361 DEGREES INTERNATIONAL LIMITED

Stock Code: 1361

2024

ANNUAL REPORT

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

Currently, *361°* is selling in all major cities and regions in China and is gradually entering overseas markets, thereby making it a strong market presence.

CONTENTS

BRAND MILESTONES

2003

- *361°* brand established

2005

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

2009

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

2010

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

2014

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

2016

- *361°* became the official partner of the Rio 2016 Summer Olympic in Brazil and Paralympic Games, being the first Chinese sportswear brand to sponsor the Olympics

2018

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

2021

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

2022

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

2023

- Nikola JOKIĆ became our global brand ambassador
- Official partner for the 19th Asian Games Hangzhou 2023

2024

- 15th anniversary of listing on the Main Board of the Hong Kong Stock Exchange
- Sportswear supplier for World Aquatics
- Official partner of the Olympic Council of Asia
- Official partner of the 9th Asian Winter Games Harbin 2025
- Official partner of the 20th Asian Games Aichi-Nagoya 2026, as a contributor to the Asian Games for the fifth consecutive times

AWARDS

R&D

- Excellence Award at the 51st and 52nd Chinese Popular Fabrics
- Gold Prize in the Textile and Apparel category at the 1st Quanzhou High-Value Patent Competition (泉州市高價值專利大賽)
- Sports Shoes Innovative Frontier Award at the 10th Aibang Polymer Shoe Material Industry Forum (艾邦高分子鞋材產業論壇) in 2024
- The list of winners under the "Exercises Sports" and "Innovation" categories by "FIT Sport Design Awards" in Switzerland
- Science and Technology Award — First Prize in Technological Invention by China National Textile and Apparel Council (中國紡織工業聯合會科技技術獎-技術發明獎一等獎)
- Industry Benchmark Award by Manufacturing Excellence & Innovation Awards (中國製造之美行業標桿獎)
- Product Design Award by the Red Dot Design Award
- 2024 Top Ten Textile Innovation Products and New Textile and Apparel Products of Fujian Province (2024年度十大類紡織創新產品及福建省紡織鞋服新產品)

BRAND MARKETING

- 2023 Elite Race of the Year Award by SPORTS MONEY (體育大生意)
- 2023 Sports Marketing Award by SPORTS MONEY (體育大生意)
- 2023 Best Marketing Brand IN THE SPORTS INDUSTRY by Lanxiong Sports (懶熊體育)
- 2023 Commercial Sponsorship Award by ECOTIME CONFERENCE
- 2023 Outstanding Sports Endorsement Award by ECOTIME CONFERENCE
- the Outstanding Performance Award for Children's Footwear Brand of the Year at the 9th Cherry Award (櫻桃大賞)
- 2024 Best Marketing Brand by Lanxiong Sports (懶熊體育)
- 2024 Sports Endorsement by SPORTS MONEY (體育大生意)

CAPITAL MARKET

- The 7th and 8th China Annual IR Award (The "Best Capital Market Communication Award" and the "Best IR Director Award")
- The 11th Hong Kong Stock Top 100 (Consumer Innovation Pioneer Enterprise Award, Top 50 Small Enterprises)
- The 10th Hong Kong Investor Relations Association-Investor Relations Awards 2024 (The "Best IR Company", the "Best IR Team", the "Best Investor Meeting", and the "Best IRO" in the small-cap category)
- The 7th New Fortune Best IR of Hong Kong Listed Company (H-share)
- The 15th China Listed Companies Investor Relations ("Tianma Award")

ESG-SPECIFIC AWARDS

- 2024 PUBLIC COMPANY Best ESG Practice Award by the Hong Kong International ESG List Annual Selection
- 2024 JING CHAO AWARDS — Leading ESG Enterprise of the Year (鯨潮獎)
- Governance Excellence Award by the Greater Bay Area Listed Companies ESG100 Green Advancement Awards Ceremony

FINANCIAL AND OPERATIONAL REVIEW

FINANCIAL PERFORMANCE

Revenue
increased by 19.6% to
RMB10.07 Billion

Revenue from the
361° Kids Business
increased by 19.5% to
RMB2.34 Billion

Revenue from
E-commerce business
increased by 12.2% to
RMB2.61 Billion

Profit attributable to
equity shareholders
increased by 19.5% to
RMB1.15 Billion

Basic earnings per share
increased by 19.5% to
RMB55.6 Cents

Final dividend
HK10.0 Cents
RMB9.6 Cents
Full-year payout ratio 45.0%

NUMBER OF STORES

Number of *361°* stores in
Mainland China
5,750

Number of *361°* Kids points-of-sale
in Mainland China
2,548

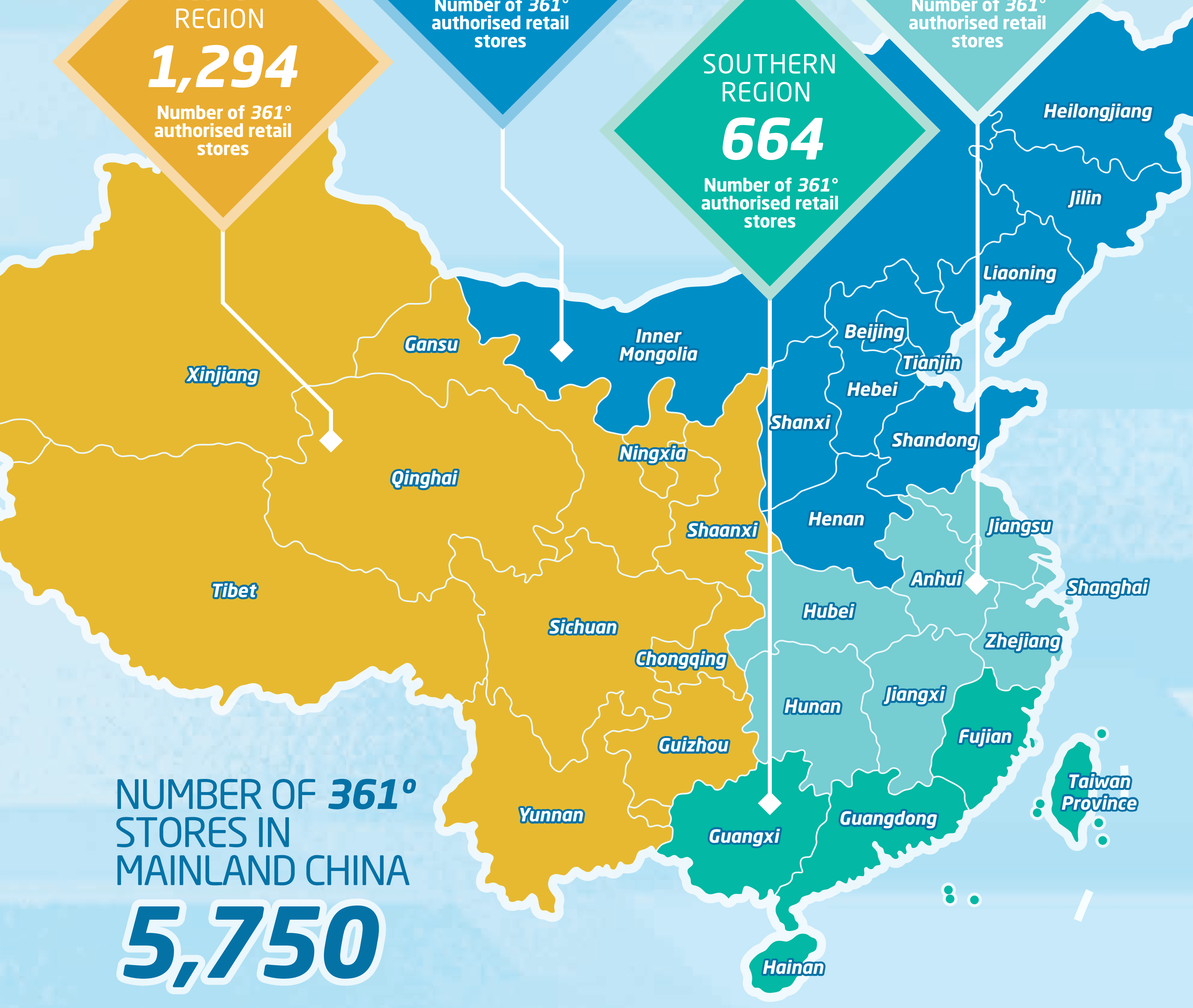
Number of *361°* international
points-of-sale
1,365

WESTERN REGION
1,294
Number of *361°* authorised retail stores

NORTHERN REGION
2,668
Number of *361°* authorised retail stores

SOUTHERN REGION
664
Number of *361°* authorised retail stores

EASTERN REGION
1,124
Number of *361°* authorised retail stores



NUMBER OF *361°* STORES IN MAINLAND CHINA
5,750

NUMBER OF *361°* KIDS POINTS-OF-SALE IN MAINLAND CHINA **2,548**

NUMBER OF *361°* INTERNATIONAL POINTS-OF-SALE **1,365**

FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 31 December				
	2024	2023	2022	2021	2020
Profitability data *(RMB'000)*					
Revenue	**10,073,510**	8,423,257	6,960,826	5,933,482	5,126,958
Gross profit	**4,183,292**	3,462,155	2,820,648	2,472,420	1,941,733
Operating profit	**1,576,240**	1,383,549	1,074,145	1,083,122	822,690
Profit attributable to equity shareholders	**1,148,615**	961,427	747,117	601,700	415,065
Earnings per share					
— basic *(RMB cents)*	**55.6**	46.5	36.1	29.1	20.1
— diluted *(RMB cents)*	**55.6**	46.5	36.1	29.1	20.1
Profitability ratios *(%)*					
Gross profit margin	**41.5**	41.1	40.5	41.7	37.9
Operating profit margin	**15.6**	16.4	15.4	18.3	16.0
Margin of profit attributable to equity shareholders	**11.4**	11.4	10.7	10.1	8.1
Effective income tax rate *(Note 1)*	**23.7**	23.7	23.3	29.0	29.4
Return on shareholders' equity *(Note 2)*	**12.4**	11.3	9.9	8.8	6.4
Operating ratio (as a percentage of revenue) *(%)*					
Advertising and promotion expenses *(Note 3)*	**12.8**	12.7	11.4	10.2	9.6
Staff costs	**8.5**	9.2	9.8	11.1	9.8
R&D	**3.4**	3.7	3.8	4.2	4.0

Notes:

1) Effective income tax rate is equal to the income tax divided by the profit before taxation.

