close attention to the external competitiveness, internal fairness of its remuneration structure and the cost effectiveness of remuneration and emphasized the importance of the correlation between remuneration management and performance management. For the year ended 31 December 2025, employees' remuneration comprised a basic salary and a performance-based bonus.

The emoluments of the directors are recommended by the remuneration committee and are decided by the Board. For executive Directors, the emoluments will be based on merit, having regard to the Group's operating results, individual performance and comparable market statistics. For independent non-executive Directors, only fixed fee will be paid and be set at an appropriate level to attract and retain high calibre non-executive talent by reference to the relevant time commitment and the size and complexity of the Group and benchmarked against peer companies.

PENSION SCHEMES

In the PRC, the Group contributes on a monthly basis to various defined contribution retirement benefit plans established and operated by relevant Chinese municipal and provincial governments ("Pension Schemes"). The municipal and provincial governments have undertaken to pay all the retirement benefits accrued to employees under the Pension Schemes upon their retirement. The Group has no further obligation for payment of post-retirement benefits to employees beyond the contributions made by the Group to the Pension Schemes.

The Group also participates in the provident fund plan and retirement plan in Hong Kong and South Korea respectively, both of which are defined contribution retirement benefit plans.

None of the Pension Schemes, abovementioned provident fund plan and retirement plan has provision for the forfeiture of contributions made to the provident fund. Contributions to these schemes and plans are listed as expenses as incurred. The Group's contributions to retirement benefit schemes charged to the consolidated statement of profit or loss for the year ended 31 December 2025 were RMB196,480,000 (2024: RMB181,271,000). During the year ended 31 December 2025, the Group had no forfeited contributions under those schemes which may be used by the Group to reduce the existing level of contribution.

EQUITY-LINKED AGREEMENTS

For the year ended 31 December 2025, save for the CS, the 2014 Share Option Scheme, the 2024 Share Option Scheme, the 2024 Share Award Scheme and the 2016 Restricted Share Award Scheme of the Company (as set out in the sections headed "Convertible Securities", "2014 Share Option Scheme", "2024 Share Option Scheme and 2024 Share Award Scheme" and "2016 Restricted Share Award Scheme" respectively in this Report of the Directors), the Company has not entered into any equity-linked agreement, nor did any equity-linked agreement subsist at the end of the year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

LONG-TERM INCENTIVE SCHEMES

2014 Share Option Scheme

At the annual general meeting of the Company held on 30 May 2014, the Shareholders approved the adoption of the 2014 Share Option Scheme. The 2014 Share Option Scheme was valid and effective for a period of 10 years commencing on 30 May 2014, and expired on 30 May 2024 upon the expiration of the 10 years scheme period. No share options could be granted under the 2014 Share Option Scheme following its expiry.

The purpose of the 2014 Share Option Scheme is to provide incentives to eligible participants to contribute to the Group and to enable the Group to recruit high-calibre employees and attract human resources that are valuable to the Group. Eligible participants are employees, officers, agents, consultants or representatives of any member of the Group (including any executive and non-executive directors of any member of the Group) who, as the Board may determine in its absolute discretion, have made valuable contributions to the business of the Group based on his/her performance and/or years of service, or are regarded as valuable human resources of the Group based on his/her work experience, knowledge in the industry and other relevant factors.

An option shall be regarded as having been accepted when the duplicate of the grant letter, comprising acceptance of the option, is duly signed by the grantee with the number of Shares in respect of which the grant of the option is accepted clearly stated therein, together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company within a period of 28 days from the date of grant of the option, provided that no such offer shall be open for acceptance after the expiry of the scheme period or after the 2014 Share Option Scheme has been terminated. A share option may be exercised within a period to be determined by the Board and no share option may be exercised 10 years after the date of grant. The exercise prices will be determined with reference to the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of options; and (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of options.

The maximum number of Shares in respect of which options may be granted under the 2014 Share Option Scheme together with any options outstanding and yet to be exercised under the 2014 Share Option Scheme and any other scheme(s) of the Group in aggregate shall not exceed 30% of the Shares in issue from time to time. In addition, subject to the restrictions imposed by the Listing Rules, the total number of Shares which may be issued upon exercise of all options to be granted under the 2014 Share Option Scheme, together with all options to be granted under any other share option scheme(s) of the Group shall not in aggregate exceed 10% of the nominal amount of all the issued Shares as at 30 May 2014, being the date of adoption of the 2014 Share Option Scheme. The total number of Shares issued and to be issued upon exercise of share options granted and to be granted to any single eligible participant (other than a substantial shareholder of the Company or an independent non-executive Director, or any of their respective associates) under the 2014 Share Option Scheme in any 12-month period shall not exceed 1% of the total number of Shares in issue on the date of grant. For share options granted or to be granted to a substantial shareholder or an independent non-executive Director, or any of their respective associates, the said limit is reduced to 0.1% of the total number of Shares in issue and HK$5 million in aggregate value based on the closing price of the Shares on the date of each grant. Any further grant of share options in excess of such limits is subject to Shareholders' approval at general meeting. On the basis of 1,370,236,257 Shares in issue on the date of adoption of the 2014 Share Option Scheme, the maximum number of Shares that may be issued upon exercise of options that may be granted under the 2014 Share Option Scheme is 137,023,625 Shares. Details of the 2014 Share Option Scheme and the terms thereof are set out in the Company's circular dated 10 April 2014.

The share options granted under the 2014 Share Option Scheme which remained outstanding immediately prior to its termination on 30 May 2024 shall continue to be valid and exercisable in accordance with their terms of grant and the rules of the 2014 Share Option Scheme. The outstanding share options granted under the 2014 Share Option Scheme as at 31 December 2025 entitled the holders to subscribe for 3,090,300 Shares.

Details of movements of the options granted under the 2014 Share Option Scheme for the year ended 31 December 2025 are set out below and in note 29 to the consolidated financial statements.

				Number of Shares								
Grantees	Date of grant	Fair value of share options as at the date of grant *HK$*	Exercise price per Share *HK$*	Outstanding share options as at 01/01/2025	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding share options as at 31/12/2025	Closing price of Shares immediately before the date of grant of the share options *HK$*	Vesting period	Exercise period
Directors												
Kosaka Takeshi *(Note)*	19/09/2019	8.88	22.52	2,840,300	–	–	–	–	2,840,300	23.30	01/09/2020 to 01/09/2024	01/09/2020 to 31/12/2027
Koo Fook Sun, Louis	17/05/2019	5.26	13.16	250,000	–	–	–	–	250,000	13.44	17/05/2020 to 17/05/2022	17/05/2020 to 16/05/2029
				3,090,300	–	–	–	–	3,090,300			

Note: The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2025 included one Director.

2024 Share Option Scheme and 2024 Share Award Scheme

In view of the expiration of the 2014 Share Option Scheme, the Board proposed to recommend to the Shareholders at the extraordinary general meeting of the Company to adopt the 2024 Share Option Scheme so as to continue to provide incentives to the Group's eligible participants. And as an alternative channel for the Company to provide competitive and attractive remuneration package to incentivize eligible participants of the Group for their contribution to the Group, the Board also proposed to recommend to the Shareholders at the extraordinary general meeting of the Company to adopt the 2024 Share Award Scheme. At the extraordinary general meeting of the Company held on 13 June 2024, the Shareholders approved the adoption of the 2024 Share Option Scheme and the 2024 Share Award Scheme. Both the 2024 Share Option Scheme and the 2024 Share Award Scheme will be valid and effective for a period of 10 years commencing on their adoption date and will expire on 12 June 2034. Under the 2024 Share Option Scheme and the 2024 Share Award Scheme, the Company may grant share options/awarded shares to eligible participants include employees (including director(s) and employee(s) of the Company and wholly and non-wholly owned subsidiaries of the Company, but excluding any independent non-executive director(s) of the Company) and related entities (including any director(s) or employee(s) of any holding company, fellow subsidiary or associated company of the Company) who in the absolute discretion of the Board have contributed to the Group on the basis of their contribution to the development and growth of the Group.

The total number of Shares issued and to be issued upon exercise of share options/upon vesting of awarded shares granted and to be granted to any single eligible participant (other than a substantial Shareholder or any of their respective associates) under the 2024 Share Option Scheme and the 2024 Share Award Scheme in any 12-month period shall not exceed 1% of the total number of Shares in issue on the date of grant. For share options and awards granted or to be granted to a substantial Shareholder or any of their respective associates (in respect of all awards and other share options and awards from other schemes, issued or to be issued), and for awarded shares granted or to be granted to a Director (other than an independent non-executive Director) or chief executive of the Company or any of their respective associates (in respect of all awarded shares), the said limits are reduced to 0.1% of the total number of Shares in issue on the date of each grant. Any grant of share options and awards to a Director, chief executive or substantial Shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive Directors of the Company, and any further grant of share options/awarded shares in excess of such limits (0.1%) will be subject to dispatch of circular to Shareholders and approval of Shareholders at general meeting.

Under the 2024 Share Option Scheme, the exercise prices of share options will be determined with reference to Listing Rules and shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a Share. Awarded shares granted to eligible participants under the 2024 Share Award Scheme are at nil consideration. The vesting period for share options and awarded shares shall not be less than 12 months from the date of grant, and normally every one-third of the granted share options or awarded shares will be vested every 12 months. Share options may be exercised at any time during the share option period which is to be determined by the Board and specified in the letter of grant at the time of grant.

On the basis of 2,584,480,506 Shares in issue on the date of adoption of the 2024 Share Option Scheme and the 2024 Share Award Scheme, the total number of Shares which may be issued in respect of all share options and awards under the 2024 Share Option Scheme and the 2024 Share Award Scheme would be no more than 129,224,025 Shares, representing no more than approximately 5% of the total number of Shares in issue as at the date of the adoption of the 2024 Share Option Scheme and the 2024 Share Award Scheme ("Mandate Limit"). Further, the total number of Shares which are subject to grants made in any financial year of all share options and awards under the 2024 Share Option Scheme and the 2024 Share Award Scheme would not be more than 12,922,402 Shares, representing no more than approximately 0.5% of the total number of Shares in issue as at the date of the adoption of the 2024 Share Option Scheme and the 2024 Share Award Scheme ("Yearly Limit"). Details of the 2024 Share Option Scheme and the 2024 Share Award Scheme are set out in the circular of the Company dated 14 May 2024.

The total number of share options and share awards available for grant under the 2024 Share Option Scheme and the 2024 Share Award Scheme at 1 January 2025 and 31 December 2025 were 129,224,025 Shares (representing approximately 5% of the Shares in issue) and 118,206,525 Shares respectively. During the year, the Company granted 11,017,500 share options under the 2024 Share Option Scheme and no Shares were awarded under the 2024 Share Award Scheme. As 31 December 2025 and as at the date of this annual report, the total number of share options and share awards available for grant under the Mandate Limit was 118,206,525 Shares, representing approximately 4.57% of total number of Shares in issue as at the date of this annual report. For the financial year ending 31 December 2025, a total of 1,904,902 Shares available for grant by the Company under the Yearly Limit, representing no more than approximately 0.07% of the Shares in issue during the year.

Details of movements of the options granted under the 2024 Share Option Scheme for the year ended 31 December 2025 are set out below and in note 29 to the consolidated financial statements.

				Number of Shares								
Grantees	Date of grant	Fair value of share options as at the date of grant *HK$*	Exercise price per Share *HK$*	Outstanding share options as at 01/01/2025	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding share options as at 31/12/2025	Closing price of Shares immediately before the date of grant of the share options *HK$*	Vesting period	Exercise period
Director												
Li Ning *(Note)*	17/07/2025	6.78	16.14	–	1,944,200	–	–	–	1,944,200	15.98	01/09/2026 to 01/09/2029	01/09/2026 to 30/06/2031
Five highest paid individuals *(Note)*												
In aggregate	17/07/2025	6.78	16.14	–	648,100	–	–	–	648,100	15.98	01/09/2026 to 01/09/2029	01/09/2026 to 30/06/2031
Other employees of the Group												
In aggregate	17/07/2025	6.78	16.14	–	8,425,200	–	–	–	8,425,200	15.98	01/09/2026 to 01/09/2029	01/09/2026 to 30/06/2031
				–	11,017,500	–	–	–	11,017,500			

Note: The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2025 included one Director. The aggregate information reported under this category represent the movements of the share options for the remaining one individual.

2016 Restricted Share Award Scheme

At the Board meeting of the Company held on 2 June 2016, the Board adopted the 2016 Restricted Share Award Scheme. The purpose of the 2016 Restricted Share Award Scheme is to facilitate the Company's objectives of attracting new talents, motivating existing talents and retaining both in the Company. Any individual being a director (including executive and non-executive director), employee, officer, agent or consultant of the Company or any of its subsidiaries is entitled to participate. The 2016 Restricted Share Award Scheme shall be valid for a term of 10 years from 14 July 2016 and be expired on 13 July 2026, and is administered by the administration committee and the trustee of the scheme.

Pursuant to the 2016 Restricted Share Award Scheme, the Company shall transfer cash to the trustee from time to time for the acquisition of Shares to be held upon trust for the benefit of the selected participants (the "RS Transaction(s)"). Shares granted to the selected participants are subject to restrictions and limitations and will become unrestricted upon vesting at the end of each vesting period and/or satisfaction of specified vesting criteria set out in the grant letters issued to such selected participants. No selected participant is required to make any payment for accepting any grant of award or when the award of shares become unrestricted. Apart from the expenses incurred by the trustee attributable or payable in connection with any sale, purchase, vesting or transfer of the Restricted Shares which shall be borne by the selected participants, vested Shares shall be transferred at no cost to the selected participants. No new Shares will be issued under the 2016 Restricted Share Award Scheme.

Pursuant to the 2016 Restricted Share Award Scheme, the maximum number of Restricted Shares which could be granted during the scheme period shall not exceed 5% of the Company's share capital in issue from time to time. The maximum number of Restricted Shares that may be granted to a selected participant at any one time or in aggregate shall not exceed 1% of the Company's share capital in issue as at the date of adoption of the 2016 Restricted Share Award Scheme (i.e. 18,854,940 Shares). Details of the 2016 Restricted Share Award Scheme and the terms thereof are set out in the announcement of the Company dated 14 July 2016.

The total number of Restricted Shares available for grant under the 2016 Restricted Share Award Scheme at 1 January 2025 and 31 December 2025 were 87,695,357 Shares and 61,738,277 Shares respectively. As at 31 December 2025, the number of issued Shares was 2,584,811,005 Shares and the maximum number of Shares which may be administered under the 2016 Restricted Share Award Scheme was 129,240,550 Shares. During the year, 29,559,000 Restricted Shares were granted by the Company represented approximately 1.14% of the weighted average number Shares in issue during the period. No new Shares will be issued under the 2016 Restricted Share Award Scheme. As at the date of this annual report, the total number of Restricted Shares available for grant under the 2016 Restricted Share Award Scheme was 62,015,881 Shares, representing approximately 2.40% of the total number of Shares in issue as at the date of this annual report.

The total number of Shares that may be issued upon exercise in respect of share options and awards (including Restricted Shares) granted under all schemes of the Company during the year (i.e. 14,107,800 Shares) divided by the weighted average number of Shares in issue for the year less Shares held for the 2016 Restricted Share Award Scheme and Shares repurchased for cancellation (i.e. 2,577,192,939 Shares) was approximately 0.55%.

Details of movements of the Restricted Shares granted under the 2016 Restricted Share Award Scheme for the year ended 31 December 2025 are set out below and in note 29 to the consolidated financial statements.

Grantees	Date of grant	Fair value per Restricted Share *(Note 1)* *HK$*	Number of Restricted Shares: As at 01/01/2025	Granted during the year	Vested during the year	Lapsed/ cancelled during the year	As at 31/12/2025	Purchase price *(Note 2)* *HK$*	Vesting period	Closing price of Shares immediately before the date of grant of the Restricted Shares *HK$*	Weighted average closing price of Shares immediately before the date of vesting during the year *HK$*
Directors											
Li Ning *(Note 3)*	11/01/2022	76.10	1,013,460	–	–	434,340	579,120	Nil	01/04/2023 to 01/04/2026	76.80	N/A
	29/04/2025	14.62	–	4,419,900	–	–	4,419,900	Nil	01/04/2026 to 01/04/2029	15.00	N/A
	15/07/2025	15.88	–	2,765,600	–	–	2,765,600	Nil	01/09/2026 to 01/09/2026	16.06	N/A
Kosaka Takeshi *(Note 3)*	11/01/2022	76.10	713,160	–	–	305,640	407,520	Nil	01/04/2023 to 01/04/2026	76.80	N/A
	25/09/2024	15.44	2,124,700	–	531,175	–	1,593,525	Nil	01/09/2025 to 01/09/2028	15.56	18.89
	29/04/2025	14.62	–	4,419,900	–	–	4,419,900	Nil	01/04/2026 to 01/04/2029	15.00	N/A
	15/07/2025	15.88	–	138,300	–	–	138,300	Nil	01/09/2026 to 01/09/2026	16.06	N/A
Li Qilin *(Note 3)*	11/01/2022	76.10	135,170	–	–	57,930	77,240	Nil	01/04/2023 to 01/04/2026	76.80	N/A
	29/04/2025	14.62	–	2,357,300	–	–	2,357,300	Nil	01/04/2026 to 01/04/2029	15.00	N/A
	15/07/2025	15.88	–	138,300	–	–	138,300	Nil	01/09/2026 to 01/09/2026	16.06	N/A
Koo Fook Sun, Louis	24/06/2022	67.70	8,668	–	8,668	–	–	Nil	01/04/2023 to 01/04/2025	64.55	15.92
	15/07/2025	15.88	–	103,700	–	–	103,700	Nil	01/09/2026 to 01/09/2028	16.06	N/A
Wang Ya Fei	24/06/2022	67.70	8,668	–	8,668	–	–	Nil	01/04/2023 to 01/04/2025	64.55	15.92
	15/07/2025	15.88	–	103,700	–	–	103,700	Nil	01/09/2026 to 01/09/2028	16.06	N/A
Chan Chung Bun, Bunny	24/06/2022	67.70	8,668	–	8,668	–	–	Nil	01/04/2023 to 01/04/2025	64.55	15.92
	15/07/2025	15.88	–	103,700	–	–	103,700	Nil	01/09/2026 to 01/09/2028	16.06	N/A
Wang Yajuan	15/07/2025	15.88	–	103,700	–	–	103,700	Nil	01/09/2026 to 01/09/2028	16.06	N/A

Grantees	Date of grant	Fair value per Restricted Share *(Note 1)* *HK$*	Number of Restricted Shares: As at 01/01/2025	Granted during the year	Vested during the year	Lapsed/ cancelled during the year	As at 31/12/2025	Purchase price *(Note 2)* *HK$*	Vesting period	Closing price of Shares immediately before the date of grant of the Restricted Shares *HK$*	Weighted average closing price of Shares immediately before the date of vesting during the year *HK$*
Five highest paid individuals *(Note 3)*											
In aggregate	11/01/2022	76.10	112,630	–	–	48,270	64,360	Nil	01/04/2023 to 01/04/2026	76.80	N/A
In aggregate	03/01/2023	69.35	546,992	–	–	96,528	450,464	Nil	01/04/2024 to 01/04/2027	67.75	N/A
In aggregate	11/12/2023	18.30	18,000	–	18,000	–	–	Nil	01/09/2024 to 01/09/2025	21.35	18.89
In aggregate	26/11/2024	15.40	253,000	–	84,333	–	168,667	Nil	01/09/2025 to 01/09/2027	15.50	18.89
In aggregate	15/07/2025	15.88	–	207,400	–	–	207,400	Nil	01/09/2026 to 01/09/2026	16.06	N/A
In aggregate	15/07/2025	15.88	–	1,382,800	–	–	1,382,800	Nil	01/09/2026 to 01/09/2029	16.06	N/A
In aggregate	04/11/2025	16.64	–	59,300	–	–	59,300	Nil	01/09/2026 to 01/09/2028	16.95	N/A
Other employees of the Group											
In aggregate	20/10/2020	40.70	600	–	–	–	600	Nil	20/10/2022 to 20/10/2030	38.20	N/A
In aggregate	11/01/2022	76.10	25,768	–	–	25,768	–	Nil	01/04/2023 to 01/04/2025	76.80	N/A
In aggregate	11/01/2022	76.10	2,950,780	–	–	1,341,860	1,608,920	Nil	01/04/2023 to 01/04/2026	76.80	N/A
In aggregate	21/03/2022	62.15	202,024	–	189,544	12,480	–	Nil	01/04/2023 to 01/04/2025	60.60	15.92
In aggregate	21/03/2022	62.15	405,510	–	–	173,790	231,720	Nil	01/04/2023 to 01/04/2026	60.60	N/A
In aggregate	25/05/2022	50.65	9,336	–	9,336	–	–	Nil	01/04/2023 to 01/04/2025	52.25	15.92
In aggregate	30/06/2022	72.70	1,600	–	1,600	–	–	Nil	01/04/2023 to 01/04/2025	70.60	15.92
In aggregate	19/08/2022	69.10	2,168	–	2,168	–	–	Nil	01/09/2023 to 01/09/2025	69.85	18.89
In aggregate	23/09/2022	62.65	1,800	–	1,800	–	–	Nil	01/09/2023 to 01/09/2025	64.00	18.89
In aggregate	28/10/2022	42.35	144,760	–	62,040	–	82,720	Nil	01/09/2023 to 01/09/2026	45.70	18.89
In aggregate	03/01/2023	69.35	6,467	–	3,233	–	3,234	Nil	01/04/2024 to 01/04/2026	67.75	15.92