2) Return on shareholders' equity is equal to the profit attributable to equity shareholders divided by the average opening and closing equity attributable to equity shareholders of the Company.

3) Advertising and promotion expenses included the cost of advertising expenses via e-commerce platforms in this year and 2022 to 2023. In previous years, the cost of advertising expenses via e-commerce platform was grouped under online selling expenses and excluded in the calculation of advertising and promotion expenses as a percentage of revenue.

FIVE-YEAR FINANCIAL SUMMARY

	As of 31 December				
	2024	2023	2022	2021	2020
Assets and liabilities data *(RMB'000)*					
Non-current assets	**1,355,479**	1,447,918	1,152,133	1,154,660	1,181,475
Current assets	**12,058,073**	11,617,332	11,283,764	10,083,326	10,440,087
Current liabilities	**3,362,734**	3,088,042	2,905,509	2,668,029	4,041,217
Non-current liabilities	**221,690**	254,038	112,709	14,316	14,354
Equity attributable to equity shareholders	**9,375,242**	9,082,367	7,943,530	7,116,765	6,608,913
Non-controlling interests	**453,886**	640,803	1,474,149	1,438,876	957,078
Asset and working capital data					
Current asset ratios	**3.6**	3.8	3.9	3.8	2.6
Gearing ratios *(%) (Note 4)*	**1.9**	2.2	2.4	1.8	16.7
Net asset value per share *(RMB) (Note 5)*	**4.8**	4.7	4.6	4.1	3.7
Inventory turnover days *(days) (Note 6)*	**107**	93	91	87	111
Trade and bills receivable turnover days *(days) (Note 7)*	**149**	149	147	149	159
Trade and bills payable turnover days *(days) (Note 8)*	**88**	110	121	122	151
Working capital turnover days *(days)*	**168**	132	117	114	119

Notes:

4) The calculation of gearing ratio is based on the interest-bearing debt divided by the total asset of the Group as at the end of the year.

5) The calculation of net asset value per share is based on the net assets divided by weighted average number of ordinary shares for the year.

6) Inventory turnover days is equal to the average opening and closing inventory divided by costs of sales and multiplied by 366 days (or 365 days for 2021 to 2023).

7) Trade and bills receivable turnover days is equal to the average opening and closing trade and bills receivables after allowance of doubtful debts divided by revenue and multiplied by 366 days (or 365 days for 2021 to 2023).

8) Trade and bills payable turnover days is equal to the average opening and closing trade and bills payables divided by cost of sales and multiplied by 366 days (or 365 days for 2021 to 2023).

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of 361 Degrees International Limited (the "Company"), I am extremely pleased to present the annual results of the Company and its subsidiaries (which are collectively referred to as the "Group" or "*361°* Group") for the year ended 31 December 2024 (the "year under review").

In 2024, the global economic recovery decelerated, while China emphasised high-quality development and accelerated the cultivation of new productive forces, maintaining a positive growth trajectory. Consumption emerged as the primary driver of the national economy, with diversified, quality-oriented, and personalised spending gradually becoming the norm. Notably, the consumption of sports goods exhibited resilient growth, becoming a significant contributor to the macroeconomic trend toward high-quality development.

During the year under review, the Group achieved a revenue of RMB10.07 billion, representing a year-on-year increase of 19.6%. Profit attributable to the equity shareholders was RMB1,148.6 million, representing a year-on-year increase of 19.5%. To appreciate the shareholders for their strong support to our Group, the Board has recommended to declare a final dividend for the year under review of HK10.0 cents (equivalent to RMB9.6 cents for illustration purpose only) per ordinary share ("2024 Final Dividend"). Subject to approval at the general meeting, the Group has distributed a total dividend of HK26.5 cents per ordinary share (equivalent to RMB25.0 cents for illustration purpose only) for the current financial year, representing a dividend payout ratio of 45.0%, allowing Shareholders to share the success of its operations.

EVENT SPONSORSHIP UNLEASHING BRAND POTENTIAL, WITH THE SPIRIT OF "PASSION" LAYING THE FOUNDATION FOR FUTURE GROWTH

In 2024, staying true to the Group's core ethos of "ONE DEGREE BEYOND" (多一度熱愛), and its positioning as an "professional, youthful, and internationalised" brand, *361°* Group set its sights on expanding into broader markets with a global vision. Guided by a "technology-driven, brand-first" development strategy and executing with precision, *361°* strengthened its brand professionalism and influence, further reinforcing its competitive edge.

In event sponsorship, the Group deepened the integration of its brand with the spirit of sports through global resource allocation and diverse partnerships, driving long-term, high-quality growth. By sponsoring major international sporting events such as the Asian Games on a long-term basis, *361°* brand showcased its high-value, professional sports products across multiple platforms, bringing its "Passion" culture to a global audience. At the same time, the strong growth of its own-branded events in China not only bolstered the brand's credibility and appeal but also attracted a diverse consumer base, leading to an overall increase in brand value.

CHAIRMAN'S STATEMENT

During the year under review, the Group successfully secured sponsorship rights for several international events, including the World Championship, the 9th Asian Winter Games Harbin 2025 (the "Asian Winter Games"), and the 20th Asian Games Aichi-Nagoya 2026, deepening relationships with existing partners. Moreover, we expanded our event sponsorship footprint through a new partnership with the World Aquatics. Notably, we have served as the official partner of the Asian Games for five consecutive times, embedding the Asian Games "gene" deeply into our brand. This has laid a solid foundation for more profound brand value expression and further global development in the future.

FOCUSING ON THE PROFESSIONAL SPORTS SECTOR AND CONTINUOUSLY OPTIMISING THE GLOBAL RESOURCE MATRIX

In an era of heightened global health awareness and rapidly evolving sports consumption landscape, we recognise that maintaining a competitive edge means a deep commitment to the professional sports sector. To this end, we are optimising our brand resource allocation, increasing investment in professional sports categories, and constructing a multi-tiered, diversified, and efficient brand resource matrix. These efforts aim to elevate our brand's "professional" image and enhance our global influence.

In the running sector, we remain dedicated to promoting and supporting marathon events, precisely sponsoring a number of influential marathon events and contributing to the development of the running industry with professional products and event services. Our ambassadors and elite runners achieved remarkable results by wearing high-performance racing shoes offered by *361°*, showcasing our innovative advancements such as the "Professional Running Shoe Matrix", "CQT Carbon Critical Technology (CQT碳臨界科技)", and "Q-bounce Super Technology (Q彈超科技)". In 2024, *361°* supported runners in participating in 117 major marathon events both domestically and internationally, contributing to 114 podium finishes, including 76 first-place wins, 23 second-place finishes, and 15 third-place honours. These achievements reflect our relentless efforts in promoting a vibrant running culture.

In the basketball sector, we have deeply integrated with global basketball culture by collaborating with influential international players to launch products, such as the first signature shoes "JOKER 1" in partnership with Nikola JOKIĆ. At the same time, through a series of activities such as the "Players' China Tour (球星中國行)" and proprietary events, we fostered diverse interactions to strengthen emotional connections with consumers and promote the brand's professional image worldwide. In particular, "Players' China Tour (球星中國行)" and other related events, featuring our ambassadors Spencer DINWIDDIE and Kentavious CALDWELL POPE, further enhanced our brand influence and laid a foundation for immersive brand experiences and market value creation.

Our investment in proprietary events is also a key element of our brand strategy. During the year under review, we vigorously advanced the innovation and expansion of proprietary events, and successfully launched two new events and activities, "Meet Up on Skateboards" (板上見) and "Prove it on the Field" (場上説). With high-calibre event design and diverse coverage, we broadened our brand's footprint in running, basketball, women's fitness, and general fitness. Currently, we have established a competitive event ecosystem and achieved breakthrough progress in the international promotion of our events, allowing our professional products and the spirit of "Passion" to shine brightly on the stage of sports competitions.

At the same time, we are keenly aware of emerging consumer trends and actively expand our market boundaries in response to new industry trends. We have integrated both internal and external resources to focus on the rapidly emerging outdoor sector, and dedicated ourselves to developing a series of outdoor products that combine functionality and technological innovation. These innovative product offerings feature material and design advancements, incorporating cutting-edge sports technology to meet the dual demands of performance and fashion from younger consumers. Through this strategic initiative, we have further strengthened our brand's youthful positioning, deeply integrated into diverse consumption scenarios, and tapped into the growth potential of the outdoor sports sector.

EXPANDING INTO CHILDREN'S SPORTS SEGMENT IN MULTIPLE DIMENSIONS AND STRENGTHENING FIRST-MOVER ADVANTAGES

The development of the sports industry for children and adolescents holds an important position in national strategies, playing an irreplaceable role in enhancing physical fitness and cultivating future competitiveness. In recent years, with steady macroeconomic development and heightened parental focus on children's holistic growth and well-being, the children's sports-related industries have seen increasing development opportunities. In particular, children's sportswear, a segment merging functionality, comfort, and fashion aesthetics, is becoming a driving force for transformation and innovation in the children's apparel industry, showcasing significant growth potential.

In 2024, *361°* Kids continued carrying forward the brand ethos of "ONE DEGREE BEYOND" (多一度熱愛) of the *361°* brand. With the brand statement "CHASING YOUR LOVE!" (熱愛吧, 少年!), *361°* Kids continued to strengthen its professional influence in key sports categories such as running, rope skipping, basketball, and football. Leveraging multi-faceted market activities, the brand consolidated its first-mover advantages in children's sportswear. Focusing on the different stages of growth of children and adolescents, we increased our investment in product R&D to comprehensively increase the professional functionality, health technology, playfulness and trendy elements of our children's sports products. We also expanded our product line to cater to the 16-year-old demographic, accommodating the evolving sports needs across various growth stages and further broadening our business boundaries in the children's sports segment.

During the year under review, *361°* Kids served as the exclusive title sponsor of the Asian Rope Skipping Championships 2024 and a sponsor of the 2024 National Rope Skipping Championship. By focusing on children's sports events, delivered high-quality support to deeply integrate with youth sports development, empowering the younger generation to unleash their sports potential. Through strong synergy with the *361°* brand, we achieved efficient resource sharing and brand collaboration, promoting widespread recognition of our image as the "Youth Sports Expert" (青少年運動專家).

In terms of channel development, we continued to promote the optimisation and upgrading of our points-of-sale and image stores. The latest fifth-generation image stores of *361°* Kids were rolled out successfully, featuring simplified spatial designs and enhanced quality aesthetics, further solidifying the brand's position as the "Youth Sports Expert" (青少年運動專家) and embodying professionalism and innovation of *361°* Kids. During the year under review, *361°* Kids steadily increased its number of points-of-sale, continuously optimised its channel structures, and positioned itself to seize growth opportunities and gain strategic advantages in the competitive landscape.

CHAIRMAN'S STATEMENT

EMPOWERING PRODUCT INNOVATION AND UPGRADES THROUGH TECHNOLOGY, EXPANDING THE INTERNATIONAL MARKET PRESENCE

In a new era where technological transformation is profoundly reshaping industry landscapes, we recognise that technological innovation has become the core driving force for leading the future and securing long-term competitive advantages. As of 31 December 2024, we obtained 633 patents, representing an increase of 139 as compared with the end of 2023. In addition, we hold various prestigious titles, including being recognised as a national advanced technology enterprise, national green factory, national green supply chain management enterprise, exemplary unit of the national sports industry, national industrial design centre, national society service station, national intellectual property advantage enterprise, "Innovation China" doctoral innovation station ("科創中國" 博士創新站), and provincial technology centre. These achievements not only reflect our relentless pursuit of technological excellence, but also highlight our deep strategic insight into future development, driving us to continuously reach new heights.

With technology as the core strategic driver, we adhere to the brand strategy of "technology-driven, brand-first", fully unleashing the potential of innovation. In terms of our product matrix, we have built a multi-category and multi-tiered product ecosystem that integrates cutting-edge sports technologies to continuously optimise both design and performance, delivering superior product experiences to global sports enthusiasts. During the year under review, products such as "Furious 2" (飛飈2), and "AG5" received enthusiastic market response from sports enthusiasts for their balance of technology and practicality. In addition, on 27 December 2024, *361°* launched several new products, including "Flying Flame 4" (飛燃4) and "SPIRE FLOAT 2" (速湃FLOAT2) on the brand day, that have continued to be sought after by consumers as iconic products.

In terms of channel development, we continued to enhance the efficiency of our offline retail network with refined layouts and premium services to boost competitiveness. In 2024, the *361°* brand operated 5,750 stores across China, with average store size increasing to 149 m², representing an increase of 11 m² compared to the end of 2023. Our presence in shopping malls and department stores continued to increase, the successful launch of our first tenth-generation image store and first Super Premium Store (超品店), demonstrated our brand's ability to expand across diverse consumer scenarios. Concurrently, we actively embraced digital transformation by deepening our e-commerce presence, adopting innovative operating models and precise marketing strategies to fully unleash the potential of our e-commerce platform. This has led to remarkable performance during various festive events, achieving breakthroughs in both sales and influence.

More excitingly, we reached a significant milestone in our overseas sales channel development. Currently, we have established 1,365 offline points-of-sale in the overseas market (excluding mainland China), covering regions such as the Americas, Europe, and regions alongside the Belt and Road Initiative. At the same time, our overseas e-commerce platform went live officially, marking a pivotal step towards the integrated development of online and offline operations in overseas markets. In January 2025, we successfully opened our first directly operated overseas store in Kuala Lumpur, Malaysia, reinforcing our global presence. This channel development model of "coordinated online and offline stores, with dual emphasis on domestic and international markets" (線上線下協同發力，國內國際雙輪並行) provides robust growth momentum for the brand's overall sales performance.

CHAIRMAN'S STATEMENT

OUTLOOK

On behalf of the Board, I would like to express our sincere gratitude to all our shareholders and stakeholders for their trust and support to *361°* Group. I would also like to extend my heartfelt appreciation to all our dedicated staffs, as well as our customers and partners. Looking ahead to 2025, we will continue to stimulate the multi-level sports consumption market and contributing to the thriving development of the sports industry. In the future, we will embrace a more open mindset and broader vision, continuously deepening our position as a "professional, youthful, and internationalised" brand. Through concrete actions, we aim to promote the trend of sports participation for all, providing superior products and services to consumers worldwide. We firmly believe that, with the collective efforts of all colleagues, *361°* will achieve even greater success in the global market, writing a brand-new chapter for Chinese brands.

Ding Huihuang
Chairman

Hong Kong SAR of the PRC, 12 March 2025

Ding Wuhao
Executive Director,
President

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In 2024, the global economy faced multifaceted pressures, including high inflation, escalating international trade tensions, and geopolitical turmoil, leading to a slowdown in growth. Despite these challenges, China's economy showcased strong resilience in the complex global market, driven by robust macroeconomic control and domestic demand stimulation. According to the National Bureau of Statistics ("NBS"), China's Gross Domestic Product ("GDP") for 2024 reached RMB134.9084 trillion, marking a year-on-year increase of 5.0%. This reflects a general recovery trend, evidenced by stabilising economic operations and increasingly robust development momentum.

In line with steadily improving macroeconomic conditions, the domestic consumption market continued on a stable and positive trajectory. According to the NBS, the total retail sales of social consumer goods nationwide amounted to RMB48,789.5 billion in 2024, representing a year-on-year increase of 3.5% at a stable overall growth rate. Specifically, due to the ongoing stable growth in online consumption, the online retail sales of physical goods nationwide amounted to RMB13,081.6 billion, representing a year-on-year increase of 6.5%, and accounting for 26.8% of the total retail sales of social consumer goods. As a result of various factors including policy support and changes in consumer demographics, the domestic consumption market witnessed an accelerated transformation and upgrade, showcasing a more diversified, quality-oriented, and personalised development trend. Overall, the consumer market plays an increasingly prominent role as the core engine to drive economic growth. In particular, under the "Sports Superpower" (體育強國) and "National Fitness" (全民健身) strategies, domestic sports consumption demand continued to rise, injecting new vitality into the economic growth.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2024, China took significant steps towards implementing its "14th Five-Year Plan" at a critical juncture, with various government departments rolling out policies aimed at integrating the sports industry more deeply into the nation's social and economic development. The "2024 Key Takeaways of Public Sports Work" (《二零二四年群眾體育工作要點》), issued by the General Administration of Sport of China in February, highlighted the need to accelerate the "National Physical Exercise Venue Upgrade Action" to promote equal access to public services, enhance grassroots sports event systems, and further encourage public engagement in physical exercise. During the National Sports Industry Work Conference in April, the focus was on implementing the "Outline for Building a Leading Sports Nation" (《體育強國建設綱要》) and the "14th Five-Year Plan for Sports Industry Development" (《「十四五」體育產業發展規劃》). The conference emphasised the deep integration of sports industry into national economic and social development through innovative consumption activities and leveraging major sports events to expand domestic demand. In July, the Third Plenary Session of the 20th Party Central Committee called for improvements to the public service system for national physical exercise, along with reforms to enhance the management and operational mechanisms for competitive sports. In November, the General Office of the State Council issued the "Opinions on Stimulating the Vitality of the Winter Economy through High-Quality Development of Winter Sports" (《關於以冰雪運動高質量發展激發冰雪經濟活力的若干意見》), setting the goal of turning winter consumption into a major growth driver for domestic demand by 2030. The total scale of the winter economy is expected to reach RMB1.5 trillion. These policies further strengthened the domestic sports industry's regulatory framework, laying a solid foundation for its long-term and high-quality development.

MANAGEMENT DISCUSSION AND ANALYSIS

The government has placed significant emphasis on promoting the diversification of sports consumption. A series of policy initiatives, such as the "Notice on the Integration of Sports Events into Scenic Areas, Neighbourhoods, and Business Districts" (《關於開展「體育賽事進景區、進街區、進商圈」活動的通知》) and the "Measures for Creating New Consumption Scenes and Cultivating New Growth Points for Consumption" (《關於打造消費新場景培育消費新增長點的措施》), aim to unlock the full potential of sports consumption by innovatively integrating the sports industry into various consumer environments, thereby fostering new growth drivers for consumption. Additionally, in August 2024, the State Council released the "Opinions on Promoting the High-Quality Development of Service Consumption" (《關於促進服務消費高質量發展的意見》), specifically emphasising the need to deepen and promote sports consumption pilot projects to develop national platforms for sports industry and sports tourism growth. Various regions have also actively advanced the "new productive forces of sports", focusing on areas such as intelligence, digitisation, and sustainability, to accelerate the overall quality and efficiency of the sports sector.