Grantees	Date of grant	Fair value per Restricted Share (Note 1) HK$	Number of Restricted Shares: As at 01/01/2025	Granted during the year	Vested during the year	Lapsed/ cancelled during the year	As at 31/12/2025	Purchase price (Note 2) HK$	Vesting period	Closing price of Shares immediately before the date of grant of the Restricted Shares HK$	Weighted average closing price of Shares immediately before the date of vesting during the year HK$
In aggregate	03/01/2023	69.35	65,654	–	–	11,586	54,068	Nil	01/04/2024 to 01/04/2027	67.75	N/A
In aggregate	25/04/2023	55.45	98,735	–	49,365	–	49,370	Nil	01/04/2024 to 01/04/2026	56.90	15.92
In aggregate	31/05/2023	42.00	7,934	–	3,966	–	3,968	Nil	01/04/2024 to 01/04/2026	43.35	15.92
In aggregate	29/06/2023	41.40	157,200	–	78,600	–	78,600	Nil	01/04/2024 to 01/04/2026	44.15	15.92
In aggregate	27/09/2023	32.00	37,534	–	18,766	–	18,768	Nil	01/09/2024 to 01/09/2026	32.05	18.89
In aggregate	26/10/2023	23.95	52,801	–	26,399	–	26,402	Nil	01/09/2024 to 01/09/2026	30.20	18.89
In aggregate	29/11/2023	21.35	3,601	–	3,601	–	–	Nil	01/09/2024 to 01/09/2025	22.10	18.89
In aggregate	29/11/2023	21.35	28,734	–	5,133	18,467	5,134	Nil	01/09/2024 to 01/09/2026	22.10	18.89
In aggregate	11/12/2023	18.30	45,011	–	21,005	24,006	–	Nil	01/09/2024 to 01/09/2025	21.35	18.89
In aggregate	11/12/2023	18.30	179,934	–	83,966	12,000	83,968	Nil	01/09/2024 to 01/09/2026	21.35	18.89
In aggregate	18/01/2024	16.10	41,000	–	13,666	–	27,334	Nil	01/04/2025 to 01/04/2027	16.32	15.92
In aggregate	27/03/2024	19.92	49,800	–	16,600	–	33,200	Nil	01/04/2025 to 01/04/2027	20.10	15.92
In aggregate	08/05/2024	20.90	132,800	–	44,267	73,800	14,733	Nil	01/04/2025 to 01/04/2027	21.30	15.92
In aggregate	28/08/2024	14.18	27,800	–	9,267	–	18,533	Nil	01/09/2025 to 01/09/2027	14.64	18.89
In aggregate	23/10/2024	15.28	32,100	–	10,700	–	21,400	Nil	01/09/2025 to 01/09/2027	16.06	18.89
In aggregate	26/11/2024	15.40	135,000	–	30,934	42,200	61,866	Nil	01/09/2025 to 01/09/2027	15.50	18.89
In aggregate	07/04/2025	13.96	–	146,900	–	–	146,900	Nil	01/04/2026 to 01/04/2028	15.54	N/A
In aggregate	29/04/2025	14.62	–	2,651,500	–	883,900	1,767,600	Nil	01/04/2026 to 01/04/2029	15.00	N/A
In aggregate	30/05/2025	14.98	–	487,600	–	–	487,600	Nil	01/04/2026 to 01/04/2028	15.50	N/A

Grantees	Date of grant	Fair value per Restricted Share (Note 1) HK$	Number of Restricted Shares: As at 01/01/2025	Granted during the year	Vested during the year	Lapsed/ cancelled during the year	As at 31/12/2025	Purchase price (Note 2) HK$	Vesting period	Closing price of Shares immediately before the date of grant of the Restricted Shares HK$	Weighted average closing price of Shares immediately before the date of vesting during the year HK$
In aggregate	02/06/2025	14.88	–	586,700	–	–	586,700	Nil	01/04/2026 to 01/04/2029	14.98	N/A
In aggregate	23/06/2025	15.80	–	62,400	–	–	62,400	Nil	01/04/2026 to 01/04/2028	15.72	N/A
In aggregate	15/07/2025	15.88	–	1,106,200	–	–	1,106,200	Nil	01/09/2026 to 01/09/2026	16.06	N/A
In aggregate	15/07/2025	15.88	–	8,020,700	–	–	8,020,700	Nil	01/09/2026 to 01/09/2029	16.06	N/A
In aggregate	28/08/2025	18.81	–	26,200	–	–	26,200	Nil	01/09/2026 to 01/09/2028	19.00	N/A
In aggregate	26/09/2025	16.95	–	38,700	–	38,700	–	Nil	01/09/2026 to 01/09/2028	17.22	N/A
In aggregate	30/10/2025	16.59	–	39,600	–	–	39,600	Nil	01/09/2026 to 01/09/2028	16.83	N/A
In aggregate	04/11/2025	16.64	–	3,100	2,066	–	1,034	Nil	01/12/2025 to 01/04/2026	16.95	17.36
In aggregate	04/11/2025	16.64	–	16,600	5,533	–	11,067	Nil	01/12/2025 to 01/04/2027	16.95	17.36
In aggregate	04/11/2025	16.64	–	65,300	–	–	65,300	Nil	01/09/2026 to 01/09/2028	16.95	N/A
In aggregate	08/12/2025	16.81	–	3,900	–	–	3,900	Nil	01/04/2026 to 01/04/2026	16.89	N/A
			9,789,567	29,559,000	1,353,067	3,601,265	34,394,235				

Notes:

1. The fair values of the Restricted Shares were calculated in accordance with the accounting standards and policies adopted for preparing the financial statements and were based on the closing price per Share quoted on the Stock Exchange as at the date of grant.

2. Selected participants are not required to make any payment for application or to accept Restricted Shares. Save for the aforesaid expenses incurred which shall be borne by the selected participant, the Restricted Shares were granted at nil consideration.

3. The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2025 included three Directors. The aggregate information reported under this category represent the movements of the Restricted Shares for the remaining two individuals.

Save as disclosed above, at no time during the year was the Company or its subsidiaries a party to any arrangement to enable the Directors or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the aggregate interest of the Company's connected persons under the 2016 Restricted Share Award Scheme is more than 30%, the trustee has become an associate of connected persons of the Company pursuant to Rule 14A.12(1)(b) of the Listing Rules, as such the RS Transactions shall constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The Company did not adopt annual caps for the amount to be paid to the trustee and number of Shares to be purchased for the year ended 31 December 2025. For details of the annual cap applicable to the RS Transactions in previous years, please refer to the section headed "Annual Caps for Continuing Connected Transactions under the 2016 Restricted Share Award Scheme" in this Report of the Directors and the announcements of the Company dated 19 September 2019, 23 December 2020, 14 December 2021 and 1 June 2023.

DIRECTORS' AND CHIEF EXECUTIVES' 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 executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register required to be kept under Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, are as follows:

Name of Directors	Capacity	Number of Shares held	Number of underlying Shares	Total (Long Position)	Approximate % of total issued Shares*
Li Ning	Personal interest & Interest of controlled corporation	373,205,696	9,708,820	382,914,516 *(Note 1)*	14.81%
Kosaka Takeshi	Personal interest	1,796,095	9,399,545 *(Note 2)*	11,195,640	0.43%
Li Qilin	Personal interest & Beneficiary of a discretionary trust	369,913,473	2,572,840	372,486,313 *(Note 3)*	14.41%
Koo Fook Sun, Louis	Personal interest	26,000	353,700 *(Note 4)*	379,700	0.01%
Wang Ya Fei	Personal interest	396,145	103,700 *(Note 5)*	499,845	0.02%
Chan Chung Bun, Bunny	Personal interest	639,130	103,700 *(Note 6)*	742,830	0.03%
Wang Yajuan	Personal interest	–	103,700 *(Note 7)*	103,700	0.00%

* The percentage has been calculated based on 2,584,811,005 Shares in issue as at 31 December 2025.

Notes:

1. Mr. Li Ning is interested in 382,914,516 Shares, among which 4,426,153 Shares are held as personal interest, and he is deemed to be interested in 368,779,543 Shares held by Viva China Development Limited ("Viva China BVI"). Moreover, Mr. Li Ning is interested in 9,708,820 underlying Shares. Details are as follows:

   (a) Viva China BVI, a wholly-owned subsidiary of Viva Goods Company Limited ("Viva Goods"), is interested in 368,779,543 Shares. As at 31 December 2025, Viva Goods is directly owned as to approximately 13.09% by Ace Leader Holdings Limited ("Ace Leader"), approximately 21.40% by Lead Ahead Limited ("Lead Ahead", a wholly-owned subsidiary of Ace Leader), approximately 14.43% by Victory Mind Assets Limited ("Victory Mind"), approximately 8.56% by Jumbo Top Group Limited ("Jumbo Top"), approximately 0.84% by Grand Color Limited ("Grand Color") and approximately 0.60% by Mr. Li Chun, the brother of Mr. Li Ning and a substantial shareholder of the Company, respectively. Mr. Li Ning has personal interest of approximately 0.22% shareholding in Viva Goods. Ace Leader and Lead Ahead are indirectly wholly-owned by a discretionary trust of which Mr. Li Ning is a founder. Victory Mind is indirectly wholly-owned by a discretionary trust of which Mr. Li Chun is a founder. Both Jumbo Top and Grand Color are wholly-owned by Mr. Li Chun. As a result, by virtue of the SFO, Mr. Li Ning is deemed to be interested in the 368,779,543 Shares held by Viva Goods. Mr. Li Ning is also an executive director, the chairman and co-chief executive officer of Viva Goods.

   (b) Mr. Li Ning is interested in 7,764,620 unvested Restricted Shares under the 2016 Restricted Share Award Scheme and 1,944,200 share options granted under the 2024 Share Option Scheme at an exercise price of HK$16.14 each.

2. Mr. Kosaka Takeshi is interested in 2,840,300 share options granted under the 2014 Share Option Scheme at an exercise price of HK$22.52 each and 6,559,245 unvested Restricted Shares under the 2016 Restricted Shares Award Scheme.

3. Mr. Li Qilin is interested in 372,486,313 Shares, among which 1,133,930 Shares are held as personal interest, and he is deemed to be interested in 368,779,543 Shares held by Viva Goods by virtue of the SFO. Moreover, Mr. Li Qilin is interested in 2,572,840 unvested Restricted Shares under the 2016 Restricted Share Award Scheme. Mr. Li Qilin is the nephew of Mr. Li Ning and the son of Mr. Li Chun, a substantial shareholder of the Company. He is also an executive director of Viva Goods.

4. Mr. Koo Fook Sun, Louis is interested in 250,000 share options granted under the 2014 Share Option Scheme at an exercise price of HK$13.16 each and 103,700 unvested Restricted Shares under the 2016 Restricted Shares Award Scheme.

5. Ms. Wang Ya Fei is interested in 103,700 unvested Restricted Shares under the 2016 Restricted Shares Award Scheme.

6. Dr. Chan Chung Bun, Bunny is interested in 103,700 unvested Restricted Shares under the 2016 Restricted Shares Award Scheme.

7. Ms. Wang Yajuan is interested in 103,700 unvested Restricted Shares under the 2016 Restricted Shares Award Scheme.

Save as disclosed above, so far as was known to any Director, as at 31 December 2025, none of the Directors or chief executives of the Company had, pursuant to Divisions 7 and 8 of Part XV of the SFO, nor were they taken or deemed to have under such provisions of the SFO, any interest or short position in any shares or underlying shares or interest in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange, or any interest which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or any interests which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

As at 31 December 2025, the register of substantial shareholders kept under Section 336 of the SFO shows that the Company had been notified of the following substantial Shareholders' interests and short positions which represent 5% or more of the Company's issued share capital:

Name of Shareholders	Capacity	Number of Shares held	Number of underlying Shares	Total	Approximate % of total issued Shares*
Li Ning	Personal interest & Interest of controlled corporation	373,205,696	9,708,820	382,914,516 (L) *(Note 1)*	14.81%
Li Qilin	Personal interest & Beneficiary of a discretionary trust	369,913,473	2,572,840	372,486,313 (L) *(Note 2)*	14.41%
Li Chun	Interest of controlled corporation	368,779,543	–	368,779,543 (L) *(Note 3)*	14.27%
Viva Goods Company Limited	Interest of controlled corporation	368,779,543	–	368,779,543 (L) *(Note 1 (a))*	14.27%
JPMorgan Chase & Co.	Investment manager	132,377,338	–	132,377,338 (L)	5.12%
	Investment manager	37,637,439	–	37,637,439 (S)	1.45%
ARGA Investment Management, LP	Investment manager	130,243,500	–	130,243,500 (L)	5.04%

(L) – Long position, (S) – Short position

* The percentage has been calculated based on 2,584,811,005 Shares in issue as at 31 December 2025.

Notes:

1. Mr. Li Ning is interested in 382,914,516 Shares, among which 4,426,153 Shares are held as personal interest, and he is deemed to be interested in 368,779,543 Shares held by Viva China BVI. Moreover, Mr. Li Ning is interested in 9,708,820 underlying Shares. Details are as follows:

   (a) Viva China BVI, a wholly-owned subsidiary of Viva Goods, is interested in 368,779,543 Shares. As at 31 December 2025, Viva Goods is directly owned as to approximately 13.09% by Ace Leader, approximately 21.40% by Lead Ahead (a wholly-owned subsidiary of Ace Leader), approximately 14.43% by Victory Mind, approximately 8.56% by Jumbo Top, approximately 0.84% by Grand Color and approximately 0.60% by Mr. Li Chun, the brother of Mr. Li Ning and a substantial shareholder of the Company, respectively. Mr. Li Ning has personal interest of approximately 0.22% shareholding in Viva Goods. Ace Leader and Lead Ahead are indirectly wholly-owned by a discretionary trust of which Mr. Li Ning is a founder. Victory Mind is indirectly wholly-owned by a discretionary trust of which Mr. Li Chun is a founder. Both Jumbo Top and Grand Color are wholly-owned by Mr. Li Chun. As a result, by virtue of the SFO, Mr. Li Ning is deemed to be interested in the 368,779,543 Shares held by Viva Goods. Mr. Li Ning is also an executive director, the chairman and co-chief executive officer of Viva Goods.

   (b) Mr. Li Ning is interested in 7,764,620 unvested Restricted Shares under the 2016 Restricted Share Award Scheme and 1,944,200 share options granted under the 2024 Share Option Scheme at an exercise price of HK$16.14 each.

2. Mr. Li Qilin is interested in 372,486,313 Shares, among which 1,133,930 Shares are held as personal interest, and he is deemed to be interested in 368,779,543 Shares held by Viva Goods by virtue of the SFO. Moreover, Mr. Li Qilin is interested in 2,572,840 unvested Restricted Shares under the 2016 Restricted Share Award Scheme. Mr. Li Qilin is the nephew of Mr. Li Ning and the son of Mr. Li Chun, a substantial shareholder of the Company. He is also an executive director of Viva Goods.

3. As disclosed in Note 1(a) above, Mr. Li Chun is deemed to be interested in 368,779,543 Shares held by Viva Goods. He is the brother of Mr. Li Ning and the father of Mr. Li Qilin.

Save as disclosed above, as at 31 December 2025, the Company had not been notified by any person (other than a Director or chief executive of the Company or their respective associate(s)) of any interest and short position in the Shares and underlying Shares which were required to be recorded in the register kept under Section 336 of the SFO.

ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS UNDER THE 2016 RESTRICTED SHARE AWARD SCHEME

On 2 June 2016, the Board approved the adoption of the 2016 Restricted Share Award Scheme. Since the aggregate interest of the Company's connected persons under the 2016 Restricted Share Award Scheme is more than 30%, the trustee has become an associate of connected persons of the Company pursuant to Rule 14A.12(1)(b) of the Listing Rules and the RS Transactions shall constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Company anticipated further payment will be made to the trustee to purchase Shares from the open market for the reserve of the Restricted Shares, the Board resolved to adopt annual caps for the amount to be paid to the trustee and number of Shares to be purchased in previous years. Please refer to the section headed "2016 Restricted Share Award Scheme" in this Report of the Directors and the announcements of the Company dated 19 September 2019, 23 December 2020, 14 December 2021 and 1 June 2023 for details.

The Company did not adopt annual caps in this respect for the year ended 31 December 2025 and has not made any payments to the trustee to purchase Shares from the open market pursuant to the rules of the 2016 Restricted Share Award Scheme during the year ended 31 December 2025.

In addition, the Company adopt annual caps for the amount to be paid to the trustee and number of Shares to be purchased for the year ending 31 December 2026. For the period from 1 January 2026 to 31 December 2026, the maximum amount of annual cap of the amount to be paid by the Company to the trustee during the period is HK$300,000,000 and the maximum number of annual cap of Shares to be purchased is 15,000,000 Shares (whichever is smaller in terms of value). Please refer to the announcement of the Company dated 5 January 2026 for details.

CONTINUING CONNECTED TRANSACTIONS WITH VIVA GOODS

Master Agreement

The Company and Viva Goods Company Limited ("Viva Goods") entered into a master agreement on 31 August 2010 ("Master Agreement") whereby Viva Goods and its subsidiaries (collectively, the "Viva Goods Group") provided the Group with services in relation to (i) brand or product endorsement; (ii) sponsorship and marketing; and (iii) event production and management ("Viva Goods Transactions") for three financial years ended 31 December 2012. The Master Agreement expired on 31 December 2012.

On 4 January 2013, the Company and Viva Goods entered into an agreement ("2013 Renewed Master Agreement") to renew the Master Agreement with effect from 4 January 2013 to 31 December 2015. Please refer to the announcement of the Company dated 4 January 2013 in regard to the 2013 Renewed Master Agreement for details. The 2013 Renewed Master Agreement expired on 31 December 2015.

On 24 December 2015, the Company and Viva Goods entered into an agreement ("2016 Renewed Master Agreement") to renew the 2013 Renewed Master Agreement with effect from 1 January 2016 to 31 December 2018 or the day on which Viva Goods ceases to be a connected person of the Company (whichever is earlier). Please refer to the announcement of the Company dated 24 December 2015 in regard to the 2016 Renewed Master Agreement for details.

On 10 January 2018, the Board approved to revise the annual cap for the financial year ended 31 December 2018. Please refer to the announcement of the Company dated 10 January 2018 in regard to the revision of annual cap for details. The 2016 Renewed Master Agreement expired on 31 December 2018.

On 28 December 2018, the Company and Viva Goods entered into an agreement ("2019 Renewed Master Agreement") to renew the 2016 Renewed Master Agreement with effect from 1 January 2019 to 31 December 2021 or the day on which Viva Goods ceases to be a connected person of the Company (whichever is earlier). Please refer to the announcement of the Company dated 28 December 2018 in regard to the 2019 Renewed Master Agreement for details. The 2019 Renewed Master Agreement expired on 31 December 2021.

Master Sales Agreement

On 28 December 2018, the Company and Viva Goods entered into an agreement ("2019 Master Sales Agreement") with effect from 1 January 2019 to 31 December 2021 or the day on which Viva Goods ceases to be a connected person of the Company (whichever is earlier). Pursuant to the 2019 Master Sales Agreement, the continuing connected transactions ("Sales Transactions") to be entered into between member(s) of the Group and member(s) of Viva Goods Group in relation to (i) sales of branded products (including but not limited to sportswear and sports-related products) ("Branded Products") by any member of the Group to Viva Goods Group; and (ii) provision of consignment-sales services by any member of Viva Goods Group to the Group in respect of the Branded Products, and set up the annual caps for Sales Transactions for the three financial years ended 31 December 2021. Please refer to the announcement of the Company dated 28 December 2018 in regard to the 2019 Master Sales Agreement for details. The 2019 Master Sales Agreement expired on 31 December 2021.