2024 was widely recognised as the "Sports Year", a number of top international events have been held, providing unprecedented opportunities for the sports industry. During the year under review, events like the Paris Olympics, the European Cup, and the World Cup not only enhanced the global sports atmosphere but also offered valuable exposure for domestic sports brands. Domestically, qualification rounds for the Paris Olympics, the China Open, and other high-profile events garnered significant attention, while grassroots events such as the "Village Super League" (村超) and the "Village Basketball Association" (村BA) gained popularity beyond their traditional audiences, further enriching the sports landscape and opening up new market segments. Furthermore, emerging sports like hiking, mountaineering, and winter sports are attracting increasing consumer interest, with winter sports, in particular, showing strong market potential due to their unique appeal and experiences.

Furthermore, with technological innovations and breakthroughs and intensifying global market competition, technology-enabled products have continued to unleash their potential across various areas, becoming a crucial trend that leads the development of the sports goods industry. As for sports footwear and apparel in particular, sports brands are incorporating high-tech elements into products in multiple dimensions, enhancing product functionality and comfort, while satisfying diverse consumer needs comprehensively. Moreover, the unabated "China-Chic" enthusiasm, in combination with the younger generation's emphasis on fashion trends and personalised expression, has driven sports brands to seek new breakthroughs, creating sports products that are not only technologically advanced but also aesthetically modern and culturally rich. In line with this trend, the domestic sports goods industry continues to evolve and upgrade, with the entire industry ecosystem brimming with vitality.

The domestic kids' sportswear and footwear market continued to exhibit rapid development, and remained as a segment with the highest growth potential in the sports industry. As "Empowered Youths and Adolescents will Empower China", the sports development for children and adolescents is recognised as the cornerstone of the "Sports Superpower" strategy. With a growing government support, a favourable external environment has been created for the development of the children's sports industry. With the increasing physical activity levels of children and adolescents and the growing variety of sports, the demand for sports equipment has shifted towards functional and comfortable products, which has prompted companies to develop more innovative and distinctive products, and drive the upgrading of the sports industry for children and adolescents. In addition, the growing trend of affinity sports has further stimulated the sports consumption potential of children and adolescents, providing a broader development space for the kids' sportswear industry.

MANAGEMENT DISCUSSION AND ANALYSIS

Facing unprecedented development opportunities, the Group adheres to a brand positioning of "professional, youthful, and internationalised", while actively promoting the deep integration of technological innovation with fashion elements. Our efforts to improve product functionality and added value are aimed at meeting diverse global market demands, which in return will boost the brand influence in the global sports industry. The Group will always persist in the passion and commitment for the sports industry, by continuing to contribute to the high-quality development of the sports industry through technological R&D, participation in international sports events, and strengthened international cooperation, evangelising about the spirit of "ONE DEGREE BEYOND" (多一度熱愛) globally.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

361º Brands and Positioning

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

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

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

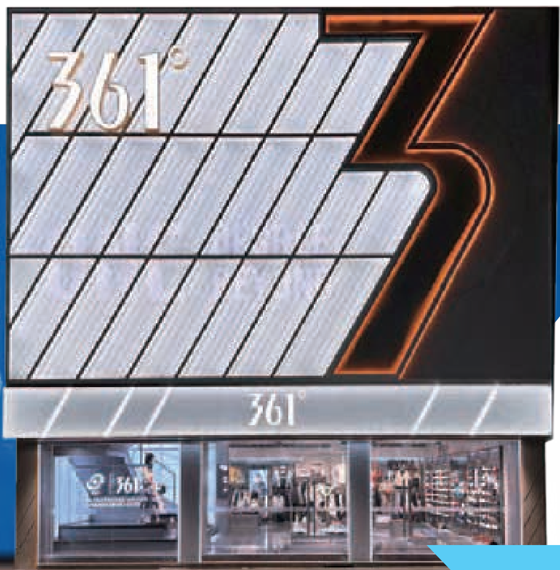
Efficient and Flexible Business Model

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

The Group employs a systematic order management model that ensures efficient supply, transparent inventory, and stable retail prices. The Group organises four trade fairs annually to showcase new-season products, inviting all distributors and authorised retailers to participate. Orders from authorised retailers are consolidated by their respective primary distributors and submitted uniformly to the Group. Upon receiving orders, the Group reviews them and provides suggestions to enhance reasonableness of product selection, ensuring optimal retail inventory levels, stable retail discounts, and profitability for retailers, fostering sustainable development and a win-win situation. These trade fairs take place approximately six months before the launch of the relevant new products, ensuring sufficient time for production and delivery, effectively enhancing visibility for sales performance. During the year under review, the Group hosted four *361°* brand product trade fairs in total, including the 2024 Winter Trade Fair, the 2025 Spring Trade Fair, the 2025 Summer Trade Fair, and the 2025 Fall Trade Fair. Orders from these four trade fairs exhibited robust growth, primarily driven by increased order volumes.



MANAGEMENT DISCUSSION AND ANALYSIS

361º Core Brand's Retail Network in the PRC

As of 31 December 2024, the Group had a total of 5,750 *361°* branded stores, with an average store area of 149 m^2, representing a net increase of 11 m^2 as compared to 31 December 2023. Geographically, approximately 75.9% of the stores were in third-and lower-tier cities in China, while 5.2% and 18.9% of the stores were in first- and second-tier cities respectively. The Group encourages its distributors and authorised retailers to expand their store footprint by opening larger stores, upgrading to the latest image stores and increasing the number of new stores in shopping malls and department stores. In 2024, driven by the ongoing optimisation of our store channel structure and the continuous and steady increase in the average store size, the retail sales exhibited sustained robust performance.

The Group continues to adopt a consumer-centric approach to providing the best shopping experience for consumers, capitalising on new consumer preferences and new trends in consumption habits. In October 2024, *361°* opened its first tenth-generation image store in Shandong Province. The design of the tenth-generation image stores highlighted the establishment of the brand image, showcasing the attribute of sports story and a sense of power in the space, and emphasising the matching of sports space with product display. In December 2024, *361°* opened its first Super Premium Store (超品店) in the city of Shijiazhuang of Hebei Province. Subsequently, distributors rapidly opened three *361°* Super Premium Stores in Huizhou (Guangdong Province), Chengdu (Sichuan Province) and Nanning (Guangxi Province). As an emerging channel, the Super Premium Store aims to establish the self-selection mode for extremely cost-effective sports product, so as to capture new market opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	As of 31 December 2024		As of 31 December 2023	
	Number of *361°* authorised stores	**% of total number of *361°* authorised stores**	Number of *361°* authorised stores	% of total number of *361°* authorised stores
Eastern region(1)	**1,124**	**19.5**	1,117	19.5
Southern region(2)	**664**	**11.5**	654	11.4
Western region(3)	**1,294**	**22.5**	1,287	22.4
Northern region(4)	**2,668**	**46.5**	2,676	46.7
Total	**5,750**	**100**	5,734	100

Notes:

(1) Eastern region includes Jiangsu, Zhejiang, Hubei, Anhui, Hunan, Shanghai and Jiangxi.

(2) Southern region includes Guangdong, Fujian, Guangxi and Hainan.

(3) Western region includes Sichuan, Yunnan, Guizhou, Shaanxi, Xinjiang, Gansu, Chongqing, Qinghai, Ningxia and Tibet.

(4) Northern region includes Shandong, Beijing, Liaoning, Heilongjiang, Hebei, Henan, Shanxi, Jilin, Tianjin and Inner Mongolia.

Brand Promotion and Marketing

361°'s brand resource matrix is built on a foundation of professional sports and has progressively evolved into a comprehensive development model. This includes key sports events, professional teams, elite athletes, and brand ambassadors. Moving forward, the Group plans to leverage its existing framework and adopt a global strategic approach to further optimise resource allocation, strengthening the brand's position and expanding its global presence.

361° has demonstrated its commitment to the development and empowerment of the sports industry through strategic sponsorships. Since the 2010 Guangzhou Asian Games, from Incheon to Jakarta and Hangzhou, *361°* has been a consistent presence at every Asian Games. *361°* was announced as the official partner of the 20th Asian Games Aichi-Nagoya 2026 in September 2024, marking the fifth consecutive times that we have partnered with the event, which has deeply embedded the "genes" of the Asian Games into the corporate development of *361°*, and served as an integral part of the brand culture. Such significant partnership not only demonstrates the profound layout and strategic strength in the sector of international sports event sponsorship, but also signifies that both parties will continue to work together to advance the development of sports in Asia and surrounding countries.

MANAGEMENT DISCUSSION AND ANALYSIS

In addition, *361°* continues to strengthen its global presence through strategic collaborations with international sports events, driving growth and fostering new developments in the sports industry. In February 2024, *361°* entered into a long-term partnership as the official sportswear supplier for World Aquatics, beginning with the World Aquatics Championships in Doha 2024. As the first co-operation between *361°* and the World Aquatics, *361°* will provide a full range of services to ensure the successful organisation of the 2024 World Aquatics in Doha. This inaugural collaboration includes supplying apparel, footwear, and accessories to event organisers, technical officials, committees, volunteers, and others, highlighting the strength of the Chinese sports brand. In April 2024, *361°* further solidified its position by becoming the official partner for the 9th Asian Winter Games Harbin 2025. To mark the 100-day countdown to the Asian Winter Games, *361°* hosted an official sportswear launch event in Harbin in October 2024. With the Asian Winter Games set to open on 7 February 2025, *361°* is fully committed to ensuring the event's success, promoting the "passion" culture of the brand and winter sports enthusiasm, and contributing to the growth of the sport across Asia and globally. Through these high-profile partnerships, *361°* is enhancing its brand value on the international stage. Moving forward, *361°* remains focused on uniting China's passion for sports and supporting the development of both Chinese and global sports events.