Processing and Customization Agreement

On 1 January 2021, 李寧 (中國) 體育用品有限公司 (Li Ning (China) Sports Goods Co., Ltd. ("Li Ning China"), an indirect wholly owned subsidiary of the Company) and 來賓寧聚力鞋業有限公司 (Laibin Ningjuli Shoes Co., Ltd. ("Ningjuli"), an indirect non-wholly owned subsidiary of Viva Goods) entered into a processing and customization agreement ("Processing and Customization Agreement") with effect from 1 January 2021 to 31 December 2021 unless terminated earlier in accordance with the terms of the Processing and Customization Agreement. Pursuant to the Processing and Customization Agreement, Li Ning China agreed to engage Ningjuili to manufacture, process and customize footwear products ordered by Li Ning China at price to be determined and agreed upon by Li Ning China and Ningjuli on an arm's length basis ("Ningjuli Transactions"), and set up an annual cap for Ningjuli Transactions. The Board also resolved to increase the relevant annual cap on 13 September 2021 to meet the demand of the Group in terms of the sales performance. Please refer to the announcements of the Company dated 13 September 2021 and 16 September 2021 in regard to the Processing and Customization Agreement for details. The Processing and Customization Agreement expired on 31 December 2021.

Framework Agreement

On 30 December 2021, the Company and Viva Goods entered into a framework agreement ("2021 Framework Agreement") to renew the 2019 Renewed Master Agreement, 2019 Master Sales Agreement and the Processing and Customization Agreement and expand transaction scope with effect from 1 January 2022 to 31 December 2024 or the day on which Viva Goods ceases to be a connected person of the Company (whichever is earlier), and set up the annual caps in respect of the following continuing connected transactions (together "Relevant Transactions"):

(1) sale of branded products by the Group to Viva Goods Group;

(2) manufacturing, processing and sale of products by Viva Goods Group to the Group;

(3) provision of services (including but not limited to (i) brand or product endorsement, (ii) sponsorship and marketing, (iii) event production and management, (iv) consignment-sales, (v) training, (vi) engineering consulting, (vii) sports resources operation and (viii) sport-related knowledge sharing) by Viva Goods Group to the Group;

(4) provision of services (including but not limited to (i) product planning and design guidance, (ii) consignment-sales, (iii) smart office park and office system sharing and (iv) training) by the Group to Viva Goods Group;

(5) lease of premises (including but not limited to offices and warehouses) by the Group to Viva Goods Group; and

(6) collaboration in designing, producing, manufacturing, selling, marketing and promoting co-branded products between the Group and Viva Goods Group.

Pursuant to the 2021 Framework Agreement, the annual caps for the Relevant Transactions receivable by the Group to Viva Goods Group for the financial year ended 31 December 2022, 2023 and 2024 are RMB100,000,000, RMB100,000,000 and RMB107,000,000 respectively. The annual caps for the Relevant Transactions payable by the Group from Viva Goods Group for the financial year ended 31 December 2022, 2023 and 2024 are RMB538,000,000, RMB599,000,000 and RMB600,000,000 respectively.

As the applicable percentage ratios for the annual caps under the 2021 Framework Agreement for the three financial periods ended 31 December 2022, 2023 and 2024 were less than 5%, the Relevant Transactions were exempt from independent shareholders' approval but were subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules. Please refer to the announcement of the Company dated 30 December 2021 in regard to the 2021 Framework Agreement for details. The 2021 Framework Agreement expired on 31 December 2024.

On 13 December 2024, the Company and Viva Goods entered into an agreement ("2025 Renewed Framework Agreement") to renew the 2021 Framework Agreement and expand transaction scope with effect from 1 January 2025 to 31 December 2027 or the day on which Viva Goods ceases to be a connected person of the Company (whichever is earlier), and set up the annual caps in respect of the following continuing connected transactions (together "Renewed Relevant Transactions"):

(1) sale of branded products (including but not limited to sportswear and sports-related products) by the Group to Viva Goods Group;

(2) manufacturing, processing and sale of products by Viva Goods Group to the Group;

(3) provision of services (including but not limited to (i) brand or product endorsement, (ii) sponsorship and marketing, (iii) event production and management, (iv) consignment-sales, (v) training, (vi) engineering consulting, (vii) sports resources operation, (viii) sport-related knowledge sharing and (ix) custodial services of sport park, including but not limited to the ASEAN Sports Centre) by Viva Goods Group to the Group;

(4) provision of services (including but not limited to (i) product planning and design guidance, (ii) consignment-sales, (iii) smart office park and office system sharing and (iv) training) by the Group to Viva Goods Group;

(5) lease of premises (including but not limited to offices and warehouses) by the Group to Viva Goods Group;

(6) lease of premises (including but not limited to offices and warehouses) by Viva Goods Group to the Group;

(7) collaboration in designing, producing, manufacturing, selling, marketing and promoting co-branded products between the Group and Viva Goods Group;

(8) co-sponsorship of sports competitions, events and teams by the Group and Viva Good Group; and

(9) license of the Group's trademark to Viva Goods Group, including but not limited to words, indications, design, letters, characters, numbers, figurative elements, colours, sounds, the shape of the goods or their packaging or any combination of these that identifies the Group.

Pursuant to the 2025 Renewed Framework Agreement, the annual caps for the Renewed Relevant Transactions receivable by the Group to Viva Goods Group for the financial year ending 31 December 2025, 2026 and 2027 are RMB50,000,000, RMB50,000,000 and RMB50,000,000 respectively. The annual caps for the Renewed Relevant Transactions payable by the Group from Viva Goods Group for the financial year ending 31 December 2025, 2026 and 2027 are RMB800,000,000, RMB900,000,000 and RMB950,000,000 respectively.

As the applicable percentage ratios for the annual caps under the 2025 Renewed Framework Agreement for the three financial periods ending 31 December 2025, 2026 and 2027 were less than 5%, the Renewed Relevant Transactions were exempt from independent shareholders' approval but were subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules. Please refer to the announcement of the Company dated 13 December 2024 in regard to the 2025 Renewed Framework Agreement for details.

Annual review for the year ended 31 December 2025

As at 31 December 2025, Viva Goods, who indirectly holds approximately 14.27% of the Shares in issue, is a substantial Shareholder and thus a connected person of the Company.

For the year ended 31 December 2025, there were an aggregate amount of approximately RMB19,584,000 for the Relevant Transactions receivable by the Group from Viva Goods Group, and an aggregate amount of approximately RMB645,460,000 for the Relevant Transactions payable by the Group to Viva Goods Group under the 2025 Renewed Framework Agreement. The Company has complied with the relevant disclosure requirements in respect of such continuing connected transactions in accordance with Chapter 14A of the Listing Rules.

The independent non-executive Directors have reviewed the Relevant Transactions, and confirmed that these transactions were entered into:

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

(2) on normal commercial terms or better; and

(3) in accordance with the relevant agreements governing them and on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Ernst & Young, the auditor of the Company, was engaged to report on the above continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants and reported their conclusions to the Board that the transactions:

(1) have been approved by the Board;

(2) have, in all material respects, been in accordance with the pricing policies of the Group (for transactions involving the provision of goods or services by the Group);

(3) have, in all material respects, been entered into in accordance with the relevant agreements governing the transactions during the year; and

(4) have not exceeded the annual cap disclosed in the announcement of the Company dated 13 December 2024.

RELATED-PARTY TRANSACTIONS

Relevant Transactions being continuing connected transactions of the Company, also constituted related-party transactions of the Company which, among others, are set out in note 35 to the consolidated financial statements.

Apart from the Relevant Transactions, other related-party transactions set out in note 35 to the consolidated financial statements did not constitute connected transactions or continuing connected transactions of the Company which are subject to the reporting, annual review, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company did not redeem any of its Shares during the year ended 31 December 2025, nor were any Shares purchased by the trustee of the 2016 Restricted Share Award Scheme pursuant to the trust deed and the rules of the 2016 Restricted Share Award Scheme. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities during the year ended 31 December 2025. As at 31 December 2025 and the date of this report, the Company does not have any treasury shares (as defined under the Listing Rules).

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief or exemption available to the Shareholders by reason of their holdings of the Company's securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the year ended 31 December 2025 and up to the date of this report, the Company has maintained a sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2025, the Company has applied all the principles and complied with the code provisions of the CG Code, except for certain deviations specified with considered reason as explained in the Corporate Governance Report of this annual report.

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report of this annual report.

BUSINESS REVIEW

A fair review of the business of the Company and further discussion and analysis of the Group's activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group, significant events affecting the Group that have occurred since the end of the financial year 2025, if any, and an indication of likely future developments of the Group's business, can be found in the Chairman's Statement, the Management Discussion and Analysis, the Corporate Governance Report set out on pages 8 to 11, pages 14 to 39 and pages 40 to 56 of this annual report, respectively and the notes to the consolidated financial statements.

In addition, matters in relation to the Group's environment, employee, customer and supplier as well as compliance with the relevant laws and regulations that have a significant impact on the Company can be found in the Corporate Governance Report and the Environmental, Social and Governance Report set out on pages 40 to 56 and pages 57 to 153 of this annual report, respectively.

The discussions referred to above form a part of this Report of the Directors.

AUDITOR

During the year, PricewaterhouseCoopers has retired as the auditor of the Company upon expiration of its term of office at the conclusion of the annual general meeting of the Company held on 12 June 2025 and not be re-appointed, and Ernst & Young was appointed as the auditor of the Company on 12 June 2025 to fill the vacancy, with a term of office until the conclusion of the 2026 AGM. Please refer to the announcement of the Company dated 14 May 2025 for details.

The consolidated financial statements of the Group for the year ended 31 December 2025 have been audited by Ernst & Young. Ernst & Young will retire as auditor of the Company and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Ernst & Young as auditor of the Company will be proposed at the 2026 AGM.

Save as disclosed above, there were no other changes in auditor of the Company in preceding three years.

By order of the Board

Li Ning
Executive Chairman and Joint CEO

Hong Kong, 19 March 2026

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Li Ning Company Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Li Ning Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 191 to 274, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of 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 IFRS Accounting Standards as issued by the International Accounting Standards Board and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as issued by the International Auditing and Assurance Standards Board. 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 Hong Kong Institute of Certified Public Accountants' *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with 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 of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Expected credit loss allowance for trade receivables As at 31 December 2025, the Group's balance of gross trade receivables was RMB1,427 million, against which an expected credit loss allowance of RMB38 million was made. Expected credit loss allowance for trade receivables reflects management's unbiased estimate to determine the expected credit losses. The estimate requires significant management judgement in making assumptions about the risk of default and loss given rates and selecting the inputs to the calculation of expected credit loss allowance. The assessment of expected credit loss allowance was an area of focus for us given the inherent uncertainties of the expected credit loss and the significant amount of the related balances. The Group's disclosures about the expected credit loss of trade receivables are included in Note 2.4, Note 3, Note 20 and Note 38 to the consolidated financial statements.	Our audit procedures to address the risk of material misstatement relating to expected credit loss allowance for trade receivables mainly included: • Obtaining an understanding of the management's internal control 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 key controls over the estimation of expected credit loss allowance for trade receivables; • Testing the method, assumptions and data used to estimate expected credit losses by performing procedures including: (1) assessing the appropriateness of the expected credit loss provisioning methodology, including the grouping of customers in determining the respective historical loss rates, (2) inquiring management regarding the credit worthiness of customers, (3) analysing historical payment pattern of customers, (4) analysing historical trade receivable turnover days and benchmarking against industry average, (5) testing, on a sample basis, the key data inputs such as the ageing schedule of trade receivables, and (6) evaluating the inputs, assumptions and estimation techniques, including both historical and forward-looking information, used to determine the expected credit losses; and • Assessing the adequacy of the disclosures related to expected credit loss allowance for trade receivables in the context of IFRS Accounting Standards in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Provision for inventories As at 31 December 2025, the Group's balance of gross inventories was RMB2,852 million, against which a provision of RMB159 million was made. The net realisable value of inventories is subject to changing consumer demands and evolving market trends which increases the level of judgement involved in estimating the inventory provision. Significant judgement and estimates by management are involved in identifying inventories with net realisable values that are lower than their costs and obsolescence, with reference to the selling prices, salability of inventories and future sales projection. The Group's disclosures about the provision for inventories are included in Note 2.4, Note 3 and Note 19 to the consolidated financial statements.	Our audit procedures to address the risk of material misstatement relating to inventory provision mainly included: • Obtaining an understanding of the management's internal control and assessment process of the estimation of inventory provisions 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 key controls over the estimation of inventory provisions; • Testing the method, assumptions and data used to estimate inventory provision by performing procedures such as: (1) examining inventory ageing schedule and prior year experience including key inventory ratios (e.g. inventory turnover days), (2) reviewing the post-period consumption of inventory, and (3) testing the accuracy of provision calculation by examining the significant inputs, assumptions and estimation techniques and performing mathematic recalculation; and • On a sample basis, observing physical condition of inventories during inventory counts to identify slow moving, damaged, or obsolete inventories, and inquiring management, if appropriate, inventory provision had been provided for those inventories.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors 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. Our 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ng Cheung (practising certificate number: P04900).

Ernst & Young
Certified Public Accountants
Hong Kong
19 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	4	**29,598,417**	28,675,643
Cost of sales		**(15,109,580)**	(14,519,540)
Gross profit		**14,488,837**	14,156,103
Other income and other gains – net	5	**228,433**	154,191
Selling and distribution expenses		**(9,189,675)**	(9,198,907)
Administrative expenses		**(1,630,412)**	(1,427,907)
Reversal of/(provision for) expected credit loss allowance for financial assets – net		**1,025**	(5,274)
Operating profit		**3,898,208**	3,678,206
Finance income	6	**296,709**	429,525
Finance expenses	6	**(263,591)**	(254,421)
Finance income – net	6	**33,118**	175,104
Share of profits and losses of:			
Associates	18	**208,823**	184,933
Joint ventures	18	**49,074**	71,366
PROFIT BEFORE INCOME TAX		**4,189,223**	4,109,609
Income tax expense	10	**(1,253,480)**	(1,096,691)
PROFIT FOR THE YEAR		**2,935,743**	3,012,918
Attributable to:			
Equity holders of the Company		**2,935,743**	3,012,918
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY FOR THE YEAR (expressed in RMB cents per share)			
Basic earnings per share	12	**113.91**	116.98
Diluted earnings per share	12	**113.53**	116.52

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	Note	**2025 RMB'000**	2024 RMB'000
PROFIT FOR THE YEAR		**2,935,743**	3,012,918
OTHER COMPREHENSIVE (LOSS)/INCOME:			
Other comprehensive (loss)/income that may be classified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations	30	**(85,120)**	52,205
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,850,623**	3,065,123
Attributable to:			
Equity holders of the Company		**2,850,623**	3,065,123

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	**2025 RMB'000**	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**4,753,734**	4,610,454
Right-of-use assets	15	**1,561,724**	1,576,667
Investment properties	14	**2,557,640**	2,913,826
Land use rights	16	**147,074**	150,864
Intangible assets	17	**156,823**	234,736
Deferred income tax assets	27	**984,539**	949,424
Other assets	21	**8,226**	5,450
Investments accounted for using the equity method	18	**1,827,940**	1,743,938
Investments measured at fair value through profit or loss	36	**436,738**	450,316
Other receivables	22	**165,693**	166,519
Time deposits	23	**2,164,314**	2,377,970
Total non-current assets		**14,764,445**	15,180,164
CURRENT ASSETS			
Inventories	19	**2,693,793**	2,598,226
Other assets – current portion	21	**822,253**	893,775
Trade receivables	20	**1,388,679**	1,004,591
Other receivables – current portion	22	**235,571**	245,432
Restricted bank deposits	23	**200**	23,261
Time deposits – current portion	23	**1,092,575**	8,264,361
Cash and cash equivalents	23	**16,716,551**	7,498,596
Total current assets		**22,949,622**	20,528,242
Total assets		**37,714,067**	35,708,406
EQUITY			
Equity attributable to equity holders of the Company			
Ordinary shares	28	**235,854**	235,853
Share premium		**9,003,738**	9,011,394
Treasury shares		**(248,744)**	(290,896)
Other reserves	30	**2,375,190**	2,251,666
Retained earnings		**16,261,461**	14,895,672
Total equity		**27,627,499**	26,103,689

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	**2025 RMB'000**	2024 RMB'000
NON-CURRENT LIABILITIES			
Licence fees payable	26	**–**	16,500
Lease liabilities	15	**1,465,551**	1,384,527
Deferred income tax liabilities	27	**514,968**	568,753
Deferred income		**44,967**	48,991
Total non-current liabilities		**2,025,486**	2,018,771
CURRENT LIABILITIES			
Trade payables	24	**1,901,694**	1,625,132
Contract liabilities	4	**369,001**	368,518
Lease liabilities – current portion	15	**589,603**	551,610
Other payables and accruals	25	**4,093,380**	4,049,422
Licence fees payable – current portion	26	**34,652**	40,917
Current income tax liabilities		**1,072,752**	950,347
Total current liabilities		**8,061,082**	7,585,946
Total liabilities		**10,086,568**	9,604,717
Total equity and liabilities		**37,714,067**	35,708,406

Li Ning
Executive Chairman & Joint Chief Executive Officer

Kosaka Takeshi
Joint Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to equity holders of the Company					
	Ordinary shares RMB'000 *(Note 28)*	Share premium RMB'000	Treasury shares RMB'000	Other reserves RMB'000 *(Note 30)*	Retained earnings RMB'000	Total equity RMB'000
At 1 January 2025	235,853	9,011,394	(290,896)	2,251,666	14,895,672	26,103,689
Profit for the year	–	–	–	–	2,935,743	2,935,743
Other comprehensive loss for the year:						
Exchange differences on translation of foreign operations	–	–	–	(85,120)	–	(85,120)
Total comprehensive income for the year	–	–	–	(85,120)	2,935,743	2,850,623
Dividends declared	–	–	–	–	(1,399,890)	(1,399,890)
Issue of shares upon exercise of conversion rights of the convertible securities	1	28	–	(29)	–	–
Equity-settled share option and restricted share award schemes	–	–	–	240,661	–	240,661
Reversal upon forfeiture under the restricted share award scheme	–	–	–	(167,885)	–	(167,885)
Treasury shares reissued upon vesting under the restricted share award scheme	–	(7,684)	42,152	(34,468)	–	–
Tax impact on share-based payments	–	–	–	301	–	301
Appropriations to statutory reserves	–	–	–	170,064	(170,064)	–
At 31 December 2025	235,854	9,003,738	(248,744)	2,375,190	16,261,461	27,627,499

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to equity holders of the Company					
	Ordinary shares RMB'000 *(Note 28)*	Share premium RMB'000	Treasury shares RMB'000	Other reserves RMB'000 *(Note 30)*	Retained earnings RMB'000	Total equity RMB'000
At 1 January 2024	239,546	10,172,638	(1,037,927)	2,021,513	13,010,871	24,406,641
Profit for the year	–	–	–	–	3,012,918	3,012,918
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	–	–	–	52,205	–	52,205
Total comprehensive income for the year	–	–	–	52,205	3,012,918	3,065,123
Dividends declared	–	(473,560)	–	–	(970,385)	(1,443,945)
Cancellation of treasury shares	(3,723)	(701,982)	705,705	–	–	–
Issue of shares upon exercise of conversion rights of the convertible securities	–	7	–	(7)	–	–
Equity-settled share option and restricted share award schemes	–	–	–	77,700	–	77,700
Treasury shares reissued upon vesting under the restricted share award scheme	–	9,106	41,326	(50,432)	–	–
Tax impact on share-based payments	–	–	–	(5,747)	–	(5,747)
Issue of shares under a share option scheme	30	5,185	–	(1,298)	–	3,917
Appropriations to statutory reserves	–	–	–	157,732	(157,732)	–
At 31 December 2024	235,853	9,011,394	(290,896)	2,251,666	14,895,672	26,103,689