MANAGEMENT DISCUSSION AND ANALYSIS

In addition to sponsoring large-scale sports events, the Group strategically develops marketing campaigns that are closely aligned with consumer preferences and behaviours. In the running sector, we have successfully built a nationwide running community alliance, resulting in significant growth in our professional racing products. During the year under review, *361°* sponsored and supported influential marathon events, including the Zheng-Kai Marathon, Qingdao Marathon, Qinhuangdao Marathon, Fuzhou Marathon, and Putian Marathon. By offering high-quality products and professional event services, *361°* continues to drive the development of road running in China, supporting many runners in their pursuit of excellence on the racecourse.

During the event, a large number of high-performance professional marathon racing shoes of *361°* became the centre of attention, assisting many runners to sprint on the track. In particular, during the 2024 Xiamen Marathon in January 2024, popular running shoes, including the "Flying Flame 3" (飛燃3) and "Furious Future 1.5" (飛飈Future 1.5), gained widespread recognition among runners, with "Sub-3 runner" wearing ratio increasing to 17.2%, achieving double growth. In March 2024, at the Lake Biwa Marathon 2024 in Japan, *361°* running ambassador GUAN Yousheng (管油勝) won the championship over numerous Japanese elites with the support of "Flying Flame 3" (飛燃3), the professional marathon running shoe. This is a testimony of *361°*'s dominance in the running arena. In March 2024, at the 2024 Seoul Marathon, a World Athletics Platinum Label event, *361°* running ambassador Kassie Derseh KINDIE achieved a record of 2 hours, 7 minutes and 21 seconds while wearing the "Furious Future 1.5" (飛飈Future 1.5). This is a new record for *361°* and marking the first entry of *361°* running shoes into the "207 Era". In September 2024, *361°* running ambassadors Kassie Derseh KINDIE and SISAY Meseret Gola once again broke records for the best performance in *361°* racing shoes and the best women's record in a *361°* Grand Slam event, respectively. This marked the first time *361°* ranked in the top ten of a Grand Slam marathon in the world. In 2024, *361°* supported runners in participating in a total of 117 major marathons held both domestically and internationally, helping athletes step onto the awards podium 114 times, including 76 first-place finishes, 23 second-place finishes and 15 third-place finishes. As a result of the impressive performances of Marathoners, *361°* has solidified its professional image in the running field.

The "3# Track — 10 Kilometres Race" is *361°*'s proprietary event, focusing on professional racing as its core. Designed for elite runners pursuing speed, the "3# Track — 10 Kilometres Race" has become one of the most well-known events domestically, with its increasing influence within the running community in recent years. During the year under review, the "3# Track — 10 Kilometres Race" underwent upgrades by reforming the race system and optimising the race experience to gradually enhance its influence among serious and elite runners, leading to an unprecedented surge in registrations.

In 2024, 7 sessions of the "3# Track — 10 Kilometres Race" took place in core cities where the Group operates its core businesses, including Shijiazhuang, Chengdu, Dezhou, Zhengzhou, Nanjing, Xi'an and Guangzhou. Held in May 2024, Dezhou relay was the first road race that provided participants with an immersive road running experience, marking *361°* as the first domestic sports brand to organise a proprietary road race. Leveraging its resources and expertise in organising races, *361°* has established several professional running communities and created a nationwide regional "3# Track" (三號賽道) running community alliance. During the year under review, the number of "3# Track" (三號賽道) communities has expanded to approximately 400, with a total community membership exceeding 150,000, and the mini-programme has garnered 60,000 users. Following the opening of the first "3# Track CLUB" (三號賽道俱樂部) store in Xiamen, the second store officially debuted in Qinhuangdao during the 2024 Qinhuangdao Marathon. Committed to providing companionship and encouragement, *361°* offers runners a full range of services and a comprehensive running experience, enabling the brand to deeply penetrate the running community.

MANAGEMENT DISCUSSION AND ANALYSIS

In the basketball sector, *361°* has focused on deepening its brand development by leveraging ambassador resources to accelerate global brand expansion. During the year under review, *361°* signed a contract with Kentavious CALDWELL POPE as our basketball ambassador. He became the fourth international player to sign a contract with *361°*, following Nikola JOKIĆ, Aaron GORDON and Spencer DINWIDDIE. In February 2024, *361°* unveiled a new personal Icon for global brand ambassador Nikola JOKIĆ, along with his exclusive "BIG3 FUTURE 龘人很行" PE basketball shoes, which made their official debut at the largest professional basketball league in the United States (the "Professional Basketball League") All-Star Game. With Nikola JOKIĆ involved in the design of his personal Icon, *361°* will continue to tailor exclusive signature shoes, as well as apparel, accessories, and other personal product lines, based on his unique characteristics. In May 2024, Nikola JOKIĆ was re-elected as the "Kia Professional Basketball League Most Valuable Player in the 2023–2024 regular season", which is his third time receiving this prestigious accolade within four years. In September 2024, *361°* launched "AG5", the new fifth-generation signature basketball shoes under the signature of its brand ambassador Aaron GORDON. In December 2024, *361°* collaborated with Nikola JOKIĆ to release its first personal signature shoes "JOKER 1", which were initially debuted at Ball Arena in Denver, USA with the theme of "Disruption as Promised" (如約顛覆), marking a new height in the brand's global influence. The collaboration between *361°* and our ambassadors impresses our professional image in the public.

During the year under review, through organising the "Star China Tour" (球星中國行) event, *361°* has built a strong bridge between the brand and consumers. In July 2024, Spencer DINWIDDIE, as an ambassador for the brand of *361°*, launched the 7-day event "Full Power 2024 China Tour" (威力全開2024中國行) across six cities, providing close interactions with the consumer base to solidify the fan base, further enhancing the brand's professional image. In August 2024, Kentavious CALDWELL POPE, as a basketball product ambassador for *361°*, launched the eight-day event "China Tour" (中國行) across seven cities. He also made a special appearance at the final competition of the 2024 season of "Light Up" (觸地即燃), engaging closely with local basketball enthusiasts and igniting their passion for the sport.

At the same time, the Group has also achieved success with its proprietary basketball event, "Light Up" (觸地即燃), which has motivated numerous players and teams and enhanced its influence in the basketball community. The 2024 season of the "Light Up" (觸地即燃) event featured four major series: the National Series, the Overseas Series, the Zone Series, and the Regional Series. During the year under review, "Light Up" (觸地即燃) events were hosted in major core cities such as Nanchang, Shenzhen, Dongguan, Xuzhou, Lianyungang, Chengdu, Taiyuan, Chifeng, Shenyang and Harbin, which attracted grassroots basketball talents from various regions, providing opportunities for basketball enthusiasts to showcase their skills. At the same time, expanding into overseas markets, the "Light Up" (觸地即燃) series has achieved global reach, further elevating the international influence of the *361°* brand. In 2024, the "Light Up" (觸地即燃) event attracted a total of approximately 300 participating teams and approximately 1,200 players, with approximately 530 matches played and a total game duration of approximately 6,300 minutes. The membership of the "Light Up" (觸地即燃) community exceeded 100,000. In particular, in April 2024, the *361°* "Light Up" (觸地即燃) league successfully concluded its 5-day tour to the United States, during which the members attended the renowned Devin Williams training camp and engaged in competitive skills exchanges with players from the Long Beach State University Athletics at NCAA, as well as Ballislife. This marked the first time a Chinese sportswear brand to market its own-branded sports event overseas after the pandemic. In May 2024, the 2024 season of "Light Up" (觸地即燃) series was inaugurated in Nanchang, including an overseas series for the first time, promoting our own-branded sports event on a broader global stage. In August 2024, the finals of the 2024 season of "Light Up" (觸地即燃) was held in Shijiazhuang, with an all-star lineup joining forces to further expand the influence of our branded competitions. In the meantime, the 2024 season of "Light Up" (觸地即燃) series continued its junior version, providing a platform for young basketball dreamers to showcase their talents. The event expanded its hosting city coverage to prefecture-level cities. This regional expansion has solidified our position as a leading community-level basketball event in China. Furthermore, in the new season, the event collaborated extensively with a renowned domestic urban artist, ZHANG Hehe (張呵呵), to upgrade the visualisation of the tournament. By incorporating trendy art elements favoured by the younger generation, we co-created an exclusive basketball culture for "Light Up" (觸地即燃), releasing the unique charm of the interaction between the basketball culture and urban art.

Regarding sports fashion, *361°* has been actively expanding into new sports category to strengthen connections with the younger generation. In January 2024, *361°* introduced the "Lightweight Adventure Series" (輕野系列), a new lightweight outdoor product line, accompanied by the release of a video titled "Lightweight Adventure in the Wild World" (《大世界輕野行》). This campaign invited consumers to break free from the constraints of time and space and enjoy a healthy and lightweight lifestyle. In May 2024, *361°* launched its "Sunblock Challenge" (晒不服) campaign, marking its first entry into the sun-protection market in China. The campaign swiftly went viral beyond its own industry due to its engaging and entertaining content. In collaboration with over 120 outdoor sports enthusiasts across five cities, this campaign took the lead in capturing the outdoor sun-protection market, which has expanded the brand's influence beyond the outdoor activity community. In June 2024, the "Meet Up on Skateboards" (板上見) event was successfully held in four cities such as Shijiazhuang and Lanzhou, with *361°* brand's skateboarding ambassador GAO Qunxiang (高群翔) and designer Panda Mei (梅洹林) attending the inaugural event. By cultivating friendship through the skateboarding culture, our brand has entrenched its presence in the young consumer demographic, further strengthening our position as a youth-oriented brand. In July 2024, as the title sponsor of the Strawberry Music Festival PRO Zone, *361°* showcased a unique skateboard-themed creative exhibition area under the theme of "Dare to Meet Up on Skateboards" (敢就板上見), demonstrating a profound understanding of the trendy culture. In addition, through the interactive experiences presented in the creative exhibition area, it bridged the communication gap with the new generation. In August 2024, *361°* introduced the "Lightweight Adventure Series" (輕野系列), focusing on high-performance and lightweight outdoor products for new season, with "Block Technology" (屏科技) as its core. In particular, the "Rain-block 2.0 Windproof Jacket" (禦屏2.0衝鋒衣), a flagship product known for its exceptional performance and affordable price, rapidly became a new favourite among lightweight outdoor enthusiasts. In September 2024, *361°* brand ambassador AO Ruipeng (敖瑞鵬) made its debut as the "One-Day Store Manager" (一日店長) at *361°* stores in Zhengzhou and Dalian, showcasing a new trendy attitude.