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		**4,189,223**	4,109,609
Adjustments for:			
Depreciation on property, plant and equipment	7	**709,648**	1,095,092
Depreciation on right-of-use assets	7	**498,114**	613,087
Depreciation on investment properties	14	**99,170**	86,295
Amortisation of land use rights and intangible assets	7	**69,150**	63,093
(Gain)/loss on disposal of items of property, plant and equipment and intangible assets		**(4,479)**	22,460
Gain on disposal of right-of-use assets	15	**(20,672)**	(54,377)
(Reversal of)/provision for write-down of inventories to net realisable value		**(8,138)**	32,090
(Reversal of)/provision for expected credit loss allowance of trade receivables and other receivables		**(1,025)**	5,274
Impairment of investments accounted for using the equity method		**2,128**	–
Impairment of right-of-use assets	7	**283,411**	171,942
Impairment of property, plant and equipment	7	**72,281**	81,807
Impairment of investment properties	5	**269,020**	333,372
Impairment of intangible assets (including goodwill)	7	**76,428**	23,535
Share of profit of joint ventures and associates	18	**(257,897)**	(256,299)
Gains on redemption of wealth management products measured at fair value through profit or loss	5	**(65,145)**	(35,195)
Fair value losses/(gains) to investments measured at fair value through profit or loss	5	**13,578**	(22,127)
Dividend income from investments measured at fair value through profit or loss	5	**(1,806)**	(954)
Finance income – net		**(76,019)**	(199,100)
Expenses for equity-settled share option and restricted share award schemes	30	**240,661**	77,700
Reversal of share base payment expense upon forfeiture under the restricted share award scheme		**(167,885)**	–
Amortisation of deferred income		**(10,875)**	(27,016)
		5,908,871	6,120,288
Increase in inventories		**(87,429)**	(137,110)
(Increase)/decrease in trade receivables		**(380,821)**	192,237
Decrease in other receivables		**8,477**	619
Increase/(decrease) in trade payables		**276,562**	(164,664)
Increase in other payables and accruals, licence fees payable and deferred income		**250,480**	792,956
Decrease/(increase) in other assets		**71,522**	(55,600)
Increase/(decrease) in contract liabilities		**483**	(184,019)
Decrease/(increase) in restricted cash		**23,061**	(22,455)
Cash generated from operations		**6,071,206**	6,542,252
Income tax paid		**(1,219,674)**	(1,274,317)
Net cash flows from operating activities		**4,851,532**	5,267,935

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(1,222,386)	(1,430,834)
Acquisition of a subsidiary		–	(1,812,988)
Purchases of investment properties		(5,467)	–
Purchases of intangible assets		(63,885)	(72,205)
Proceeds from disposal of items of property, plant and equipment		14,937	10,140
Purchases of wealth management products		(15,481,604)	(5,095,000)
Redemption of the principal amounts of wealth management products		15,481,604	5,095,000
Placement of time deposits		(810,000)	(1,350,000)
Redemption of time deposits		7,610,000	3,250,000
Investment income from wealth management products		65,145	35,195
Dividends from financial assets measured at fair value through profit or loss		1,806	954
Interest received from bank deposits		882,151	418,024
Dividends from associates and a joint venture		188,267	172,531
Capital injection to an associate		–	(53,569)
Capital injection to a joint venture		(16,500)	–
Other cash used in other investing activities		(10,097)	(6,864)
Net cash generated from/(used in) investing activities		6,633,971	(839,616)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shares issued under a share option scheme		–	3,917
Payment of principal and related interest of lease liabilities		(728,316)	(856,075)
New bank borrowings		5,920,000	5,006,216
Repayment of bank borrowings		(5,920,000)	(5,006,216)
Interest paid		(26,828)	(28,176)
Dividends paid		(1,399,890)	(1,443,945)
Net cash flows used in financing activities		(2,155,034)	(2,324,279)
Net increase in cash and cash equivalents		9,330,469	2,104,040
Cash and cash equivalents at beginning of year		7,498,596	5,443,883
Effect of foreign exchange rate changes – net		(112,514)	(49,327)
Cash and cash equivalents at end of year	23	16,716,551	7,498,596
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	19,973,640	18,164,188
Less: Restricted bank deposits	23	(200)	(23,261)
Time deposits	23	(3,256,889)	(10,642,331)
Cash and cash equivalents as stated in the statement of financial position		16,716,551	7,498,596

1. GENERAL INFORMATION

Li Ning Company Limited (the "Company") and its subsidiaries (together, the "Group") are principally engaged in brand development, design, manufacture, sale and distribution of sport-related footwear, apparel, equipment and accessories in the People's Republic of China (the "PRC").

The Company was incorporated on 26 February 2004 in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Information about subsidiaries

The following is a list of the Group's subsidiaries at 31 December 2025:

Name	Place of incorporation/ registration and business	Issued share/ registered capital	Percentage of equity attributable to the Company	Principal activities
Directly held:				
RealSports Pte Ltd.	The British Virgin Islands	US$1,000	100%	Investment holding
Indirectly held:				
Li Ning Sports Technology Development (Hong Kong) Co., Ltd.	Hong Kong	HK$1	100%	Research and development
Li Ning Sports (Hong Kong) Co., Ltd.	Hong Kong	HK$100	100%	Provision of administrative services and investment holding
李寧體育(上海)有限公司 (Li Ning Sports (Shanghai) Co., Ltd.)	PRC/Chinese mainland	US$8,000,000	100%	Brand licensing and investment holding
上海狐步體育用品有限公司 (Shanghai Hubu Sports Goods Co., Ltd.)	PRC/Chinese mainland	RMB2,000,000	100%	Investment holding
上海李寧體育用品有限公司 (Shanghai Li Ning Sports Goods Co.,Ltd.)	PRC/Chinese mainland	RMB5,000,000	100%	Sale of sports goods
上海悅奧體育用品有限公司 (Shanghai Yue Ao Sports Goods Co., Ltd.)	PRC/Chinese mainland	RMB3,000,000	100%	Investment holding
佛山李寧體操學校服務有限公司 (Foshan Li Ning Gymnastic School Services Co., Ltd.)	PRC/Chinese mainland	RMB1,000,000	100%	Property management
李寧(中國)體育用品有限公司 (Li Ning (China) Sports Goods Co., Ltd.)	PRC/Chinese mainland	RMB1,316,670,000	100%	Sale of sports goods
Li Ning Korea Sports Ltd.	Republic of Korea	KRW100,000,000	100%	Research and development

I. GENERAL INFORMATION *(CONTINUED)*

Information about subsidiaries *(Continued)*

Name	Place of incorporation/ registration and business	Issued share/ registered capital	Percentage of equity attributable to the Company	Principal activities
單仕競 (上海) 體育用品有限公司 (Danskin (Shanghai) Sports Goods Co., Ltd.)	PRC/Chinese mainland	RMB5,000,000	100%	Sale of sports goods
上海少昊電子商務有限公司 (Shanghai Shaohao E-commerce Co., Ltd.)	PRC/Chinese mainland	RMB1,000,000	100%	Sale of sports goods
李寧體育 (北京) 有限公司 (Li Ning Sports (Beijing) Co., Ltd.)	PRC/Chinese mainland	HK$10,000,000	100%	Sale of sports goods
上海一動體育發展有限公司 (Shanghai Edosports Development Co., Ltd.)	PRC/Chinese mainland	RMB10,000,000	100%	Sale of sports goods
鄭州一動體育用品銷售有限公司 (Zhengzhou Edosports Goods Sales Co., Ltd.)	PRC/Chinese mainland	RMB2,750,000	100%	Sale of sports goods
廣州一動體育用品銷售有限公司 (Guangzhou Edosports Goods Sales Co., Ltd.)	PRC/Chinese mainland	RMB3,200,000	100%	Sale of sports goods
瀋陽一動體育用品銷售有限公司 (Shenyang Edosports Goods Sales Co., Ltd.)	PRC/Chinese mainland	RMB3,000,000	100%	Sale of sports goods
濟南一動體育用品銷售有限公司 (Jinan Edosports Goods Sales Co., Ltd.)	PRC/Chinese mainland	RMB1,000,000	100%	Sale of sports goods
武漢一動體育用品銷售有限公司 (Wuhan Edosports Goods Sales Co., Ltd.)	PRC/Chinese mainland	RMB1,000,000	100%	Sale of sports goods
北京李寧體育用品銷售有限公司 (Beijing Li Ning Sports Goods Sales Co., Ltd.)	PRC/Chinese mainland	RMB20,000,000	100%	Sale of sports goods
上海一動體育用品銷售有限公司 (Shanghai Edosports Goods Sales Co., Ltd.)	PRC/Chinese mainland	RMB5,000,000	100%	Sale of sports goods
天津一動體育用品銷售有限公司 (Tianjin Edosports Goods Sales Co., Ltd.)	PRC/Chinese mainland	RMB3,500,000	100%	Sale of sports goods
南京一動體育用品銷售有限公司 (Nanjing Edosports Goods Sales Co., Ltd.)	PRC/Chinese mainland	RMB1,000,000	100%	Sale of sports goods
新疆一動體育用品銷售有限公司 (Xinjiang Edosports Goods Sales Co., Ltd.)	PRC/Chinese mainland	RMB1,000,000	100%	Sale of sports goods
廣西李寧體育用品有限公司 (Guangxi Li Ning Sports Goods Co., Ltd)	PRC/Chinese mainland	RMB50,000,000	100%	Manufacture and sale of sports goods
長沙一動體育用品銷售有限公司 (Changsha Edosports Goods Sales Co., Ltd.)	PRC/Chinese mainland	RMB1,000,000	100%	Sale of sports goods

I. GENERAL INFORMATION *(CONTINUED)*

Information about subsidiaries *(Continued)*

Name	Place of incorporation/ registration and business	Issued share/ registered capital	Percentage of equity attributable to the Company	Principal activities
南寧一動體育用品銷售有限公司 (Nanning Edosports Goods Sales Co., Ltd.)	PRC/Chinese mainland	RMB1,500,000	100%	Sale of sports goods
西安一動體育用品銷售有限公司 (Xian Edosports Goods Sales Co., Ltd.)	PRC/Chinese mainland	RMB1,000,000	100%	Sale of sports goods
成都一動體育用品銷售有限公司 (Chengdu Edosports Goods Sales Co., Ltd.)	PRC/Chinese mainland	RMB1,000,000	100%	Sale of sports goods
昆明一動體育用品銷售有限公司 (Kunming Edosports Goods Sales Co., Ltd.)	PRC/Chinese mainland	RMB1,000,000	100%	Sale of sports goods
蘭州一動體育用品銷售有限公司 (Lanzhou Edosports Goods Sales Co., Ltd.)	PRC/Chinese mainland	RMB1,000,000	100%	Sale of sports goods
廈門悅奧商貿有限公司 (Xiamen Yue Ao Trading Co., Ltd.)	PRC/Chinese mainland	RMB1,000,000	100%	Sale of sports goods
大連悅奧體育用品銷售有限公司 (Dalian Yue Ao Sports Goods Sales Co., Ltd.)	PRC/Chinese mainland	RMB3,000,000	100%	Sale of sports goods
杭州悅奧體育用品銷售有限公司 (Hangzhou Yue Ao Sports Goods Sales Co., Ltd.)	PRC/Chinese mainland	RMB1,000,000	100%	Sale of sports goods
合肥一動體育用品銷售有限公司 (Hefei Edosports Goods Sales Co., Ltd.)	PRC/Chinese mainland	RMB1,000,000	100%	Sale of sports goods
上海李寧體育用品電子商務有限公司 (Shanghai Li Ning Sports Goods E-business Co.,Ltd.)	PRC/Chinese mainland	RMB20,000,000	100%	Sale of sports goods
李寧 (福建) 羽毛球科技發展有限公司 (Li Ning (Fujian) Badminton Technology Development Co., Ltd.)	PRC/Chinese mainland	RMB20,000,000	100%	Manufacture and sale of sports goods
Kason Sports (Hong Kong) Ltd. ("Kason Sports")	Hong Kong	HK$1	100%	Investment holding
Li Ning International Trading (Hong Kong) Co., Ltd.	Hong Kong	HK$2	100%	Sales of sports goods
李寧 (湖北) 體育用品有限公司 (Li Ning (Hubei) Sports Goods Co., Ltd.)	PRC/Chinese mainland	RMB111,844,000	100%	Sale of sports goods
哈爾濱一動體育用品銷售有限公司 (Harbin Edosports Goods Sales Co., Ltd.)	PRC/Chinese mainland	RMB1,000,000	100%	Sale of sports goods
大慶悅動體育用品銷售有限公司 (Daqing Yue Dong Sports Goods Sales Co., Ltd.)	PRC/Chinese mainland	RMB1,000,000	100%	Sale of sports goods

I. GENERAL INFORMATION *(CONTINUED)*

Information about subsidiaries *(Continued)*

Name	Place of incorporation/ registration and business	Issued share/ registered capital	Percentage of equity attributable to the Company	Principal activities
重慶悅奧體育用品銷售有限公司 (Chongqing Yue Ao Sports Goods Sales Co., Ltd.)	PRC/Chinese mainland	RMB1,000,000	100%	Sale of sports goods
貴陽悅奧體育用品有限公司 (Guiyang Yue Ao Sports Goods Co., Ltd.)	PRC/Chinese mainland	RMB1,000,000	100%	Sale of sports goods
深圳悅奧商貿有限公司 (Shenzhen Yue Ao Trading Co., Ltd.)	PRC/Chinese mainland	RMB1,000,000	100%	Sale of sports goods
長春悅奧體育用品銷售有限公司 (Changchun Yue Ao Sports Goods Sales Co., Ltd.)	PRC/Chinese mainland	RMB1,000,000	100%	Sale of sports goods
李寧體育 (深圳) 有限公司 (Li Ning Sports (Shenzhen) Co., Ltd.)	PRC/Chinese mainland	RMB400,000,000	100%	Sale of sports goods
李寧體育科技 (深圳) 有限公司 (Li Ning Sports Technology (Shenzhen) Co., Ltd.)	PRC/Chinese mainland	RMB20,000,000	100%	Research and development
Li Ning Communications (Hong Kong) Ltd.	Hong Kong	HK$20,000,000	100%	Investment holding
深圳李寧大廈有限公司 (Shenzhen Li Ning Property Co.,Ltd.)	PRC/Chinese mainland	US$25,000,000	100%	Property investment
李寧體育 (廣西) 有限公司 (Li Ning Sports (Guangxi) Co., Ltd.)	PRC/Chinese mainland	RMB922,322,400	100%	Property investment
上海少昊體育發展有限公司 (Shanghai Shao Hao Sports Development Co., Ltd.)	PRC/Chinese mainland	RMB5,000,000	100%	Property investment
上海少昊伯悅商業管理有限公司 (Shanghai Shao Hao Bo Yue Business Management Co., Ltd.)	PRC/Chinese mainland	RMB5,000,000	100%	Property investment
上海寧聚體育用品有限公司 (Shanghai Ning Ju Sports Goods Co., Ltd.)	PRC/Chinese mainland	RMB5,000,000	100%	Property investment
李寧體育童裝有限公司 (Li Ning Sports Kidswear Co., Ltd.)	PRC/Chinese mainland	RMB250,000,000	100%	Sale of sports goods
杭州寧聚體育用品有限公司 (Hangzhou Ningju Sports Goods Co., Ltd.)	PRC/Chinese mainland	RMB500,000	100%	Sale of sports goods
Edosports Macau International Trading Co. Ltd.	Macau	MOP$100,000	100%	Sales of sports goods
廣西李寧羽毛球有限公司 (Guangxi Li Ning Badminton Co., Ltd)	PRC/Chinese mainland	RMB40,000,000	100%	Manufacture and sale of sports goods

I. GENERAL INFORMATION *(CONTINUED)*

Information about subsidiaries *(Continued)*

Name	Place of incorporation/ registration and business	Issued share/ registered capital	Percentage of equity attributable to the Company	Principal activities
Zone Dynasty Limited	The British Virgin Islands	US$1	100%	Investment holding
High Match Limited	The British Virgin Islands	US$1	100%	Investment holding
上海李寧體育發展有限公司 (Shanghai Li Ning Sports Development Co., Ltd.)	PRC/Chinese mainland	RMB5,000,000	100%	Sale of sports goods
Vansittart Investment Limited	Hong Kong	HK$2	100%	Property investment
李寧體育科技(北京)有限公司 (Li Ning Sports Technology (Beijing) Co., Ltd.)	PRC/Chinese mainland	RMB20,000,000	100%	Research and development

The English names of all group companies registered in the Chinese mainland represent the best efforts made by the management of the Company to translate the names of these companies as they do not have official English names.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). They have been prepared under the historical cost convention, except for investments measured at fair value through profit or loss. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interests and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. ACCOUNTING POLICIES *(CONTINUED)*

2.2 Changes in accounting policies and disclosures

The Group has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statement. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

2.3 Issued but not yet effective IFRS Accounting Standards

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

[1] Effective for annual periods beginning on or after 1 January 2026
[2] Effective for annual/reporting periods beginning on or after 1 January 2027
[3] No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*.

2. ACCOUNTING POLICIES *(CONTINUED)*

2.3 Issued but not yet effective IFRS Accounting Standards *(Continued)*

As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing IFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments:* The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES *(CONTINUED)*

2.3 Issued but not yet effective IFRS Accounting Standards *(Continued)*

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected have any impact on the Group's financial statements.

2.4 Material accounting policies

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

2. ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policies *(Continued)*

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of 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 the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

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.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment, or more frequently of events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill on acquisitions of subsidiaries is included in "intangible assets".

2. ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policies *(Continued)*

FAIR VALUE MEASUREMENT

The Group measures equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policies *(Continued)*

IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred income tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

RELATED PARTIES

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2. ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policies *(Continued)*

RELATED PARTIES *(Continued)*

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2. ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policies *(Continued)*

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION *(Continued)*

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

Buildings	20 to 40 years
Leasehold improvement	Shorter of 2 to 3 years and the remaining lease terms
Moulds	2 to 3 years
Machinery	3 to10 years
Office equipment and motor vehicles	1 to 8 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

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 gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

INVESTMENT PROPERTIES

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs and subsequently carried at cost less accumulated depreciation and accumulated impairment losses (if any). The estimated useful lives of investment properties are as follows:

Land and buildings	27 to 40 years

INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. 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.

LICENCE RIGHTS

Licence rights are stated at historical cost less accumulated amortisation and accumulated impairment losses. They are initially measured at the fair value of the consideration given to acquire the licence at the time of the acquisition, which represents historical cost comprising the capitalised present values of the fixed minimum periodic payments to be made on date of acquisition and in the subsequent years in respect of the acquisition of the licence rights. Variable payments in relation to licence rights that depend on sales of related products are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Licence rights are amortised using the straight-line method to allocate the cost of the licences over the period of the respective contractual rights varying from 2 to 10 years.

2. ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policies *(Continued)*

INTANGIBLE ASSETS (OTHER THAN GOODWILL) *(Continued)*

COMPUTER SOFTWARE

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 5 years.

TRADEMARKS AND PATENTS, CUSTOMER RELATIONSHIPS AND NON-COMPETE AGREEMENTS

Separately acquired trademarks and patents, customer relationships and non-compete agreements are initially shown at historical cost. Trademarks and patents, customer relationships and non-compete agreements acquired in business combination are recognised at fair value at the acquisition date. Trademarks and patents, customer relationships and non-compete agreements that have finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method where the cost of trademarks is allocated over their estimated useful lives of 10 to 20 years, and the cost of customer relationships and non-compete agreements is allocated over their estimated useful lives of 3 to 8 years.

LEASES

The Group assesses at contract inception whether a 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.

GROUP AS A LESSEE

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease terms.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2. ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policies *(Continued)*

LEASES *(Continued)*

GROUP AS A LESSEE *(Continued)*

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of retail stores (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

GROUP AS A LESSOR

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

LAND USE RIGHTS

Land use rights, which are accounted for in accordance with the accounting policies for right-of-use assets, are stated at cost less accumulated amortisation and accumulated impairment losses. Cost represents consideration paid for the rights to use the land on which various plants and buildings are situated for periods varying from 20 to 50 years. Amortisation of land use rights is calculated on a straight-line basis over the period of the land use rights.

2. ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policies *(Continued)*

INVESTMENTS AND OTHER FINANCIAL ASSETS

INITIAL RECOGNITION AND MEASUREMENT

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

SUBSEQUENT MEASUREMENT

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

2. ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policies *(Continued)*

DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

IMPAIRMENT OF FINANCIAL ASSETS

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

GENERAL APPROACH

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2. ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policies *(Continued)*

IMPAIRMENT OF FINANCIAL ASSETS *(Continued)*

GENERAL APPROACH *(Continued)*

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

SIMPLIFIED APPROACH

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policies *(Continued)*

FINANCIAL LIABILITIES

INITIAL RECOGNITION AND MEASUREMENT

Financial liabilities are classified, at initial recognition, as payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and licence fees payable.

SUBSEQUENT MEASUREMENT

The subsequent measurement of financial liabilities depends on their classification as follows:

FINANCIAL LIABILITIES AT AMORTISED COST (TRADE AND OTHER PAYABLES)

After initial recognition, trade and other payables are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

2. ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policies *(Continued)*

CLASSIFICATION AS EQUITY AND FINANCIAL LIABILITIES

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument.

A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or (b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Convertible securities with no contractual obligation to be settled in cash are classified as equity upon initial recognition.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises costs of merchandise, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). 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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

PROVISIONS

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

2. ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policies *(Continued)*

INCOME TAX

Income tax comprises current and deferred income 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 income 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, except that deferred income tax is not recognised for the Pillar Two income taxes.

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

- when the deferred income 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 does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, 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 income tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income 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 does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred income 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 income 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 income tax asset to be utilised. Unrecognised deferred income 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 income tax asset to be recovered.

2. ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policies *(Continued)*

INCOME TAX *(Continued)*

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

REVENUE RECOGNITION

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised when control of goods is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

- Wholesale operation

  The Group's wholesales operation makes sales to end customers through franchised distributors. Sales of goods are recognised when control of the goods has transferred. Control is considered to be transferred at the point in time when the products have been delivered to the franchised distributors who has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the franchised distributors' acceptance of the products. Certain contracts for the sale of goods provide franchised distributors with rights of return and volume rebates, giving rise to variable consideration.

- Direct retail operation

  The Group's direct retail operation makes sales to end customers through directly-operated stores. Sales of goods are recognised when control of the goods has transferred. Control is considered to be transferred at the point in time when the goods are delivered to customers directly in the stores. Contracts for the sale of goods provide customers with rights of return giving rise to variable consideration.

2. ACCOUNTING POLICIES *(CONTINUED)*

2.4 Material accounting policies *(Continued)*

REVENUE RECOGNITION *(Continued)*

REVENUE FROM CONTRACTS WITH CUSTOMERS *(Continued)*

- E-commerce channel

  The Group's e-commerce channel makes sales to end customers through internet and sales are recognised when the control of the products has been transferred to the customer. Control is considered to be transferred at the point in time when the products have been delivered to the customers. Transactions are settled by credit or payment cards or through on-line payment platforms. Contracts for the sale of goods provide customers with rights of return giving rise to variable consideration.

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

(i) Rights of return

For contracts which provide end customers and franchised distributors with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

(ii) Volume rebates

Retrospective volume rebates may be provided to franchised distributors once the purchase of products during the period exceeds certain thresholds set out in the contract. Rebates are offset against amounts payable by the customer.

REVENUE FROM OTHER SOURCES

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

2. ACCOUNTING POLICIES *(CONTINUED)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

REVENUE RECOGNITION *(Continued)*

OTHER INCOME

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes (including cash and cash equivalents, and time deposits).

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

CONTRACT LIABILITIES

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

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, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

SHARE-BASED PAYMENTS

Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by binomial model or market value of shares, further details of which are set out in Note 29 to the consolidated financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2. ACCOUNTING POLICIES *(CONTINUED)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

SHARE-BASED PAYMENTS *(Continued)*

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

OTHER EMPLOYEE BENEFITS

PENSION SCHEMES

The employees of the Group's subsidiaries which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 5% to 16% of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group also operates defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

2. ACCOUNTING POLICIES *(CONTINUED)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

DIVIDENDS

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the consolidated financial statements.

FOREIGN CURRENCIES

These financial statements are presented in Renminbi, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the Renminbi. As at the end of the reporting period, the assets and liabilities of these entities are translated into Renminbi at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Renminbi at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

CLASSIFICATION BETWEEN INVESTMENT PROPERTIES AND OWNER-OCCUPIED PROPERTIES

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

DEFERRED INCOME TAX ASSETS

Deferred income 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 management judgement is required to determine the amount of deferred income tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

As at 31 December 2025, the Group had unused tax losses of RMB550,581,000 (2024: RMB359,586,000) in respect of which no deferred income tax assets have been recognised. These tax losses relate to certain subsidiaries that have a history of losses. The losses have not expired and may not be used to offset taxable profits of other entities within the Group. The relevant subsidiaries do not have any taxable temporary differences nor any available tax planning opportunities that could support, in whole or in part, the recognition of deferred income tax assets in respect of these losses. Accordingly, the Group has not recognised deferred income tax assets on these tax losses.

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.

VARIABLE CONSIDERATION FOR RETURNS

The Group estimates variable consideration to be included in the transaction price for the sale of products with rights of return.

The Group has developed a statistical model for forecasting sales returns. The model used the historical return data under different sales channels to estimate expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

Estimation uncertainty *(Continued)*

VARIABLE CONSIDERATION FOR RETURNS *(Continued)*

The Group updates its assessment of expected returns semiannually and the refund liabilities are adjusted accordingly. Estimates of expected returns are sensitive to changes in circumstances and the Group's past experience regarding returns and may not be representative of customers' actual returns in the future.

PROVISION FOR INVENTORIES

The Group's inventories are stated at the lower of cost and net realisable value. 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. These estimates are based on the current market condition, future sales projection, current year sales and selling price per latest sales transaction. Management reassesses the estimations at each end of the reporting period.

WITHHOLDING TAXES ARISING FROM THE DISTRIBUTIONS OF DIVIDEND

Dividends derived from the Company's subsidiaries in the Chinese mainland earned after 1 January 2008 are subject to withholding tax at the rate of 5%. The Group reassessed its needs to make distributions out of its subsidiaries in Chinese mainland. As a result, withholding income tax has been provided for the dividends already distributed during the year and undistributed profits to the extent they are expected to be distributed in future.

PROVISION FOR EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS

The expected credit loss allowance for financial assets is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past historical data, existing market conditions as well as forward-looking information at the end of each reporting period. Further details are set out in Note 38 to the consolidated financial statements.

IMPAIRMENT OF NON-FINANCIAL ASSETS (OTHER THAN GOODWILL)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are set out in Note 13 and Note 14 to the consolidated financial statements.

4. SEGMENT INFORMATION AND REVENUE

The Group's management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax.

The Group is principally engaged in a single line of business of sporting goods. The Group's management reviews the performance of the Group as a whole and there is only one reportable segment and no segment information is presented.

The Group's principal market is the PRC (including the Hong Kong Special Administrative Region and the Macau Special Administrative Region) and its sales to overseas customers contributed to less than 10% of revenue. Also, none of the Group's non-current assets is located outside the PRC. Accordingly, no geographical information is presented.

(a) Revenue from contracts with customers

The Group derived revenue in the following major product categories and sales channels:

REVENUE BY PRODUCT CATEGORY

	2025 RMB'000	2024 RMB'000
Footwear	**14,650,546**	14,300,341
Apparel	**12,327,039**	12,050,245
Equipment and accessories	**2,620,832**	2,325,057
Total	**29,598,417**	28,675,643

REVENUE BY SALES CHANNEL

	2025 RMB'000	2024 RMB'000
The PRC market		
Sales to franchised distributors	**13,773,187**	12,956,716
Sales from direct operation	**6,654,917**	6,883,319
Sales from e-commerce channel	**8,743,238**	8,304,759
Other regions	**427,075**	530,849
Total	**29,598,417**	28,675,643

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

For the years ended 31 December 2025 and 2024, no revenue derived from transactions with a single external customer represented 10% or more of the Group's total revenue.

4. SEGMENT INFORMATION AND REVENUE *(CONTINUED)*

(b) Liabilities related to contracts with customers

	2025 RMB'000	2024 RMB'000
Contract liabilities – advances from customers	**321,514**	303,785
Contract liabilities – customer loyalty programme	**47,487**	64,733
Total	**369,001**	368,518

The Group applied the practical expedient of not disclosing the transaction prices allocated to the unsatisfied performance obligations as the contract terms are less than 12 months.

REVENUE RECOGNISED IN RELATION TO CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Contract liabilities – advances from customers	**303,785**	480,425
Contract liabilities – customer loyalty programme	**64,733**	72,112
Total	**368,518**	552,537

As of 1 January 2024, the Group had contract liabilities amounting to RMB552,537,000, all of which had been recognised as revenue during the year ended 31 December 2024.

5. OTHER INCOME AND OTHER GAINS - NET

	2025 RMB'000	2024 RMB'000
Government grants *(Note a)*	**413,550**	381,078
Rental income	**110,726**	97,467
Licence fees income	**51,690**	64,527
Gains on redemption of wealth management products measured at fair value through profit or loss	**65,145**	35,195
Fair value (losses)/gains and dividend income on investments measured at fair value through profit or loss – net	**(11,772)**	23,081
Depreciation and related expenses on investment properties	**(131,886)**	(113,785)
Impairment of investment properties *(Note 14)*	**(269,020)**	(333,372)
	228,433	154,191

Note:

(a) Government grants were received from several local government authorities as a recognition of the Group's contribution towards the local economic development. Among the government grants recognised during the year ended 31 December 2025, the entitlement of an aggregate amount of RMB402,675,000 (2024: RMB354,062,000) was unconditional and at the discretion of the relevant authorities, while the remaining amount of RMB10,875,000 (2024: RMB27,016,000) were recognised as income upon the fulfilment of respective conditions attaching to the government grants.

6. FINANCE INCOME AND EXPENSES

	2025 RMB'000	2024 RMB'000
Interest income on bank balances and deposits	**296,709**	429,525
Discounted interest expenses – licence fees payable *(Note 26)*	**(597)**	(1,362)
Lease interest expenses *(Note 15)*	**(101,423)**	(126,994)
Net foreign currency exchange loss	**(91,842)**	(73,893)
Borrowing interest	**(26,828)**	(28,176)
Others	**(42,901)**	(23,996)
Finance expenses	**(263,591)**	(254,421)
Finance income – net	**33,118**	175,104

7. PROFIT BEFORE INCOME TAX

	2025 RMB'000	2024 RMB'000
Cost of inventories recognised as expenses included in cost of sales	**14,648,186**	14,099,802
Advertising and marketing expenses	**3,165,794**	2,721,226
Staff costs, including directors' emoluments *(Note a)*	**2,453,741**	2,452,157
– Wages and salaries	**2,129,764**	2,141,557
– Share options and restricted shares	**72,776**	77,700
– Pension scheme contributions (including housing benefits)	**251,201**	232,900
Short-term lease rentals and variable lease payments not included in lease liabilities,and rental related expenses	**1,239,545**	1,263,000
Commission and trade fair related expenses	**939,920**	921,686
Transportation and logistics expenses	**926,995**	914,984
Research and product development expenses *(Note a)*	**702,167**	675,955
Depreciation on property, plant and equipment *(Note a)*	**709,648**	1,095,092
Depreciation on right-of-use assets	**498,114**	613,087
Impairment of right-of-use assets	**283,411**	171,942
Impairment of intangible assets (including goodwill)	**76,428**	23,535
Impairment of property, plant and equipment	**72,281**	81,807
Amortisation of land use rights and intangible assets	**69,150**	63,093
Auditor's remuneration		
– Audit services	**5,000**	5,950
– Non-audit services	**385**	2,878

Note:

(a) Research and product development expenses include depreciation on property, plant and equipment and staff costs for research and development activities of the Group, which are also included in depreciation expense and staff costs as disclosed above.

8. DIRECTORS' REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 RMB'000	2024 RMB'000
Fees (including related allowances)	2,733	3,047
Other emoluments:		
Salary	40,899	32,872
Discretionary bonus	33,492	39,698
Allowance (including housing and other allowances) and benefits in kind	59,015	34,783
Employer's contribution to a retirement benefit scheme	2,009	1,753
Subtotal	135,415	109,106
Total	138,148	112,153

Other benefits include insurance premium and fair value of share options and awarded shares charged to the statement of profit or loss during the year.

During the year, a director was granted share options and certain directors were granted restricted shares, in respect of their services to the Group, under the share option scheme and restricted share award scheme of the Company, further details of which are set out in Note 29 to the consolidated financial statements. The fair value of such options and shares, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

The fees and related allowances paid to independent non-executive directors during the year were as follows:

	2025 RMB'000	2024 RMB'000
Ms. Wang Ya Fei	705	539
Mr. Koo Fook Sun, Louis	705	539
Mr. Chan Chung Bun, Bunny	685	519
Ms. Wang Ya Juan	638	250
Total	2,733	1,847

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

8. DIRECTORS' REMUNERATION (CONTINUED)

(b) Executive directors

	Fees RMB'000	Salary RMB'000	Discretionary bonus RMB'000	Allowance (including housing and other allowances) and benefits in kind RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Total remuneration RMB'000
2024						
Executive directors:						
Mr. Kosaka Takeshi	–	16,872	17,991	11,045	132	46,040
Mr. Li Qilin	1,200	1,000	1,707	2,790	15	6,712
Mr. Li Ning	–	15,000	20,000	20,948	1,606	57,554
Total	1,200	32,872	39,698	34,783	1,753	110,306
2025						
Executive directors:						
Mr. Kosaka Takeshi	–	21,614	15,000	24,911	142	61,667
Mr. Li Qilin	–	2,785	1,980	10,322	42	15,129
Mr. Li Ning	–	16,500	16,512	23,782	1,825	58,619
Total	–	40,899	33,492	59,015	2,009	135,415

Mr. Kosaka Takeshi and Mr. Li Ning are joint chief executives of the Group.

During the year, no director of the Group waived any emoluments and no emoluments were paid by the Group to any of the directors of the Group as an inducement to join or upon joining the Group (2024: nil). No emoluments, retirement benefits, payments, compensation, or benefits in respect of termination of directors' services or for the loss of office as a director (of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group) were paid or made, directly or indirectly, to the directors; nor are any payable (2024: nil). No consideration was provided to or receivable by third parties for making available directors' services (2024: nil). There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2024: none).

9. FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group included three (2024: two) directors for the year ended 31 December 2025, and their emoluments are set out in Note 8. The aggregate amounts of emoluments paid and payable to the remaining two (2024: three) non-director and non-chief executive individuals whose emoluments were the highest in the Group for the years are as follows:

	2025 **RMB'000**	2024 RMB'000
Salaries	**3,886**	14,436
Discretionary bonus	**11,404**	14,056
Other benefits	**9,516**	12,114
Contributions to retirement benefit scheme	**270**	442
	25,076	41,048

Other benefits include housing and other allowances, benefits in kind, insurance premiums and share-based compensation expenses for share options and awarded shares recognised in the consolidated statement of profit or loss during the year.

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Number of individuals	
	2025	2024
Emoluments bands		
HK$12,000,001 to HK$16,000,000	**2**	2
HK$16,000,001 to HK$20,000,000	**–**	1
HK$20,000,001 to HK$24,000,000	**–**	–
HK$24,000,001 to HK$28,000,000	**–**	–
HK$28,000,001 to HK$32,000,000	**–**	–
	2	3

During the year and the prior years, share options and awarded shares were granted to two non-director and non-chief executive highest paid employee in respect of their services to the Group, further details of which are set out in Note 29 to the consolidated financial statements. The fair value of these options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX EXPENSE

	2025 RMB'000	2024 RMB'000
Current income tax		
– Corporate income tax *(Note a)*	**1,174,880**	1,181,428
– Withholding income tax on dividends and interest from subsidiaries in Chinese mainland *(Note b)*	**167,500**	122,205
	1,342,380	1,303,633
Deferred income tax	**(88,900)**	(206,942)
Income tax expense	**1,253,480**	1,096,691

The Company was incorporated in the Cayman Islands. Under the laws of the Cayman Islands, there is no income tax payable by the Company. The Company's subsidiary, RealSports Pte Ltd., a company incorporated under the International Business Companies Acts of the British Virgin Islands, is exempted from British Virgin Islands income taxes.

Notes:

(a) The Group's subsidiaries established in Chinese mainland are subject to corporate income tax rate of 25% (2024: 25%), except for a subsidiary established in Guangxi Zhuang Autonomous Region which is subject to preferential tax rate of 9% (2024: 9%) and a subsidiary established in Guangdong Province which is subject to preferential tax rate of 15% (2024: 25%). Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong for the year ended 31 December 2025.

(b) The Group's dividends and interest from subsidiaries established in Chinese mainland are subject to withholding tax of 5% and 7% respectively, according to prevailing tax rules of Chinese mainland.

(c) The Group is within the scope of the Organisation for Economic Co-operation and Development Pillar Two model rules. Pillar Two legislation was enacted in certain jurisdictions in which some of the Group's overseas subsidiaries are incorporated/established, and has come into effect from 1 January 2024 and 1 January 2025 respectively. The Group applies the exception to recognising and disclosing information about deferred income tax assets and liabilities related to Pillar Two income taxes, as stipulated in the amendments to IAS 12 issued in May 2023.

Under the legislation, entities may be liable to pay a top-up tax (if any) for the difference between the Global Anti-Base Erosion Proposal effective tax rate for the jurisdictions in which they operate and the 15% minimum rate. Based on the assessment of the Group's management, there is no material impact from exposure to Pillar Two legislation on the annual effective tax rate of the Group for the year ended 31 December 2025.

10. INCOME TAX EXPENSE *(CONTINUED)*

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2025 **RMB'000**	2024 RMB'000
Profit before income tax	**4,189,223**	4,109,609
Tax calculated at a tax rate of 25% (2024: 25%)	**1,047,306**	1,027,402
Effects of different overseas tax rates	**(356)**	(3,466)
Preferential tax rate for subsidiaries	**(79,743)**	(77,089)
Temporary differences and tax losses for which no deferred income tax asset is recognised	**126,433**	82,043
Utilisation of previously unrecognised temporary differences and tax losses	**(5,227)**	–
Expenses not deductible for tax purposes	**38,105**	34,944
Profits and losses attributable to joint ventures and associates	**(64,474)**	(64,075)
Income not subject to tax	**(13,064)**	(15,590)
Withholding tax on inter-group dividends and interest	**204,500**	112,522
Tax charge	**1,253,480**	1,096,691

11. DIVIDENDS

	2025 **RMB'000**	2024 RMB'000
Interim – RMB33.59 cents (2024: RMB37.75 cents) per ordinary share of the Company issued or to be issued upon conversion of convertible securities	**863,742**	970,385
Proposed final – RMB23.36 cents (2024: RMB20.73 cents) per ordinary share of the Company issued or to be issued upon conversion of convertible securities	**604,130**	536,148
	1,467,872	1,506,533

The proposed final dividend for the current year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. EARNINGS PER SHARE

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares outstanding during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2025 **RMB'000**	2024 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**2,935,743**	3,012,918
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation (in "000")	**2,577,193**[#]	2,575,562[#]
Effect of dilution – weighted average number of ordinary shares (in "000"):		
Restricted shares	**8,672**	10,012
Share options	**54**	101
Total	**2,585,919**	2,585,675

[#] The calculation of the weighted average number of shares has excluded the number of treasury shares held by the Company.

13. PROPERTY, PLANT AND EQUIPMENT

2024

	Buildings RMB'000	Leasehold improvement RMB'000	Moulds RMB'000	Machinery RMB'000	Office equipment and motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2024							
At 1 January 2024:							
Cost	1,892,961	3,120,967	526,946	305,662	267,947	1,379,132	7,493,615
Accumulated depreciation and impairment	(266,658)	(2,403,485)	(406,931)	(122,785)	(169,808)	–	(3,369,667)
Net carrying amount	1,626,303	717,482	120,015	182,877	98,139	1,379,132	4,123,948
At 1 January 2024, net of accumulated depreciation and impairment	1,626,303	717,482	120,015	182,877	98,139	1,379,132	4,123,948
Additions	–	457,270	116,715	102,304	28,676	704,485	1,409,450
Acquisition of a subsidiary	322,244	–	–	–	–	–	322,244
Transfers	1,025,349	9,344	–	191	13,188	(1,048,072)	–
Transfers to investment properties *(Note 14)*	–	–	–	–	–	(139,312)	(139,312)
Transfers from investment properties *(Note 14)*	26,198	–	–	–	–	70,518	96,716
Disposals	–	(20,439)	–	(8,141)	(4,020)	–	(32,600)
Depreciation charge	(87,930)	(826,645)	(105,888)	(32,552)	(42,077)	–	(1,095,092)
Impairment	–	(81,807)	–	–	–	–	(81,807)
Exchange realignment	6,907	–	–	–	–	–	6,907
At 31 December 2024, net of accumulated depreciation and impairment	2,919,071	255,205	130,842	244,679	93,906	966,751	4,610,454
At 31 December 2024:							
Cost	3,301,178	2,776,420	588,013	390,039	268,045	966,751	8,290,446
Accumulated depreciation and impairment	(382,107)	(2,521,215)	(457,171)	(145,360)	(174,139)	–	(3,679,992)
Net carrying amount	2,919,071	255,205	130,842	244,679	93,906	966,751	4,610,454

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2025

	Buildings RMB'000	Leasehold improvement RMB'000	Moulds RMB'000	Machinery RMB'000	Office equipment and motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2025							
At 1 January 2025:							
Cost	3,301,178	2,776,420	588,013	390,039	268,045	966,751	8,290,446
Accumulated depreciation and impairment	(382,107)	(2,521,215)	(457,171)	(145,360)	(174,139)	–	(3,679,992)
Net carrying amount	2,919,071	255,205	130,842	244,679	93,906	966,751	4,610,454
At 1 January 2025, net of accumulated depreciation and impairment	2,919,071	255,205	130,842	244,679	93,906	966,751	4,610,454
Additions	17,966	378,859	123,283	109,694	26,086	337,665	993,553
Transfers	683,500	294	–	13,745	23,200	(720,739)	–
Transfers to investment properties *(Note 14)*	(48,888)	–	–	–	–	–	(48,888)
Disposals	(174)	(7,643)	–	(844)	(1,787)	–	(10,448)
Depreciation charge	(114,517)	(392,740)	(113,627)	(45,821)	(42,943)	–	(709,648)
Impairment	–	(72,281)	–	–	–	–	(72,281)
Exchange realignment	(8,634)	(342)	–	–	(32)	–	(9,008)
At 31 December 2025, net of accumulated depreciation and impairment	3,448,324	161,352	140,498	321,453	98,430	583,677	4,753,734
At 31 December 2025:							
Cost	3,931,463	2,640,766	711,218	509,880	302,308	583,677	8,679,312
Accumulated depreciation and impairment	(483,139)	(2,479,414)	(570,720)	(188,427)	(203,878)	–	(3,925,578)
Net carrying amount	3,448,324	161,352	140,498	321,453	98,430	583,677	4,753,734

Note:

As at 31 December 2025 and 2024, in view of the unsatisfied performance for the current year and the unfavourable future prospects of certain stores, the Group's management concluded that there were impairment indications for these stores and conducted impairment assessment on the associated leaseholders improvement of property, plant and equipment and right-of-use assets. The Group estimated the recoverable amounts of these stores (each of which is an individual cash-generating unit ("CGU")) based on a value in use calculation. That calculation used cash flow projections based on financial budgets approved by the Group's management covering the remaining lease term with a pre-tax discount rate of 12% (2024: 12%) which reflects the specific risks relating to these stores. The other key assumption for the value in use calculation was revenue annual growth rate of 3% (2024: 3%) which was determined based on historical performance and operation plan. Long-term growth rate beyond 3 years was 0% in the value in use calculation as at 31 December 2025 and 2024.