MANAGEMENT DISCUSSION AND ANALYSIS

As for women's training products, during the year under review, *361°* launched its proprietary event, "Women's Fitness Gym" (女子健身局), targeting offline communities in 17 cities such as Chengdu, Xiamen, Shijiazhuang, Heze, Hangzhou and Linyi, where over 34 events for offline communities were held. In May 2024, *361°* partnered with KEEP to initiate the "2024 Resilient and Active Party" (2024韌性好動派對), which aims to inspire women's independent power by integrating sports into everyday life. The event offered various interactive activities, such as workout sessions, interactive check-in challenges, and sports apparel and gear matching, and stimulated a deep resonance among consumers, efficiently driving user conversion. In November 2024, the "Women's Fitness Gym" (女子健身局) launched an offline sports experience pop-up event. As the image ambassadors for *361°* women's training and the world artistic swimming champions, JIANG Wenwen (蔣文文) and JIANG Tingting (蔣婷婷) (twins), made a surprise appearance at the event held in Chengdu where they participated in interactive activities. The "Women's Fitness Gym" (女子健身局) builds a rich sports community with sports favoured by women as its core, effectively connecting with users, expanding the brand's consumer group, and increasing product coverage.

During the year under review, *361°* launched its first proprietary football event "Prove it on the Field" (場上說), aiming to encourage more football enthusiasts to participate in the court and enhance their influence in the football community. From May 2024 to August 2024, the "Prove it on the Field" (場上說) football challenge was held in Guiyang, Shijiazhuang and Chengdu, and more than 110 matches have been held.

With the further integration of brand communication and consumer preferences, coupled with fashion trends and professional functionality, the series of co-branded products of the Group with renowned IPs received overwhelming responses from the young generation. The *361°* co-branding model has proven to be an effective strategy. "3Studio" (叁度工作室), as an innovative platform that garners the prowess of top talents in the outdoor sports field, adopts a collaborative model for product design, establishing a new paradigm of cross-industry cooperation in the sports industry. In addition, *361°* actively collaborated with popular IPs to expand its influence among the young generation. In collaboration with the IP DuckYo, *361°* has established and enhanced emotional connections among young professionals through its "Work-life-balance Department" (摸魚事務部) that specialises in intriguing and engaging activities. Following the successful reception of the DuckYo collaboration, subsequent IP co-branding products, such as Bored Ape (無聊猿) and the SMURFS, also gained popularity among consumers. Meanwhile, *361°* teamed up with the trendy media KIKS to launch the co-branded shoe model "Lingmou PRO" (靈眸PRO), through their exchanges of unique perspectives on trends and fashion, as well as their constant exploration of trendy contexts, bringing consumers more diverse and creative products. During the year under review, the Group achieved strong sales performance through collaboration with various well-known IPs. In terms of co-branded IP collaborations, *361°* has been exploring innovative cross-over models with brands, IP owners and designers, injecting endless creativity into product designs.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Sponsorship period	Location	Sports events	Capacity
2022–2024	China	Zheng-Kai Marathon	Global Official Partner
2023–2024	The UK	Liverpool Half Marathon	Major Sponsor
2023–2024	Germany	Wiesbaden Marathon	Official Partner
2023–2024	Germany	Berlin Marathon	Exhibitor
2023–2024	Germany	München Marathon	Exhibitor
2023–2024	Germany	Mainova Frankfurt Marathon	Exhibitor
2023–2024	France	Paris Star 10km Race	Sponsor
2023–2024	The UK	The ROC Triathlon	Running Shoe Partner
2023–2024	Switzerland	Allgäu Triathlon	Exhibitor
2023–2025	The US	Surf City Marathon	Major Sponsor
2023–2026	Spain	Palma de Mallorca Marathon	Major Sponsor
2024	China	Qinhuangdao Marathon	Strategic Partner
2024	China	Fuzhou Marathon	Top Strategic Partner
2024	China	Putian Marathon	Top Strategic Partner
2024	The US	OC Marathon	Official Footwear Sponsor
2024	Spain	Valencia Marathon	Exhibitor
2024	Spain	Malaga Marathon	Exhibitor
2024	Cyprus	Cyprus Marathon	Exhibitor
2024	Germany	Cologne Marathon	Exhibitor
2024	Germany	Challenge Roth Triathlon	Exhibitor
2024	Germany	Hamburg Triathlon	Exhibitor
2024	Italy	Embrunman Triathlon	Exhibitor
2024	Spain	Zugspitze Trail Running	Exhibitor
2024	The US	Court Kingz National Tour	Major Exhibitor for Basketball Event
2024–2026	China	Qingdao Marathon	Honourary Sponsor
2025	China	The 9th Asian Winter Games Harbin 2025	Official Partner
2026	Japan	The 20th Asian Games Aichi-Nagoya 2026	Official Partner

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

Name of sporting team	
China National Triathlon Team	China National Women's Water Polo Team
China National Karate Team	China National Handball Team
Chinese Karate Association	Kyrgyz Delegation
Tajik Delegation	Turkmen Delegation
Guangdong Provincial Swimming Team	Tianjin Municipal Swimming Team
Swimming and Diving Sports Centre of Hebei Provincial Sports Bureau	Qiqihar Sports Bureau
Tianjin Bohai Bank Women's Volleyball Club (Tianjin Women's Volleyball Team)	Shandong Tieshan Triathlon Team
Heilongjiang Ice Hockey Team (Ice Hockey Team of Harbin Institute of Technology, Feihe Youth Ice Hockey Team)	Beijing Xiannongtan Sports Technology School
Beijing Muxiyuan Sports Technology School	

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

Athletes

Name of spokespersons	Sports	Key achievements in recent years
Bahetaer Wulaziail 巴合塔爾•吾拉孜艾力	Running	2nd in Men in the 2023 Xinjiang Mulei Half Marathon 2nd in Men in the 2023 Ili River Marathon 3rd in Men in the 2023 Xinjiang Kuitun Half Marathon 2nd in Men in the 2022 Hangzhou Marathon
FENG Dan 馮丹	Running	1st in Women of China in the 2024 Yingkou — Bayuquan Marathon 1st in Women in the 2024 Xianfeng Forest Half Marathon 1st in Women of China in the 2024 Suining Guanyin Lake Half Marathon 2nd in Women in the 2024 Beijing Haidian Marathon 1st in Women of China in the 2024 Changzhou West Tai Hu Lake Half Marathon 1st in Women of China in the 2024 Guang'an Half Marathon 1st in Women of China in the 2024 Huangshi Half Marathon 2nd in Women of China in the 2024 Fuzhou Marathon 1st in Women in the 2024 Chongqing Hechuan Half Marathon 3rd in Women in the 2024 Qinhuangdao Marathon

Name of spokespersons	Sports	Key achievements in recent years
GUAN Yousheng 管油勝	Running	2nd in Men of China in the 2024 Lanzhou Marathon 2nd in Men in the 2024 Shaanxi Xianyang Half Marathon 1st in Men of China in the 2024 Yellow River Estuary (Dongying) Marathon 1st in Men in the 2024 Xingyi Wanfenglin Half Marathon 1st in Men in the 2024 Lake Biwa Marathon in Japan 1st in Men of China in the 2024 Nanjing Half Marathon 2nd in Men in the 2024 Yueyang Marathon 1st in Men in the 2024 Suzhou Marathon 1st in Men in the 2024 Qinhuangdao Marathon 3rd in Men in the 2024 Zunyi Wujiangzhai Super Long Run 1st in Men of China in the 2023 Baoding Marathon 1st in Men of China in the 2023 Qingdao Marathon 1st in Men of China in the 2023 Huai'an Marathon 1st in Men of China in the 2023 Suqian Marathon 1st in Men in the 2022 Tianshan Marathon 1st in Men in the 2022 Chengdu Marathon 1st in Men in the 2022 Macao International Marathon 2nd in Men in the 2022 Shanghai Marathon
LI Bo 李波	Running	1st in Men of China in the 2024 Xichang Qionghai Wetland Marathon 3rd in Men of World and 2nd in Men of China in the 2024 Fuzhou Marathon 3rd in Men in the 2024 Qujing Luoping Marathon with Grand Blossom 1st in Men in the 2024 Hechuan Diaoyucheng Half Marathon 1st in Men of China in the 2024 Binzhou Half Marathon 1st in Men in the 2024 Gaoping Half Marathon 1st in Men of China in the 2023 Nanchang Marathon 2nd in Men of China in the 2023 Chengdu Marathon 1st in Men of China in the 2023 Harbin Marathon 1st in Men in the 2023 Baoji Marathon 2nd in Men of China in the 2023 Chongqing Marathon 1st in Men in the 2023 Yongchuan Half Marathon 2nd in Men in the 2022 Macao International Marathon 1st in the 2022 Cuiyunshan SnowRun Challenge Race