Based on the results of the assessments, the Group's management determined that the recoverable amounts of certain stores were lower than the carrying amounts as at 31 December 2025 and 2024. Accordingly, impairment losses of RMB72,281,000 (2024: RMB81,807,000) and RMB283,411,000 (2024:RMB171,942,000) were recognised for property, plant and equipment and right-of-use assets, respectively.

14. INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	**2,913,826**	1,560,455
Additions	**5,467**	–
Acquisition of a subsidiary	**–**	1,699,207
Transfers to property, plant and equipment *(Note 13)*	**–**	(96,716)
Transfers from property, plant and equipment *(Note 13)*	**48,888**	–
Transfers from construction in progress *(Note 13)*	**–**	139,312
Depreciation charge	**(99,170)**	(86,295)
Impairment *(Note a)*	**(269,020)**	(333,372)
Exchange realignment	**(42,351)**	31,235
Carrying amount at 31 December	**2,557,640**	2,913,826

Notes:

(a) During the year ended 31 December 2025, the property market in Chinese mainland and Hong Kong was confronted with a highly challenging and uncertain environment. This environment led to sluggish demand and soft sentiments, ultimately resulted in an overall decline in both the price and rental indices. As a result, the Group's management concluded that there were impairment indications for the Group's investment properties and conducted impairment assessments on the investment properties as at 31 December 2025 in accordance with IAS 36 *Impairment of assets*. The Group estimated the recoverable amounts of the investment properties with reference to their respective fair values as at 31 December 2025 which were determined using the income approach.

Based on the results of the impairment assessments, impairment losses of RMB269,020,000 were recognised against the carrying amount of investment properties during the year ended 31 December 2025 (31 December 2024: RMB333,372,000).

(b) Disclosure of fair values for investment properties measured under the cost model

Valuation process

The directors of the Company have determined that the majority of the Group's investment properties are commercial, based on the nature, characteristics and risk of each property. All of the Group's investment properties were valued as at the end of the reporting period by an independent professionally qualified valuer. Each year, the Group's management determine to appoint an external professional valuer to be responsible for the external valuation of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The Group's management had discussions with the valuer on the valuation assumptions and valuation result at least twice a year when the valuation is performed for financial reporting.

The Group's investment properties represent properties held under operating lease to earn rental. In estimating the fair value of the properties, the highest and best use of the properties is their current use. As a result, as at 31 December 2025 and 2024, the fair values of the Group's investment properties are estimated using the income approach which takes into account the current rents of the property interests and the reversionary potentials of the tenancies, term yield and reversionary yield are then applied respectively to derive the market values of the properties.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties for disclosure purpose:

	Fair value measurement as using	
	31 December 2025	31 December 2024
Significant unobservable inputs (level 3)		
Office, commercial and industrial properties	**2,601,028**	2,946,343

14. INVESTMENT PROPERTIES *(CONTINUED)*

Notes: (Continued)

(b) Disclosure of fair values for investment properties measured under the cost model *(Continued)*

Information about fair value measurements using significant unobservable inputs

	Valuation technique	Significant unobservable inputs	Range or weighted average 2025	2024	Relationship
Properties in Chinese mainland, including office buildings, commercial buildings, apartments and industrial buildings	Income approach	Term yield [1]	**5.15% - 7.23%**	4.80% - 6.60%	The higher the term yield, the lower the fair value
		Reversionary yield [1]	**5.40% - 7.48%**	5.05% - 6.85%	The higher the reversionary yield, the lower the fair value
		Monthly rental [2] (RMB/square meter/month)	**Office buildings: 83.79 - 213.75**	Office buildings: 86.68 - 222.30	The higher the monthly rental, the higher the fair value
			Commercial buildings: 77.87 - 237.50	Commercial buildings: 72.83 - 271.32	
			Apartments: 46.69 - 55.82	Apartments: 48.13 - 54.96	
			Industrial buildings: 15.69 - 17.43	Industrial buildings: 17.43 - 18.30	
Properties in Hong Kong, including office buildings and commercial buildings	Income approach	Term yield [1]	**3.35%**	3.15%	The higher the term yield, the lower the fair value
		Reversionary yield [1]	**3.60%**	3.40%	The higher the reversionary yield, the lower the fair value
		Monthly rental [2] (HK$/square foot/month)	**Office buildings: 26.47 - 41.51**	Office buildings: 30.01 - 39.44	The higher the monthly rental, the higher the fair value
			Commercial buildings: 35.88 - 131.55	Commercial buildings: 35.08 - 140.00	

1. Term yield and reversionary yield are determined based on the analysis of relevant observable market transactions and interpretation of indirectly observable market information.

2. Monthly rental represents the rental income which a property would be expected to earn if it is vacant and available to let. It is not necessarily the same as the rent which a tenant actually commits to pay.

15. LEASES

The Group as a lessor

The Group leases its investment properties (Note 14) consisting of offices, warehouses and retail stores under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB110,726,000 (2024: RMB97,467,000).

At 31 December 2025, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	2025 **RMB'000**	2024 RMB'000
Within 1 year	**112,664**	90,757
Between 1 and 2 years	**49,291**	71,808
Between 2 and 3 years	**28,908**	28,482
Between 3 and 4 years	**13,838**	16,630
Between 4 and 5 years	**4,349**	5,316
After 5 years	**7,685**	536
	216,735	213,529

The Group as a lessee

The Group has lease contracts for various items of offices, warehouses and retail stores used in its operations. Leases of offices, warehouses and retail store generally have lease terms between 2 and 5 years, except for certain retail stores which have lease terms of 12 months or less. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include variable lease payments, which are further discussed below.

(A) RIGHT-OF-USE ASSETS

The carrying amount of the Group's right-of-use assets and the movements during the year are as follows:

	Offices, warehouses and retail stores	
	2025 **RMB'000**	2024 RMB'000
Carrying amount at 1 January	**1,576,667**	2,184,054
Additions	**822,892**	363,810
Depreciation	**(498,114)**	(613,087)
Impairment	**(283,411)**	(171,942)
Decrease arising from lease term termination	**(56,310)**	(186,168)
Carrying amount at 31 December	**1,561,724**	1,576,667

15. LEASES *(CONTINUED)*

The Group as a lessee *(Continued)*

(B) LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	**1,936,137**	2,541,953
New leases	**822,892**	363,810
Accretion of interest recognised during the year	**101,423**	126,994
Payments	**(728,316)**	(856,075)
Decrease arising from lease term termination	**(76,982)**	(240,545)
Carrying amount at 31 December	**2,055,154**	1,936,137
Analysed into:		
Current portion	**589,603**	551,610
Non-current portion	**1,465,551**	1,384,527

The maturity analysis of lease liabilities is disclosed in Note 38 to the consolidated financial statements.

(C) THE AMOUNTS RECOGNISED IN PROFIT OR LOSS IN RELATION TO LEASES ARE AS FOLLOWS:

	Notes	2025 RMB'000	2024 RMB'000
Depreciation on right-of-use assets	7	**498,114**	613,087
Impairment of right-of-use assets *(Note 13)*	7	**283,411**	171,942
Lease interest expenses	6	**101,423**	126,994
Expense relating to short-term leases (included in selling and distribution expenses and administrative expenses)	7	**564,793**	522,119
Expense relating to variable lease payments not included in lease liabilities (included in selling and distribution expenses)	7	**674,752**	740,881
Gain on disposal of right-of-use assets		**(20,672)**	(54,377)
Total amount recognised in profit or loss		**2,101,821**	2,120,646

The total cash outflow for leases in 2025 was RMB1,967,861,000 (2024: RMB2,127,722,000).

15. LEASES *(CONTINUED)*

The Group as a lessee *(Continued)*

(D) VARIABLE LEASE PAYMENTS

Certain property leases contain variable payment terms that are linked to sales generated from stores. For the majority of individual stores, up to 100% of lease payments are on the basis of variable payment terms ranging from 5% to 25% of the store sales. These variable payment arrangements are primarily used to reduce the fixed cost burden 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.

A 10% increase in sales across all stores in the Group with such variable lease contracts would increase total lease payments by approximately RMB45,410,000 (2024: RMB61,602,000)

16. LAND USE RIGHTS

	2025 **RMB'000**	2024 RMB'000
Carrying amount at 1 January	**150,864**	154,654
Amortisation charge	**(3,790)**	(3,790)
Carrying amount at 31 December	**147,074**	150,864
Cost	**190,479**	190,479
Accumulated amortisation	**(43,405)**	(39,615)

All of the Group's land use rights are situated in the Chinese mainland and are held under leases for periods varying from 20 to 50 years.

17. INTANGIBLE ASSETS

	Goodwill RMB'000	Trademarks and patents RMB'000	Computer software RMB'000	Licence rights RMB'000	Customer relationships and Non-compete agreements RMB'000	Total RMB'000
31 December 2024						
At 1 January 2024:						
Cost	143,778	33,564	258,615	57,578	61,279	554,814
Accumulated amortisation and impairment	(47,856)	(26,310)	(140,924)	(57,578)	(61,279)	(333,947)
Net carrying amount	95,922	7,254	117,691	–	–	220,867
Cost at 1 January 2024, net of accumulated amortisation and impairment	95,922	7,254	117,691	–	–	220,867
Additions	–	1,166	45,541	50,000	–	96,707
Amortisation charge	–	(1,733)	(40,903)	(16,667)	–	(59,303)
Impairment	(23,535)	–	–	–	–	(23,535)
At 31 December 2024	72,387	6,687	122,329	33,333	–	234,736
At 31 December 2024 and at 1 January 2025:						
Cost	143,778	34,730	304,156	107,578	61,279	651,521
Accumulated amortisation and impairment	(71,391)	(28,043)	(181,827)	(74,245)	(61,279)	(416,785)
Net carrying amount	72,387	6,687	122,329	33,333	–	234,736
31 December 2025						
Cost at 1 January 2025, net of accumulated amortisation and impairment	**72,387**	**6,687**	**122,329**	**33,333**	**–**	**234,736**
Additions	**–**	**864**	**46,763**	**16,258**	**–**	**63,885**
Disposal	**–**	**–**	**(10)**	**–**	**–**	**(10)**
Amortisation charge	**–**	**(1,693)**	**(43,839)**	**(19,828)**	**–**	**(65,360)**
Impairment	**(72,387)**	**(4,041)**	**–**	**–**	**–**	**(76,428)**
At 31 December 2025	**–**	**1,817**	**125,243**	**29,763**	**–**	**156,823**
At 31 December 2025						
Cost	**143,778**	**35,594**	**350,711**	**123,836**	**61,279**	**715,198**
Accumulated amortisation and impairment	**(143,778)**	**(33,777)**	**(225,468)**	**(94,073)**	**(61,279)**	**(558,375)**
Net carrying amount	**–**	**1,817**	**125,243**	**29,763**	**–**	**156,823**

17. INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill

As at 31 December 2025, the cost of goodwill amounting to RMB143,778,000 included goodwill arising from the acquisitions of (1) Kason Sports in 2009 for RMB72,387,000 all of which were impaired as at 31 December 2025 (including an impairment of RMB72,387,000 recognised during the year); (2) the business of certain distributors of the Li Ning brand in 2014 for RMB67,087,000, the entire amount has been impaired prior to the beginning of the year; and (3) cost of goodwill of RMB4,304,000 arising from the acquisition of Li Ning Communications (Hong Kong) Ltd. in 2021, the entire amount has been impaired prior to the beginning of the year.

Impairment review on goodwill of the Group has been conducted by the Group's management as at 31 December 2025 according to IAS 36 *Impairment of assets*. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each CGU, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of CGUs to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. The recoverable amounts for the CGUs have been determined based on the higher of fair value less cost of disposal ("FVLCOD") and value in use ("VIU").

For the goodwill arising from acquisition of Kason Sports the recoverable amounts have been determined based on VIU calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the Group's management. The forecasted average revenue growth rate during the forecast period of the first 5 years is 7% (2024: 10%) for the CGUs in relation to the Kason Sports while the average revenue growth rate used beyond the fifth year of the forecasted period is 2% (2024: 1%). The pre-tax discount rate used for the CGU of the Kason Sports was 12.92% (2024: 17.77%) for the year ended 31 December 2025, which reflected specific risks relating to the CGU.

Based on the results of the impairment assessment conducted by the Group's management, there was impairment for goodwill allocated to the CGU of the Kason Sports for the year ended 31 December 2025. Impairment losses of RMB72,387,000 for the goodwill allocated to the CGU of the Kason Sports was recognised for the year ended 31 December 2025.

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2025 **RMB'000**	2024 RMB'000
Associates	**1,455,414**	1,389,320
Joint ventures	**374,654**	354,618
	1,830,068	1,743,938
Less: Impairment of an associate	**(2,128)**	–
	1,827,940	1,743,938

The Group's trade receivable and payable balances with the associates or joint ventures are set out in Note 35 to the consolidated financial statements.

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(CONTINUED)*

(a) Investment in associates

None of the Group's associates is individually material to the Group as at 31 December 2025.The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2025 RMB'000	2024 RMB'000
Share of the associates' profit for the year	**208,823**	184,933
Share of the associates' total comprehensive income	**208,823**	184,933
Dividends declared	**(142,729)**	(126,636)
Impairment	**(2,128)**	–
Aggregate carrying amount of the Group's investments in the associates	**1,453,286**	1,389,320

Particulars of the Group's associates are as follows:

Name	Place of registration and business	Issued share/ registered capital	Effective equity interest held by the Group 2025	2024	Principal activities
上海紅雙喜股份有限公司 (Shanghai Double Happiness Co., Ltd.)	PRC/Chinese mainland	RMB112,000,000	**47.5%**	47.5%	Manufacture and sale of sports goods
湖北動能體育用品有限公司 (Hubei Dongneng Sports Goods Co., Ltd.)	PRC/Chinese mainland	RMB100,000,000	**20.0%**	20.0%	Manufacture and sale of sports goods
Danskin China, Ltd.	Hong Kong	HK$1,000	**30.0%**	30.0%	Brand licensing
Power Sports Company Limited	The British Virgin Islands	HK$200,000,000	**29.0%**	29.0%	Sale of sports goods

The Group exercises significant influence over these associated companies by virtue of its contractual right to appoint director to the board of directors of the associated companies and has the power to participate in the financial and operating policy decisions of the associated companies.

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(CONTINUED)*

(b) Investment in joint ventures

None of the Group's joint ventures is individually material to the Group as at 31 December 2025. The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2025 RMB'000	2024 RMB'000
Share of the joint ventures' profit for the year	**49,074**	71,366
Share of the joint ventures' total comprehensive income	**49,074**	71,366
Dividends declared	**(45,538)**	(45,895)
Aggregate carrying amount of the Group's investments in the joint ventures	**374,654**	354,618

Particulars of the Group's joint ventures are as follows:

Name	Place of registration and business	Issued share/ registered capital	Effective equity interest held by the Group 2025	2024	Principal activities
Li-Ning Aigle Ventures Company Limited	Hong Kong	HK$48,600,000	**50.0%**	50.0%	Sales of sports goods
廣西寧站體育科技有限公司 (Guangxi Ning Zhan Sports Technology Co., Ltd.) *	PRC/Chinese mainland	RMB145,000,000	**55.0%**	55.0%	Manufacture and sale of sports goods
廣西寧泰服裝有限公司 (Guangxi Ning Tai Garment Co. Ltd) *	PRC/Chinese mainland	RMB55,000,000	**55.0%**	55.0%	Manufacture and sale of sports goods
廣西寧恒針紡織有限公司 (Guangxi Ningheng Needle Textile Co., Ltd.) *	PRC/Chinese mainland	RMB30,000,000	**55.0%**	–	Manufacture and sale of sports goods

* The investments in these entities are accounted for as investments in joint ventures as unanimous consent is required from equity holders of these entities for approving certain relevant activities according to the respective equity holders' agreements of these entities.

19. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	**30,112**	19,355
Work in progress	**17,795**	19,486
Finished goods	**2,804,565**	2,726,202
	2,852,472	2,765,043
Less: Provision for write-down of inventories to net realisable value	**(158,679)**	(166,817)
	2,693,793	2,598,226

The cost of inventories recognised as expenses and included in cost of sales amounted to RMB14,648,186,000 for the year ended 31 December 2025 (2024: RMB14,099,802,000), which included reversal of inventory provision of RMB8,138,000 (2024: inventory provision of RMB32,090,000).

20. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Accounts receivable	**1,426,585**	1,046,249
Less: Expected credit loss allowance for trade receivables	**(37,906)**	(41,658)
	1,388,679	1,004,591

Trade receivables are mainly denominated in RMB.

Customers are normally granted credit terms within 90 days. As at 31 December 2025 and 2024, ageing analysis of trade receivables based on invoice date is as follows:

	2025 RMB'000	2024 RMB'000
0 to 30 days	**623,072**	578,293
31 to 60 days	**562,397**	395,312
61 to 90 days	**188,609**	28,912
91 to 180 days	**22,891**	13,085
Over 180 days	**29,616**	30,647
Total	**1,426,585**	1,046,249

20. TRADE RECEIVABLES (CONTINUED)

The movements in the expected credit loss allowance for trade receivables during the year are as follows:

	2025 RMB'000	2024 RMB'000
At 1 January	**41,658**	38,215
(Reversal of)/provision for expected credit loss allowance for trade receivables	**(3,267)**	8,704
Trade receivables written off during the year as uncollectible	**(482)**	(4,980)
Exchange realignment	**(3)**	(281)
At 31 December	**37,906**	41,658

Due to the short-term maturity of the current receivables, their carrying amounts are considered reasonably approximate to their fair values.

The Group applies IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The loss allowance decreased by RMB3,752,000 to RMB37,906,000 for trade receivables during the current reporting period (2024: increased by RMB3,443,000 to RMB41,658,000).

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, financial difficulties encountered by the debtor, probability that the debtor may enter bankruptcy or financial reorganisation, default or delinquency in payments by the debtor, and the failure of a debtor to engage in a repayment plan with the Group.

21. OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Right-of-return assets	**548,202**	538,607
Prepayment to suppliers	**23,386**	51,167
Input value-added tax to be certified	**137,197**	212,213
Prepayment for advertising expenses	**55,635**	32,365
Prepaid rentals	**41,814**	42,604
Prepayment for purchases of property, plant and equipment and investment properties	**8,226**	5,450
Others	**16,019**	16,819
	830,479	899,225
Less: Non-current portion	**(8,226)**	(5,450)
Current portion	**822,253**	893,775

22. OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Rental deposits	336,736	339,681
Others	70,554	76,290
	407,290	415,971
Less: Expected credit loss allowance for other receivables	(6,026)	(4,020)
	401,264	411,951
Less: Non-current portion	(165,693)	(166,519)
Current portion	235,571	245,432

23. CASH AND CASH EQUIVALENTS, RESTRICTED BANK DEPOSITS AND TIME DEPOSITS

(a) Cash and cash equivalents

	2025 RMB'000	2024 RMB'000
Cash at banks and on hand	15,275,516	7,198,591
Time deposits with original maturity within three months	1,441,035	300,005
	16,716,551	7,498,596

An analysis of cash and cash equivalents by denomination currency is as follows:

	2025 RMB'000	2024 RMB'000
Denominated in RMB	12,516,193	3,890,430
Denominated in HK$	3,953,077	3,383,778
Denominated in GBP	107,634	100,146
Denominated in US$	131,239	118,901
Denominated in EUR	2,047	1,870
Denominated in other currencies	6,361	3,471
	16,716,551	7,498,596

23. CASH AND CASH EQUIVALENTS, RESTRICTED BANK DEPOSITS AND TIME DEPOSITS *(CONTINUED)*

(b) Restricted bank deposits

	2025 RMB'000	2024 RMB'000
Restricted bank deposits	**200**	23,261

Restricted bank deposits are restricted for certain lease arrangements and other operating purposes.

An analysis of restricted bank deposits by denomination currency is as follows:

	2025 RMB'000	2024 RMB'000
Denominated in RMB	**200**	23,261

(c) Time deposits

	2025 RMB'000	2024 RMB'000
Time deposits – denominated in RMB	**3,256,889**	10,642,331
Current portion: Original maturity over three months and within one year	**1,092,575**	8,264,361
Non-current portion	**2,164,314**	2,377,970

The effective interest rate of the time deposits of the Group ranges from 2.15% to 3.10% per annum for the year ended 31 December 2025 (per annum for the year ended 31 December 2024: from 2.40% to 3.50%). The accrued interest income receivable amounting to RMB92,575,000 (31 December 2024: RMB664,361,000) and RMB64,314,000 (31 December 2024: RMB77,970,000) was included in current portion and non-current portion of the above time deposits as at 31 December 2025, respectively.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB12,516 million (31 December 2024: RMB3,890 million). The RMB is not freely convertible into other currencies. However, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale, and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash and cash equivalents, restricted bank deposits, time deposits are neither past due nor impaired and are deposits with banks which are mainly prominent nationwide state-owned banks or other banks and financial institutions with good reputation in the PRC. The maximum exposure to credit risk at the reporting date is the carrying amounts of the Group's cash and cash equivalents, restricted bank deposits and time deposits mentioned above.

24. TRADE PAYABLES

Trade payables are mainly denominated in RMB. The normal credit period for trade payables generally ranges from 30 to 60 days. The carrying amounts of trade payables are considered reasonably approximate to their fair values, due to their short-term maturity.

Ageing analysis of trade payables based on invoice date at the end of reporting period is as follows:

	2025 RMB'000	2024 RMB'000
0 to 30 days	1,283,123	1,256,889
31 to 60 days	554,018	324,869
61 to 90 days	58,478	23,734
91 to 180 days	2,157	19,364
181 to 365 days	3,918	28
Over 365 days	–	248
	1,901,694	1,625,132

25. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Accrued sales and marketing expenses	1,110,419	1,022,829
Refunds liabilities *(Note b)*	1,080,042	1,062,103
Payable for acquisition of property, plant and equipment	480,211	602,515
Wages and welfare payables	674,308	562,322
Sales rebates	461,942	486,700
Other tax payables	71,874	90,363
Others	214,584	222,590
	4,093,380	4,049,422

Notes:

(a) Other payables and accruals are mainly denominated in RMB.

(b) The Group recognised refund liabilities for the obligation to refund some or all of the consideration received (or receivable) from a customer and they are measured at the amount the Group ultimately expects it will have to return to the customer. The Group reassessed its expected return rates semiannually. As of 31 December 2025, the carrying amount was RMB1,080,042,000 (2024: RMB1,062,103,000).

The Group also recognised the right to cover the goods expected to be returned by customers. The right-of-return asset is measured at the former carrying amount. As of 31 December 2025, the carrying amount was RMB548,202,000 (2024: RMB538,607,000) (Note 21). The costs to recover and the decreases in the value of the returned goods are not material because the customers usually need to return the products in a saleable condition.

(c) The carrying amounts of other payables and accruals are considered reasonably approximate to their fair values, due to their short-term maturity.

26. LICENCE FEES PAYABLE

The Group entered into several licence agreements with entities to obtain exclusive product development and marketing rights. Pursuant to the agreements, consideration shall be paid by the Group in tranches during the tenures of the licences.

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	**57,417**	47,065
Additions	**66,188**	93,974
Payments	**(89,182)**	(85,062)
Interest expenses accredited *(Note 6)*	**597**	1,362
Exchange realignment	**(368)**	78
Carrying amount at 31 December	**34,652**	57,417
Non-current portion	**–**	16,500
Current portion	**34,652**	40,917

The licence fees payable are mainly denominated in RMB and US$.

27. DEFERRED INCOME TAX

Movements in deferred income tax assets/(liabilities) are analysed as follows:

	31 December 2024						
	Dividends and interest withholding tax RMB'000	Right-of-use assets RMB'000	Fair value adjustments on acquisition of subsidiaries RMB'000	Accrued interest income receivable RMB'000	Sales return assets RMB'000	Others RMB'000	Total RMB'000
Deferred income tax liabilities							
At 1 January 2024	(237,288)	(577,338)	(319,593)	(54,945)	(103,562)	(15,405)	(1,308,131)
Charged/(credited) to statement of profit or loss	9,683	120,954	59,015	(21,887)	(31,090)	11,667	148,342
Gross deferred income tax liabilities at 31 December 2024	(227,605)	(456,384)	(260,578)	(76,832)	(134,652)	(3,738)	(1,159,789)

	31 December 2024								
	Provisions RMB'000	Unrealised profit on intra-group sales RMB'000	Accumulated tax losses RMB'000	Accruals RMB'000	Lease liabilities RMB'000	Equity-settled share-based payments RMB'000	Sales return liabilities RMB'000	Depreciation in excess of related depreciation allowance RMB'000	Total RMB'000
Deferred income tax assets									
At 1 January 2024	123,673	113,559	70,039	218,970	635,490	68,381	202,245	49,503	1,481,860
Credited/(charged) to statement of profit or loss	47,742	16,309	(2,182)	42,952	(151,456)	7,846	63,281	34,108	58,600
Gross deferred income tax assets at 31 December 2024	171,415	129,868	67,857	261,922	484,034	76,227	265,526	83,611	1,540,460

27. DEFERRED INCOME TAX (CONTINUED)

	31 December 2025						
	Dividends and interest withholding tax RMB'000	Right-of-use assets RMB'000	Fair value adjustments on acquisition of subsidiaries RMB'000	Accrued interest income receivable RMB'000	Sales return assets RMB'000	Others RMB'000	Total RMB'000
Deferred income tax liabilities							
At 1 January 2025	(227,605)	(456,384)	(260,578)	(76,832)	(134,652)	(3,738)	(1,159,789)
(Credited)/charged to statement of profit or loss	(37,000)	(44,831)	42,521	46,472	(2,398)	1,792	6,556
Gross deferred income tax liabilities at 31 December 2025	(264,605)	(501,215)	(218,057)	(30,360)	(137,050)	(1,946)	(1,153,233)

	31 December 2025								
	Provisions RMB'000	Unrealised profit on intra-group sales RMB'000	Accumulated tax losses RMB'000	Accruals RMB'000	Lease liabilities RMB'000	Equity-settled share-based payments RMB'000	Sales return liabilities RMB'000	Depreciation in excess of related depreciation allowance RMB'000	Total RMB'000
Deferred income tax assets									
At 1 January 2025	171,415	129,868	67,857	261,922	484,034	76,227	265,526	83,611	1,540,460
Credited/(charged) to statement of profit or loss	63,825	22,447	(19,365)	31,060	29,755	4,076	4,484	(53,938)	82,344
Gross deferred income tax assets at 31 December 2025	235,240	152,315	48,492	292,982	513,789	80,303	270,010	29,673	1,622,804

For presentation purposes, certain deferred income tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred income tax balances of the Group for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Net deferred income tax assets recognised in the consolidated statement of financial position	**984,539**	949,424
Net deferred income tax liabilities recognised in the consolidated statement of financial position	**(514,968)**	(568,753)
	469,571	380,671

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB124,756,000 (2024: RMB75,897,000) in respect of tax losses of certain subsidiaries amounting to RMB550,581,000 (2024: RMB359,586,000) that can be carried forward against future taxable profits and will expire between 2026 and 2030 as it is more likely than not that such tax losses would not be utilised.

Deferred income tax liabilities of RMB580,193,000 (2024: RMB601,364,000) have not been recognised for withholding tax that would be payable on the distributable retained profits of RMB11,603,853,000 (2024: RMB12,027,274,000) of the Company's subsidiaries in Chinese mainland derived after 1 January 2008 as there is no plan to distribute to the Group's companies incorporated outside the Chinese mainland in the foreseeable future.

28. ORDINARY SHARES

	Number of shares ('000)	Amount HK$'000
Shares		
Authorised at HK$0.10 each		
As at 31 December 2024 and 2025	**10,000,000**	**1,000,000**

	2025 RMB'000	2024 RMB'000
Issued and fully paid:		
ordinary shares	**235,854**	235,853

A summary of movements in the Company's ordinary shares is as follows:

	2025		2024	
	Number of shares in issue	Ordinary shares RMB'000	Number of shares in issue	Ordinary shares RMB'000
At 1 January	**2,584,797,906**	**235,853**	2,625,414,708	239,546
Issue of shares under share option scheme *(Note a)*	–	–	317,400	30
Issue of shares upon exercise of conversion rights of the convertible securities *(Note 30)*	**13,099**	**1**	3,298	–
Cancellation of treasury shares *(Note b)*	–	–	(40,937,500)	(3,723)
At 31 December	**2,584,811,005**	**235,854**	2,584,797,906	235,853

Notes:

(a) During the year ended 31 December 2025, no share was issued to any employee of the Group (2024: 317,400 shares were issued at weighted-average issue price of HK$13.36 per share pursuant to the Company's share option scheme and RMB30,000 and RMB3,887,000 were credited to share capital and share premium account, respectively, and RMB1,298,000 were transferred from other reserve to share premium account).

(b) During the year ended 31 December 2025, no treasury shares were cancelled. In January 2024, the Company cancelled 40,937,500 treasury shares.

29. SHARE-BASED PAYMENTS

(a) 2014 Share Option Scheme

Pursuant to a shareholders' resolution passed on 30 May 2014, the Company approved (i) the adoption of a new share option scheme (the "2014 Share Option Scheme"), and (ii) the termination of the previous share option scheme adopted by the Company on 5 June 2004 (the "2004 Share Option Scheme"). The 2014 Share Option Scheme was valid and effective for a period of 10 years commencing on 30 May 2014 and had expired on 30 May 2024.

The 2014 Share Option Scheme was to provide incentives to participants to contribute to the Group and to enable the Group to recruit high-calibre employees and attract human resources that are valuable to the Group.

Movements in the number of share options outstanding during the year under 2014 Share Option Scheme and their weighted average exercise prices are as follows:

	2025		2024	
	Weighted average exercise price per share HK$	**Number of options ('000)**	Weighted average exercise price per share HK$	Number of options ('000)
As at 1 January	**21.76**	**3,090**	20.98	3,407
Exercised	**–**	**–**	13.36	(317)
As at 31 December	**21.76**	**3,090**	21.76	3,090
Exercisable as at 31 December	**21.76**	**3,090**	21.76	3,090

Share options outstanding under 2014 Share Option Scheme at 31 December 2025 and 31 December 2024 have the following expiry dates and exercise prices:

	2025		2024	
Expiry date	**Exercise price (per share) HK$**	**Share options ('000)**	Exercise price (per share) HK$	Share options ('000)
16 May 2029	**13.16**	**250**	13.16	250
31 December 2027	**22.52**	**2,840**	22.52	2,840
Total		**3,090**		3,090
Weighted average remaining contractual life of options outstanding at end of period		**2.1 years**		3.1 years

29. SHARE-BASED PAYMENTS *(CONTINUED)*

(b) 2024 Share Option Scheme

In view of the expiration of the 2014 Share Option Scheme on 30 May 2024, the board of directors proposed to the shareholders of the Company (the "Shareholders") at the extraordinary general meeting of the Company to adopt a new share option scheme (the "2024 Share Option Scheme") so as to continue to provide incentives to the Group's eligible participants. At the extraordinary general meeting of the Company held on 13 June 2024, the Shareholders approved the adoption of 2024 Share Option Scheme, which is valid and effective for a period of 10 years commencing on its adoption date.

Movements in the number of share options outstanding during the year under the 2024 Share Option Scheme and their weighted average exercise prices are as follows:

	2025		2024	
	Weighted average exercise price per share HK$	**Number of options ('000)**	Weighted average exercise price per share HK$	Number of options ('000)
As at 1 January	**–**	**–**	–	–
Granted	**16.14**	**11,018**	–	–
As at 31 December	**16.14**	**11,018**	–	–

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2025
Dividend yield (%)	**3.12**
Volatility (%)	**53.73**
Risk-free interest rate (%)	**2.66**
Expected life of options (year)	**5.95**
Weighted average share price (HK$ per share)	**16.14**

The expected life of the options is based on historical data over the past ten years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

29. SHARE-BASED PAYMENTS *(CONTINUED)*

(b) 2024 Share Option Scheme *(Continued)*

Share options outstanding under the 2024 Share Option Scheme at 31 December 2025 and 31 December 2024 have the following expiry dates and exercise prices:

	2025		2024	
Expiry date	**Exercise price (per share) HK$**	**Share options ('000)**	Exercise price (per share) HK$	Share options ('000)
30 May 2034	**16.14**	**11,018**	–	–
Total		**11,018**		–
Weighted average remaining contractual life of options outstanding at end of period		**8.4 years**		Not applicable

(c) 2016 Restricted Share Award Scheme

The Company approved the adoption of a new restricted share award scheme (the "2016 Restricted Share Award Scheme") in 2016 which is valid and effective for a period of 10 years commencing on 14 July 2016.

The Company implemented the 2016 Restricted Share Award Scheme to attract new talents, motivate existing talents and retain both in the Group which include directors, employees, officers, agents or consultants.

The maximum number of the shares granted under 2016 Restricted Share Award Scheme should not exceed 5% of the Company's share capital in issue from time to time. For each selected participant, the maximum number of Company's shares under 2016 Restricted Share Award Scheme granted in aggregate shall not exceed 18,855,000 shares, being 1% of the Company's issued share capital as at the adoption date of 14 July 2016.

The fair value of 2016 Restricted Share Award Scheme was based on the open market value of the Company's shares at the grant date.

Movements in the number of shares granted under 2016 Restricted Share Award Scheme and the related fair values are as follows:

	2025		2024	
	Weighted average fair value (per share) HK$	**Number of restricted shares granted ('000)**	Weighted average fair value (per share) HK$	Number of restricted shares granted ('000)
As at 1 January	**54.16**	**9,789**	66.19	9,578
Granted	**15.25**	**29,559**	15.79	2,813
Vested	**28.78**	**(1,353)**	43.26	(1,326)
Forfeited	**56.75**	**(3,601)**	71.21	(1,276)
As at 31 December	**21.45**	**34,394**	54.16	9,789

29. SHARE-BASED PAYMENTS *(CONTINUED)*

(d) 2024 Share Award Scheme

In the extraordinary general meeting of the Company held on 13 June 2024, the Shareholders approved the adoption of a share award scheme (the "2024 Share Award Scheme") in order to provide an alternative channel for the Company to provide competitive and attractive remuneration package to incentivise eligible participants of the Group for their contribution to the Group. The 2024 Share Option Scheme would be valid and effective for a period of 10 years commencing on its adoption date.

The total number of shares which may be issued in respect of all share options and awards under the 2024 Share Option Scheme and the 2024 Share Award Scheme would be no more than 129,224,025 shares, representing no more than approximately 5% of the total number of shares of the Company in issue as at the dates of the adoption of the 2024 Share Option Scheme and the 2024 Share Award Scheme. Further, the total number of shares which are subject to grants made in any financial year of all share options and awards under the 2024 Share Option Scheme and the 2024 Share Award Scheme would not be more than 12,922,402 shares, representing no more than approximately 0.5% of the total number of shares of the Company in issue as at the dates of the adoption of the 2024 Share Option Scheme and the 2024 Share Award Scheme.

During the year ended 31 December 2025, no shares were awarded under the 2024 Share Award Scheme.

The fair value of the equity instruments under the share option schemes and restricted share award scheme had been charged to the consolidated statement of profit or loss over the vesting period. The amount charged to the consolidated statement of profit or loss during the year ended 31 December 2025 was RMB72,776,000 (2024: RMB77,700,000).

30. OTHER RESERVES

	Capital reserves *(Note a)* RMB'000	Statutory reserve funds *(Note b)* RMB'000	Share-based compensation reserves RMB'000	Convertible securities *(Note c)* RMB'000	Foreign currency fluctuation reserve RMB'000	Total RMB'000
As at 1 January 2024	645,586	1,069,743	337,454	2,374	(33,644)	2,021,513
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	–	–	–	–	52,205	52,205
Equity-settled share option and restricted share award schemes	–	–	77,700	–	–	77,700
Treasury shares vested under the restricted share award scheme	–	–	(50,432)	–	–	(50,432)
Issue of shares under share option scheme	–	–	(1,298)	–	–	(1,298)
Appropriations to statutory reserves	–	157,732	–	–	–	157,732
Issue of shares upon exercise of conversion rights of the convertible securities	–	–	–	(7)	–	(7)
Tax impact on share-based payments	(5,747)	–	–	–	–	(5,747)
As at 31 December 2024 and 1 January 2025	639,839	1,227,475	363,424	2,367	18,561	2,251,666
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	–	–	–	–	(85,120)	(85,120)
Equity-settled share option and restricted share award schemes	–	–	240,661	–	–	240,661
Reversal upon forfeiture under the restricted share award scheme	–	–	(167,885)	–	–	(167,885)
Treasury shares vested under the restricted share award scheme	–	–	(34,468)	–	–	(34,468)
Appropriations to statutory reserves	–	170,064	–	–	–	170,064
Issue of shares upon exercise of conversion rights of the convertible securities	–	–	–	(29)	–	(29)
Tax impact on share-based payments	301	–	–	–	–	301
As at 31 December 2025	640,140	1,397,539	401,732	2,338	(66,559)	2,375,190

Notes:

(a) Capital reserves
As at 31 December 2025, the capital reserve mainly represents the accumulated tax consequence recognised associated with the share base payments under the share option schemes and restricted share award schemes.

(b) Statutory reserve funds
In accordance with the Company Law Chinese mainland, the Group's subsidiaries registered in the Chinese mainland are required to allocate 10% of the statutory after tax profits to the statutory reserves until the cumulative total of the reserve reaches 50% of the companies registered capital. Subject to approval from the relevant authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The statutory reserves are not available for dividend distribution.

(c) Convertible securities
In April 2013 and January 2015, the Company issued 527,953,814 convertible securities (the "2013 CS") and 146,881,496 convertible securities (the "2015 CS"), respectively. Both 2013 CS and 2015 CS (collectively referred to as "CS") were non-interest-bearing and convertible at any time after issuance with initial conversion prices of HK$3.5 and HK$2.6 per ordinary share of the Company (subject to standard anti-dilution adjustments), respectively. The CS were not eligible to be redeemed unless the Company exercised the pre-emption right to redeem them. The CS do not meet the definition of financial liabilities under IAS32, and had been classified as equity upon initial recognition.

During the year ended 31 December 2025, CS with a carrying value of HK$38,000 (equivalent to approximately RMB29,000 were converted into 13,099 ordinary shares of the Company (Note 28). As at 31 December 2025, CS with a carrying value of HK$2,987,000 (equivalent to approximately RMB2,338,000) remained outstanding, which were convertible into 1,053,934 ordinary shares of the Company upon exercise of the right of conversion by the holders.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) The principal non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB822,892,000 (2024: RMB363,810,000) and RMB822,892,000 (2024: RMB363,810,000), respectively, in respect of lease arrangements for retail stores, offices and warehouses.

(b) Changes in liabilities arising from financing activities

	Lease liabilities RMB'000	Borrowings RMB'000
2024		
At 1 January 2024	(2,541,953)	–
Changes from financing cash flows	856,075	28,176
New leases	(363,810)	–
Interest expense	(126,994)	(28,176)
Lease termination	240,545	–
At 31 December 2024	(1,936,137)	–

	Lease liabilities RMB'000	**Borrowings RMB'000**
2025		
At 1 January 2025	**(1,936,137)**	**–**
Changes from financing cash flows	**728,316**	**26,828**
New leases	**(822,892)**	**–**
Interest expense	**(101,423)**	**(26,828)**
Lease termination	**76,982**	**–**
At 31 December 2025	**(2,055,154)**	**–**

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	**1,239,545**	1,271,647
Within financing activities	**728,316**	856,075
Total	**1,967,861**	2,127,722

32. CONTINGENT LIABILITIES

Two wholly-owned subsidiaries of the Company (the "Purchasers") entered into a transfer agreement on 31 December 2020 with Blooming Target Investments Ltd. (the "Vendor") and 中銀投資資產管理有限公司 (Bank of China Investment Asset Management Company Limited) ("BOCIAM"), pursuant to which the Purchasers agreed to acquire the entire share capital in Matsunichi Communications (Hong Kong) Limited (the "Target Company"), the Vendor's rights in the loan extended to the Target Company, and BOCIAM's rights in the loan extended to the subsidiary of the Target Company (Matsunichi High-tech Electronic (Shenzhen) Company Limited). The share transfer of the Target Company was completed on 28 January 2021, and since then, the Target Company has become an indirect wholly-owned subsidiary of the Company. The Target Company was subsequently renamed as Li Ning Communications (Hong Kong) Limited. Details are set out in the announcement of the Company dated 31 December 2020.