MANAGEMENT DISCUSSION AND ANALYSIS

Name of spokespersons	Sports	Key achievements in recent years
LI Zicheng 李子成	Running	1st in Men in the 2024 Yantai Marathon 1st in Young Men in the 38th Mount Tai International Mountain Climbing Festival 1st in Men of China in the 2024 Tianjin Wuqing Half Marathon 1st in Men in the 2024 Yantai Golden Beach Starry Sky Half Marathon 1st in Men in the 2024 Xiaogan Marathon 1st in Men in the 2024 Xianyou Marathon 2nd in Men of World and 1st in Men of China in the 2024 Fuzhou Marathon 4th in Men of China in the 2024 Xiamen Marathon 1st in Men of China in the 2024 Jinji Lake Half Marathon 1st in Men of China in the 2024 Ninghai Half Marathon 2nd in Men of China in the 2024 Chongqing Marathon 1st in Men in the 2024 Changdao Island Marathon 1st in Men in the 2023 Yantai Marathon 1st in Men in the 2023 Xuwei Marathon 1st in Men of China in the 2023 Changxing Marathon 1st in Men in the 2022 Hengdian Marathon 1st in Men in the 2022 Ningbo Marathon 1st in Men in the 2022 Taihu Lake Tuying International Marathon 1st in Men in the 2022 Tonglu Half Marathon
MA Liangwu 馬亮武	Running	1st in Age Group in 2024 Boston Marathon 1st in Age Group of the 2019 C&D Xiamen Marathon 1st in Age Group of the 2019 Chengdu Panda Marathon 1st in Age Group of the 2019 Dongfeng Renault Wuhan Marathon

Name of spokespersons	Sports	Key achievements in recent years
WANG Jiawei王加威	Running	1st in Floral Sea of the 2024 Guizhou Tongzhi Trail Running 3rd in Men of China in the 2024 Guiyang Marathon 1st in Men in the 2024 Jinxiu Half Marathon 3rd in Men in the 2024 Shaanxi Xingping Half Marathon 1st in Men in the 2024 Wanfengling Half Marathon 1st in Men in the 2024 Zunyi Half Marathon 3rd in Men in the 2024 Baoji Marathon 3rd in Men in the 2024 Guizhou Tongren Mount Fanjing Winter Marathon 1st in Men in the 2024 Dejiang Half Marathon 2nd in Men in the 2024 Yibin Yangtze River Half Marathon 1st in Men in the 2024 "Land of Jasmine in China" Leshan Qianwei Half Marathon 2nd in Men in the 2024 Leshan Half Marathon 2nd in Men in the 2024 Guizhou Nayong Mountain Trail Half Marathon with the theme of "Meeting at Qiangganyan and Crossing Jiudongtian" 3rd in Men in the 2024 Sinan Circle Wujiang Half Marathon
YAO Yuzhou 姚玉舟	Running	3rd in Women's 42 Kilometer in the 2024 China Mountain Marathon Series — Qianjiang Chongqing 1st in Women of China in the 2024 Harbin Marathon 3rd in Women in the 2024 Dayu 5th Crossing Road and Trail Half Marathon 1st in Women of China in the 2024 Chengdu Marathon 1st in Women of China in the 2024 Gaochun Marathon 1st in Women in the 2024 Hefei Half Marathon 2nd in Women in the 2024 Fuzhou Half Marathon

Name of spokespersons	Sports	Key achievements in recent years
ZHANG Shuihua 張水華	Running	3rd in Women of China in the 2024 Shenyang Marathon
		2nd in Women in the 2024 Nanniwan Half Marathon
		2nd in Women of China in the 2024 Tianjin Marathon
		4th in Women of China in the 2024 Beijing Haidian Marathon
		1st in Women of China in the 2024 Tianmu Lake Marathon
		1st in Women in the 2024 Xianyou Marathon
		1st in Women of China in the 2024 Zhoushan Islands Marathon
		2nd in Women of China in the 2024 Suzhou Taihu Lake Marathon
		3rd in the 2024 China Annual Ranking Marathon
		1st in Women in the 2024 Wuyishan Marathon
		1st in Women of China in the 2024 Zheng-Kai Marathon
		3rd in Women in the 2024 Xiangshan Marathon
		2nd in Women in the 2024 Qinhuangdao Marathon
		1st in Women of China in the 2023 Suzhou Taihu Lake Marathon
		1st in Women of China in the 2023 Chengdu Marathon
		2nd in Women of China in the 2023 Xuzhou Marathon
		2nd in Women in the 2023 Nanchang Half Marathon
		1st in Women of China in the 2023 Zhoushan Islands Marathon
		3rd in Women of China in the 2023 Shaoxing Marathon
		2nd in Women of China in the 2023 Jinjiang Marathon
		2nd in Women in the 2023 Fuzhou Half Marathon
		2nd in Women of China in the 2023 Shantou Marathon
		2nd in Women of China in the 2023 Shenzhen Bao'an Half Marathon

Name of spokespersons	Sports	Key achievements in recent years
Aaron GORDON	Basketball	International basketball superstar A player of The Professional Basketball League Champions for 2022–2023 season
Kentavious CALDWELL POPE	Basketball	International basketball superstar A player of The Professional Basketball League Champions for 2019-2020 and 2022-2023 seasons
Kyranbek MAKEL 可蘭白克 • 馬坎	Basketball	Chinese professional basketball player A player of The CBA Champions for 2016–2017 season
LI Yuan 李緣	Basketball	A player of the 2023 FIBA Women's Asia Cup Champions A player of the champions of the women's basketball tournament at the 19th Hangzhou Asian Games
LI Yiyang 黎伊揚	Basketball	Chinese professional basketball player
Nikola JOKIĆ	Basketball	International basketball superstar A player and FMVP of The Professional Basketball League Champions for 2022–2023 season MVP of the regular season for the 2020-2021, 2021–2022 and 2023–2024 Professional Basketball League season
Spencer DINWIDDIE	Basketball	International basketball superstar Champion of the 2017–2018 Professional Basketball League season All-Star Skills Challenge
LI Mengwen 李夢雯	Football	A player of the champions of 2022 AFC Women's Asian Cup One of the recipients of the silver medal in women's football at the 2018 Asian Games in Jakarta
JIANG Wenwen 蔣文文 and JIANG Tingting 蔣婷婷	Artistic swimming	World artistic swimming champions
GAO Qunxiang 高群翔	Skateboarding	Champion in Skateboarding Men's Street of the 14th National Games of the People's Republic of China

Name of spokespersons	Sports	Key achievements in recent years
XIONG Dunhan 熊敦瀚	Water polo	Champion in Women's Water Polo of the 19th Hangzhou Asian Games
Adam BOWDEN	Running	21st in the 2024 London Marathon 10th in the 2024 Belfast Marathon 6th in the 2024 Newport 10KM Race
Alessandro GIACOBAZZI	Running	Champion of the 2022 Italian Marathon
Ben CLARIDGE	Running	2nd in 1km Time Trial at Podium Festival 2024
JEBET Ruth ALBERT	Running	1st in Women in the 2024 Zheng-Kai Marathon 1st in Women in the 2023 Mersin Marathon
Kassie Derseh KINDIE	Running	10th in Men in the 2024 Berlin Marathon 7th in Men in the 2023 Seoul Marathon 12th in Men in the 2023 Valencia Marathon
SISAY Meseret Gola	Running	10th in Women in the 2024 Berlin Marathon 7th in Women in the 2024 Rotterdam Marathon 2nd in Women in the 2022 Seville Marathon
Dan DIXON	Triathlon	An Elite Triathlete
Donald HILLEBREGT	Triathlon	20th at the 2024 E World Triathlon Championships London 5th at the 2024 Africa Triathlon Premium Cup Nelson Mandela Bay 14th at the 2024 Oceania Triathlon Cup Wanaka
Niklas LUDWIG	Triathlon	Amateur Winner at the Challenge Gran Canaria 2023 First Winner in the 2023 Regionalliga Bayern, Vice-champion of the Bavarian Championship (Elite)
Riccardo BRIGHI	Triathlon	An Elite Triathlete
Thomas CREMERS	Triathlon	5th in the 2024 Europe Triathlon Powerman Middle Distance Duathlon Championships Alsdorf 16th in the 2024 Europe Triathlon Duathlon Championships Coimbra 1st in the 2024 NED Sprint Duathlon National Championships 2nd in the 2024 NED Middle Distance Duathlon National Championships
Tom OOSTERDIJK	Triathlon	15th in the Ironman Lanzarote 2024 17th in the Girona — Spanish Long Distance Championship 2021 (140.6 Miles) Champion in the Age Group of the Ironman New Zealand 2020
James MEDINA	Basketball	An elite basketball player
Celebrities		
GONG Jun 龔俊	N/A	A famous Chinese actor
AO Ruipeng 敖瑞鵬	N/A	A famous Chinese actor

361º Kids Business

During the year under review, *361º* Kids business recorded a revenue of RMB2,339.3 million, accounting for approximately 23.2% of the Group's total revenue, representing a year-on-year increase of 19.5%.

361º Kids continues to carry forward the brand ethos of "ONE DEGREE BEYOND" (多一度熱愛) of the *361º* brand. With the brand statement "CHASING YOUR LOVE!" (熱愛吧, 少年!), *361º* Kids positions itself as the "Youth Sports Expert" (青少年運動專家), concentrating on the children and adolescents sports market. With a strong commitment to meeting the diverse needs of sporting goods for children and adolescents, *361º* Kids continually expands its product series, improving sports functionality, technological attributes, and expanding sales channels. These efforts have led to steady growth in the kids' sportswear segment, solidifying its leading position in the kids' sportswear market in China.