The Target Company received a statutory demand (the "Statutory Demand") from the joint and several liquidators (the "Liquidators") of Vast Gold Holdings Limited (in liquidation) ("Vast Gold") and Active Legend Limited (in liquidation) ("Active Legend") on 24 March 2025, alleging that Active Legend had extended a short-term loan in the principal amount of HK$500,000,000 (the "Subject Loan") pursuant to a loan facility letter from Active Legend dated 20 August 2018, which was confirmed by the Target Company and Mr. Pan Sutong (the sole shareholder of the Target Company prior to the Vendor taking over the Target Company on 26 March 2019). In the Statutory Demand, the Liquidators further alleged that the Subject Loan remained outstanding at a total amount of HK$1,955,338,833 (including the loan principal, interest and default interest amounts). On 29 April 2025, upon the Target Company's application to restrain the Liquidators from commencing any winding up proceedings against the Target Company based on the alleged loan stated in the Statutory Demand, the Liquidators withdrew the Statutory Demand. Details are set out in the Company's annual results announcement for the year ended 31 December 2024 dated 28 March 2025.

On 24 June 2025, Active Legend and Vast Gold served the Target Company a writ of summons issued by the High Court (the "Court") of the Hong Kong Special Administration Region (the "Writ of Summons") for the claim on the principal amount and the contractual interest on the Subject Loan up to the earlier of the date of the judgement and the date of earlier payment, other relief and costs.

On 7 July 2025, the Target Company filed the Acknowledgement of Service to the Court. On 15 December 2025, the Target Company filed its amended defence. On 12 January 2026, Active Legend and Vast Gold filed their reply to the defence.

Before the Target Company received the Statutory Demand, the Company was not aware of the existence of the Subject Loan and any matter related thereto, and the Target Company had never received any repayment demand or other correspondence from Active Legend or Vast Gold or the Liquidators.

Having taken legal advice and based on the facts and circumstances available to the Group, the Group believes that there is no obligation for the Target Company to repay the Subject Loan. The Target Company will vigorously defend against the claim referred to in the Writ of Summons. The Company will make further announcement(s) on this matter when there is substantial development.

33. PLEDGE OF ASSETS

As at 31 December 2025 and 31 December 2024, the Group had no assets pledged.

34. COMMITMENTS

(a) Capital commitments in relation to an investment in financial asset through profit and loss

Pursuant to the subscription agreement (including the deeds of amendment) entered into between the Group and the general partner of a limited partnership (the "Limited Partnership"), the Group had capital commitments of US$59.58 million (2024: US$15.90 million) in relation to the investment in the Limited Partnership as at 31 December 2025.

(b) Capital commitments in relation to acquisition of property, plant and equipment

Significant capital expenditures contracted for at the end of the reporting period but not recognised as liabilities are as follows:

	2025 **RMB'000**	2024 RMB'000
Property, plant and equipment	**446,527**	617,871

35. RELATED-PARTY TRANSACTIONS

Except as disclosed elsewhere in these consolidated financial statements, the Group has following related-party transactions during the year:

(a) Sales of goods by the Group:

	2025 **RMB'000**	2024 RMB'000
Joint ventures and associates	**281,884**	112
A substantial shareholder of the Company *(Note i)*	**7,417**	8,046
	289,301	8,158

(b) Provision of services by the Group:

	2025 **RMB'000**	2024 RMB'000
Joint ventures and an associate	**13,091**	1,429
A substantial shareholder of the Company *(Note i)*	**12,167**	9,427
	25,258	10,856

35. RELATED-PARTY TRANSACTIONS *(CONTINUED)*

(c) Purchases of goods by the Group:

	2025 RMB'000	2024 RMB'000
Joint ventures and associates	**1,023,896**	883,986
A substantial shareholder of the Company *(Note i)*	**355,797**	261,634
	1,379,693	1,145,620

(d) Purchases of services by the Group:

	2025 RMB'000	2024 RMB'000
Associates	**10,510**	9,710
A substantial shareholder of the Company *(Note i)*	**289,663**	251,118
	300,173	260,828

In the opinion of the directors, these transactions were entered into with terms as agreed with the related parties in the ordinary course of business.

(e) Outstanding balances with related parties

	2025 RMB'000	2024 RMB'000
Receivables from related companies:		
Joint ventures and an associate	**68,425**	478
A substantial shareholder of the Company *(Note i)*	**2,319**	915
	70,744	1,393

	2025 RMB'000	2024 RMB'000
Payables to related parties:		
Joint ventures and associates	**150,340**	90,953
A substantial shareholder of the Company *(Note i)*	**44,856**	10,934
	195,196	101,887

The receivables from related parties arise mainly from the sale of goods and provision of services and are generally with credit period within 90 days. Payables to related parties are unsecure, interest-free and repayable with credit period of 30 to 60 days.

35. RELATED-PARTY TRANSACTIONS *(CONTINUED)*

(f) Key management compensation

Key management include directors (executive and non-executive) and senior management. The compensation paid or payable to key management for employee services is shown below:

	2025 RMB'000	2024 RMB'000
Salaries and other benefits	**123,077**	123,232
Contribution to retirement benefit scheme	**3,049**	2,768
Employee share schemes for value of services provided	**63,774**	60,531
	189,900	186,531

Notes:

(i) During the year ended 31 December 2025, the above transactions with Viva Goods Company Limited ("Viva Goods") and its subsidiaries, being a shareholder of the Company, constituted connected transactions under the Listing Rules.

(ii) The key management compensation set out above includes wages, salaries and welfare payables of RMB53,406,000 (31 December 2024: RMB52,937,000) which were unpaid as at year end and are included in other payables and accruals.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets	2025 RMB'000	2024 RMB'000
Financial assets at amortised cost		
Other receivables	**401,264**	411,951
Time deposits	**3,256,889**	10,642,331
Trade receivables	**1,388,679**	1,004,591
Restricted bank deposits	**200**	23,261
Cash and cash equivalents	**16,716,551**	7,498,596
Subtotal	**21,763,583**	19,580,730
Financial assets at fair value through profit or loss		
Investments measured at fair value through profit or loss	**436,738**	450,316
Total	**22,200,321**	20,031,046

36. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial liabilities	2025 RMB'000	2024 RMB'000
Financial liabilities at amortised cost		
Trade payables	**1,901,694**	1,625,132
Other payables and accruals (excluding refunds liabilities, wages and welfare payables, and other tax payables)	**2,267,156**	2,334,634
Licence fees payable	**34,652**	57,417
Total	**4,203,502**	4,017,183

37. FAIR VALUE ESTIMATION

Management has assessed that the fair values of cash and cash equivalents, restricted bank deposits, the current portion of time deposits, trade receivables, other receivables, trade payables, the current portion of financial assets included in other receivables and other assets, the current portion of financial liabilities included in licence fees payable and other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

(a) Fair value hierarchy

The following table presents the Group's financial assets measured and recognised at fair value for the years ended 31 December 2025 and 2024 on a recurring basis:

	Fair value measurement using			
At 31 December 2024	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets				
Investments measured at fair value through profit or loss	–	–	450,316	450,316

	Fair value measurement using			
At 31 December 2025	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets				
Investments measured at fair value through profit or loss	–	–	**436,738**	**436,738**

There were no transfers between each level for recurring fair value measurements during the year.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

37. FAIR VALUE ESTIMATION *(CONTINUED)*

(a) Fair value hierarchy *(Continued)*

The movements in fair value measurements within Level 3 during the year are as follows:

	2025 RMB'000	2024 RMB'000
Investments measured at fair value through profit or loss		
At 1 January	**450,316**	428,189
Fair value (losses)/gains recognised in the profit or loss including in other income	**(13,578)**	22,127
At 31 December	**436,738**	450,316

(b) Fair value measurements using significant unobservable inputs (level 3)

The Group has a team that manages the valuation of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once for each half year, the team used valuation techniques to determine the fair value of the Group's level 3 instruments.

(c) Valuation techniques used to determine fair values

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	2025 RMB'000	2024 RMB'000	Valuation methodology	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Financial assets					
Investments measured at fair value through profit or loss	**436,738**	450,316	Net asset value	Net asset value of underlying investments	The higher the net asset value of underlying investments, the higher the fair value

Note:

(a) The Group's financial assets measured at fair value through profit or loss are private equity fund investments whose fair values as at the reporting date have been determined based on the net asset values of their underlying assets and liabilities measured at fair value.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The activities of the Group expose it to a variety of financial risks: market risks (including fair value interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by core management team of the Group under policies approved by the board of directors.

Fair value interest rate risk

Financial assets and liabilities at fixed rates expose the Group to fair value interest rate risk while financial assets and liabilities at floating rates expose the Group to cash flow interest rate risk.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk mainly arises from time deposits. At 31 December 2025, if interest rates on time deposits had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been RMB11,625,000 (2024: RMB9,749,000) higher/lower. The Group currently does not hedge its exposure to interest rate risk.

Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that in a currency other than the functional currency of the Group's entities. The Group operates mainly in the Chinese mainland and is primarily exposed to foreign exchange risk for monetary assets/liabilities denominated in Renminbi (RMB), Hong Kong dollars (HK$), United States dollars (US$), EURO (EUR) and Great Britain Pounds (GBP). The Group did not enter into any forward contract to hedge its exposure to foreign currency risk for the years ended 31 December 2025 and 2024.

As at 31 December 2025, the carrying amounts of the Group's monetary assets and liabilities that are denominated in currency other than functional currencies of the respective group entities are as follows:

	31 December 2024				
	RMB RMB'000	HK$ RMB'000	US$ RMB'000	EUR RMB'000	GBP RMB'000
Cash and bank deposits	196	3,248,996	118,901	1,870	100,146
Investments measured at fair value through profit and loss	–	–	450,316	–	–

	31 December 2025				
	RMB RMB'000	**HK$ RMB'000**	**US$ RMB'000**	**EUR RMB'000**	**GBP RMB'000**
Cash and bank deposits	**385,874**	**3,627,868**	**131,239**	**2,047**	**107,634**
Investments measured at fair value through profit and loss	**–**	**–**	**436,738**	**–**	**–**

For the year ended 31 December 2025, if RMB had weakened/strengthened by 5% with all other variables held constant, post-tax profit would have been higher/lower by RMB179,750,000 (2024: RMB162,730,000).

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, trade receivables, other receivables, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

(i) RISK MANAGEMENT

For banks and financial institutions, only parties with good credit ratings are accepted.

For other receivables, the Group makes periodic collective assessment and individual assessment on the recoverability of other receivables based on historical settlement records and past experiences. In view of good cooperation in history with debtors and sound collection history of other receivables, the credit risk of other receivables is generally considered to be low.

For wholesale customers, the Group has established a uniform credit policy, based on which the Group assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Group's management. The utilisation of credit limits is regularly monitored. All of these major customers are generally with good credit history. Sales to retail customers are settled in cash, using major credit or payment cards or through on-line payment platforms operated by reputable companies.

All of the Group's cash and cash equivalents, restricted bank deposits, and term bank deposits are deposited in prominent nationwide bank in the PRC (including the Hong Kong Special Administrative Region and the Macau Special Administrative Region) or branch of international commercial bank in the PRC, of which the credit ratings are sound. The table below shows the cash and cash equivalents, restricted bank deposits, and term bank deposits balances with the three major banks as at the end of the reporting period.

	2025 **RMB'000**	2024 RMB'000
Banks		
Banks A	**4,676,211**	4,577,147
Banks B	**3,217,968**	3,981,123
Banks C	**4,101,578**	3,392,497
	11,995,757	11,950,767

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

Credit risk *(Continued)*

(ii) IMPAIRMENT OF FINANCIAL ASSETS

The Group has two types of financial assets that are subject to the expected credit loss model:

- trade receivables, and
- other receivables.

While cash and cash equivalents, restricted bank deposits and time deposits are also subject to the impairment requirements of IFRS 9, the impairment loss was identified to be not significant.

TRADE RECEIVABLES

In view of the afore mentioned and the fact that the Group's trade receivables relate to various diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and ageing analysis.

The expected loss rates are based on the payment profiles of sales over a period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31 December 2025 and 31 December 2024 was determined as follows for trade receivables in each ageing category based on the respective invoice dates:

	0 to 90 days RMB'000	91 to 180 days RMB'000	Over 180 days RMB'000	Total RMB'000
31 December 2024				
Lifetime expected credit loss rate	1%	35%*	100%	
Gross carrying amount	1,002,517	13,085	30,647	1,046,249
Loss allowance	(6,480)	(4,531)	(30,647)	(41,658)

	0 to 90 days RMB'000	**91 to 180 days RMB'000**	**Over 180 days RMB'000**	**Total RMB'000**
31 December 2025				
Lifetime expected credit loss rate	**1%**	**13%***	**100%**	
Gross carrying amount	**1,374,078**	**22,891**	**29,616**	**1,426,585**
Loss allowance	**(5,317)**	**(2,973)**	**(29,616)**	**(37,906)**

* For the ageing category of 91 to 180 days, the lifetime expected credit loss rate was 13% as at 31 December 2025 (2024: 35%), which was due to the change of proportions of trade receivables of each sales channel. As at 31 December 2024, the majority of trade receivables within the ageing category of 91 to 180 days arose from the Group's franchised distributors, of which the expected credit loss rate is relatively higher based on historical experience.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

Credit risk *(Continued)*

(ii) IMPAIRMENT OF FINANCIAL ASSETS *(Continued)*

OTHER RECEIVABLES

Other receivables at amortised cost mainly include rental deposits, staff advances and other payments for employees. Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition by considering available, reasonable and supportive forwarding-looking information.

In view of the historical collections with the debtors, the Group's management believes that no significant increase in credit risk has been identified for the Group's other receivables as at 31 December 2025 and 2024, and the credit risk inherent in the Group's outstanding other receivables is not significant. The average loss rates applied to other receivables as at 31 December 2025 and 2024 were 1.5% and 1.0% respectively.

(iii) NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	2025 **RMB'000**	2024 RMB'000
(Reversal of)/provision for expected credit loss allowance for trade receivables	**(3,267)**	8,704
Provision for/(reversal of) expected credit loss allowance for other receivables	**2,242**	(3,430)
Reversal of/ (provision for) expected credit loss allowance for financial assets	**(1,025)**	5,274

Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group's management who monitors rolling forecasts of the Group's liquidity requirements to ensure the Group has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below analyses the Group's financial liabilities (which do not include statutory liabilities and employee benefit obligations) that will be settled into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

Liquidity risk *(Continued)*

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
31 December 2024					
Licence fees payable	41,487	16,500	–	–	57,987
Trade payables	1,625,132	–	–	–	1,625,132
Other payables (excluding refunds liabilities, wages and welfare payables, and other tax payables)	2,334,634	–	–	–	2,334,634
Lease liabilities	644,886	446,126	541,823	836,914	2,469,749
	4,646,139	462,626	541,823	836,914	6,487,502
31 December 2025					
Licence fees payable	**34,652**	**–**	**–**	**–**	**34,652**
Trade payables	**1,901,694**	**–**	**–**	**–**	**1,901,694**
Other payables (excluding refunds liabilities, wages and welfare payables, and other tax payables)	**2,267,156**	**–**	**–**	**–**	**2,267,156**
Lease liabilities	**677,629**	**515,017**	**561,077**	**793,828**	**2,547,551**
	4,881,131	**515,017**	**561,077**	**793,828**	**6,751,053**

Since the Group trades only with creditworthy third parties and individual customers, there is no requirement for collateral. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different region.

Capital risk management

The Group's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that the Group can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by capital and reserves attributable to equity holders of the Company as shown in the consolidated statement of financial position. As at 31 December 2025 and 2024, the Group's gearing ratio was nil as it did not have any borrowings.

39. EVENTS AFTER THE REPORTING PERIOD

No information is received after the reporting period about conditions that existed at the end of the reporting period.

40. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	Note	**2025 RMB'000**	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**7**	20
Interest in subsidiaries		**419,470**	3,719,587
Other receivables		**1,635**	2,392
Total non-current assets		**421,112**	3,721,999
CURRENT ASSETS			
Other receivables		**8**	32
Dividends receivable		**5,562,402**	3,577,358
Cash and cash equivalents		**5,812,589**	3,284,926
Total current assets		**11,374,999**	6,862,316
Total assets		**11,796,111**	10,584,315
EQUITY			
Share capital		**235,854**	235,853
Share premium	(a)	**9,003,738**	9,011,394
Other reserves	(a)	**487,457**	449,178
Retained earnings	(a)	**1,270,107**	871,734
Total equity		**10,997,156**	10,568,159
CURRENT LIABILITIES			
Other payables and accruals		**798,955**	16,156
Total current liabilities		**798,955**	16,156
Total equity and liabilities		**11,796,111**	10,584,315

40. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(CONTINUED)*

(a) Reserve movement of the Company

	Share premium RMB'000	Treasury shares RMB'000	Retained earnings RMB'000	Capital reserves RMB'000	Share-based compensation reserves RMB'000	Convertible securities reserves RMB'000	Total RMB'000
At 1 January 2024	10,172,638	(705,705)	7,978	83,387	337,454	2,374	9,898,126
Profit for the year	–	–	1,834,141	–	–	–	1,834,141
Equity-settled share option and restricted share award schemes	–	–	–	–	77,700	–	77,700
Treasury shares reissued upon vesting under the restricted share award scheme	9,106	–	–	–	(50,432)	–	(41,326)
Issue of shares under a share option scheme	5,185	–	–	–	(1,298)	–	3,887
Cancellation of treasury shares	(701,982)	705,705	–	–	–	–	3,723
Issue of shares upon exercise of conversion rights of the convertible securities	7	–	–	–	–	(7)	–
Dividends declared	(473,560)	–	(970,385)	–	–	–	(1,443,945)
At 31 December 2024 and 1 January 2025	9,011,394	–	871,734	83,387	363,424	2,367	10,332,306
Profit for the year	–	–	1,798,263	–	–	–	1,798,263
Equity-settled share option and restricted share award schemes	–	–	–	–	240,661	–	240,661
Reversal upon forfeiture under restricted share award scheme	–	–	–	–	(167,885)	–	(167,885)
Treasury shares granted under restricted share award scheme	(7,684)	–	–	–	(34,468)	–	(42,152)
Issue of shares upon exercise of conversion rights of the convertible securities	28	–	–	–	–	(29)	(1)
Dividends declared	–	–	(1,399,890)	–	–	–	(1,399,890)
At 31 December 2025	9,003,738	–	1,270,107	83,387	401,732	2,338	10,761,302

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the board of directors on 19 March 2026.

GLOSSARY

In this annual report, unless the context states otherwise, the following expressions have the following meanings:

"2013 Open Offer"	the open offer of convertible securities issued by the Company as set out in the listing document of the Company dated 27 March 2013
"2014 Share Option Scheme"	the share option scheme adopted by the Company on 30 May 2014 and expired on 30 May 2024 upon expiration of the 10 years scheme period
"2015 Open Offer"	the open offer of offer securities issued by the Company as set out in the listing document of the Company dated 9 January 2015
"2016 Restricted Share Award Scheme"	the restricted share award scheme adopted by the Company on 14 July 2016
"2024 Share Award Scheme"	the share award scheme adopted by the Company on 13 June 2024
"2024 Share Option Scheme"	the share option scheme adopted by the Company on 13 June 2024
"2026 AGM"	the annual general meeting of the Company to be held on Thursday, 11 June 2026
"Articles of Association"	the articles of association of the Company as amended from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Company" or "Li Ning Company"	Li Ning Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"CS"	convertible securities issued under 2013 Open Offer or 2015 Open Offer
"CS Holder(s)"	holder(s) of CS
"Director(s)"	the director(s) of the Company
"Group" or "Li Ning Group"	the Company and its subsidiaries
"HK$"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"PRC" or "China"	the People's Republic of China

"Restricted Shares"	shares granted under the 2016 Restricted Share Award Scheme which are subject to restrictions and limitations
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent.

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