As the national awareness of physical activities increases, schools are setting higher expectations for the sporting capabilities of children and adolescents on campuses. *361º* Kids continues to expand its campus presence, focusing on professionalism and emphasising on sports like running, rope skipping, basketball, and football. The growing proportion of professional sporting goods is finely tailored to match the sporting lifestyles of children and adolescents. Recognising the potential in the youth sports market, *361º* Kids has widened its product line to cover the 16-year-old age group by launching the "YOUNG" series to cater to their needs. Leveraging the influence of basketball brand ambassador Spencer DINWIDDIE, *361º* Kids introduced the popular basketball shoe "Drift 1.0 and 2.0" (漂移1.0及2.0), which integrates technology into professional sports requirements to enhance brand strength and market specialisation. It also upgraded and incorporated leading technologies, introducing new products equipped with cutting-edge technology, such as "FUNFAZE 4.0" (彈力簧跑鞋4.0) , "Tornado basketball shoes" (飈風籃球鞋), and "Leaping Antelope 5.0 Rope Skipping Shoes" (閃羚5.0跳繩鞋), thereby diversifying our product mix. Furthermore, in response to the demands of professional sports segments, *361º* Kids launched products such as yoga pants, competition sets, and sun-protection apparel, thereby establishing a leading position in consumers' impression of professional and nitche sports products and cultivating a professional sports image. In the meantime, in response to the needs specific to adolescents and campus physical fitness tests, our "Speed Competition" (競速) collection has been developed to cover different levels of products, including "Speedy" (飛速). In terms of technology applications, besides upgrading and iterating the core flagship technologies for its running shoes, including the FUNFAZE technology and hydrogen-oxygen technology, *361º* Kids introduces innovative sports technologies, such as the soft elastic column technology and shock absorption gel technology. In terms of *361º* kids' sportswear, five major functional platforms have been constructed, including the protection platform, stretch platform, refreshing platform, cold resistance platform, and environmental protection platform. Meanwhile, two iterated and upgraded mainstream functions, namely, "Cooling Technology 2.0" (冰膚科技2.0) and "Sun Protection Technology 2.0" (防曬科技2.0), are introduced to meet the demands of sporting lifestyles of children and adolescents in different scenarios. Moreover, its sports products widely apply Rudolf silver ion antibacterial technology (魯道夫銀離子抑菌科技) which is designed to safeguard the health of children and adolescents during sports activities. As for playfulness and trendy elements, *361º* Kids continued to launch bestsellers, including Superpower shoes, Crystal shoes, Shark shoes, Mermaid shoes, Hawk shoes, Asteroid Ring shoes, and Butterfly shoes.

As at 31 December 2024, there were 2,548 points-of-sale offering *361°* Kids products, with an average store area of 112 m^2, representing an increase of 9 m^2 as compared to the end of 2023. Among those, 279 points-of-sale were located at *361°*'s core brand stores, selling both *361°* brand products and *361°* Kids products. Geographically, approximately 67.3% of the points-of-sale were located in third-tier and lower-tier cities in China, while 6.9% and 25.8% were located in first- and second-tier cities in China, respectively. As of 31 December 2024, the number of the fourth-generation image stores of *361°* Kids increased to 2,246, representing 88.2% of the total number of *361°* Kids points-of-sale. In April 2024, *361°* Kids unveiled its latest fifth-generation image store, which features enhanced image quality and a more streamlined space, solidifying its positioning as an "Youth Sports Expert" (青少年運動專家). The new fifth-generation image stores integrate the brand's signature colour, orange, into the spatial design to enhance visual impression. In terms of design, the use of rich material layers creates a close connection between the products and the space, highlighting the overall style. As of 31 December 2024, the number of the fifth-generation image stores of *361°* Kids increased to 82.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	As of 31 December 2024		As of 31 December 2023	
	Number of *361°* Kids authorised points-of-sale	**% of total number of *361°* Kids authorised points-of-sale**	Number of *361°* Kids authorised points-of-sale	% of total number of *361°* Kids authorised points-of-sale
Eastern region[1]	**503**	**19.7**	506	19.9
Southern region[2]	**358**	**14.1**	365	14.3
Western region[3]	**533**	**20.9**	518	20.4
Northern region[4]	**1,154**	**45.3**	1,156	45.4
Total	**2,548**	**100**	2,545	100

Notes:

(1) Eastern region includes Jiangsu, Zhejiang, Hubei, Anhui, Hunan, Shanghai and Jiangxi.

(2) Southern region includes Guangdong, Fujian, Guangxi and Hainan.

(3) Western region includes Sichuan, Yunnan, Guizhou, Shaanxi, Xinjiang, Gansu, Chongqing, Qinghai, Ningxia and Tibet.

(4) Northern region includes Shandong, Beijing, Liaoning, Heilongjiang, Hebei, Henan, Shanxi, Jilin, Tianjin and Inner Mongolia.

361° Kids Collaborative Resources during the year under review:

Sponsorship period	Partner	Capacity
2019–2024	Beijing Guoan Junior Training (北京國安少訓)	Partner
2022–2025	China National Rope Skipping Team	Official Partner
2023–2024	Shandong Taishan F.C. Junior Training Camp (山東泰山青少訓)	Official Partner and Exclusive Equipment Cooperative Brand
2023–2026	LV Xiaoming 呂曉明	*361°* Brand Ambassador
2024–2025	DU Tingting 杜婷婷	Rope Skipping Product Recommender of *361°* and *361°* Kids

Sports events sponsored by *361°* Kids during the year under review:

Sponsorship period	Host country	Event	Capacity
2024	Japan	Asian Rope Skipping Championships	Exclusive Title Sponsor
2024	China	China Rope Skipping League (全國跳繩聯賽)	Sponsor

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, *361°* Kids brand hosted four trade fairs in total, which were the 2024 Winter Trade Fair, the 2025 Spring Trade Fair, the 2025 Summer Trade Fair, and the 2025 Autumn Trade Fair. Orders from these four trade fairs achieved solid growth, primarily driven by increased order volumes.

361° Kids demonstrated effective synergy between brand resources and consumers through the "National Rope Skipping Competition" (全國跳繩大賽). This initiative included a nationwide rope skipping event, which was comprised of over 1,000 events in more than 100 cities in 23 provinces across the nation, attracting more than 1,000,000 attendees. Through these competitions, *361°* has significantly enhanced its authority and professionalism in the rope skipping field, expanded the brand influence in rope skipping sports, improved the sales conversion in its retail stores, and led to a significant increase in membership during the event. Following the inauguration of the "*361°* China Rope Skipping Proficiency Assessment — Jinan Area (*361°*中國跳繩段位制考評活動 — 濟南站)" in March 2024, hundreds of young rope skipping enthusiasts were attracted and gathered with fervour in Jinan, where a team of experts from the National Rope Skipping Promotion Committee conducted authoritative assessments. The coach of the Chinese National Rope Skipping Team and champions of Chinese National Rope Skipping Team were present to support young rope skipping enthusiasts to achieve new heights.

Meanwhile, leveraging its abundant resources and extensive experience in organising proprietary events, *361°* Kids launched the "Light Up — Junior Basketball Training Camp" (觸地即燃•少年籃球訓練營) and organised the "Light Up — Junior Basketball Game" (觸地即燃•少年籃球賽事). In 2024, building upon the positive feedback on the "Light Up — Junior Basketball Training Camp" (觸地即燃•少年籃球訓練營) in the past, *361°* Kids has expanded the geographic location and scale of its activities to eight cities, namely Nanchang, Jinan, Zhengzhou, Chengdu, Changsha, Shijiazhuang, Kunming and Shenyang, thereby maintaining our public exposure of the basketball training camp throughout the year. Through these training camps, *361°* Kids aims to promote the popular products, boosting online and offline sales. Our social media content will help enhance customer stickiness and brand reputation and elevate the professionalism and influence of *361°* Kids basketball offerings.

MANAGEMENT DISCUSSION AND ANALYSIS

In July 2024, as the official partner of China National Rope Skipping Team, *361°* assisted the national team in winning a total of 144 medals (comprised of 65 gold, 43 silver and 36 bronze) at the Asian Rope Skipping Championship 2024. They topped both the gold medal and overall medal standings, also securing seven team championships and breaking 15 Asian records. *361°* actively promotes the development of youth rope skipping sports in a bid to help Chinese athletes pursue dreams on the world stage. On the other hand, *361°* Kids partnered with the top-tier Chinese Super League Club "Beijing Guoan F.C." to host the "3V3 Youth Football Championship", becoming a benchmark youth football event in China.

361º International Business

During the year under review, the Group had 1,365 points-of-sale in overseas markets, covering regions such as the Americas, Europe, and regions alongside the Belt and Road Initiative. *361°* international business recorded revenue of RMB185.3 million, accounting for approximately 1.8% of the Group's total revenue.

The Group has taken a proactive approach by strategically positioning itself in international markets to enhance brand recognition worldwide. Currently, *361°* products have gradually gained a reputation in overseas markets. Officially launched in April 2024, the *361°* international e-commerce independent website operates as a new platform for consumers across the globe to explore and learn about *361°* product offerings, further refining the Company's internationalisation strategy. In January 2025, *361°* opened its first directly operated overseas store in Kuala Lumpur, Malaysia, marking a significant step for the brand in the Southeast Asian market. Looking into the future, the Group will continue to prioritise the steady development of overseas markets, by actively strengthening its foothold in the Americas, Europe, and regions along the Belt and Road Initiative and markets with significant growth potential. These strategic efforts will enable *361°* to amplify its influence in the overseas markets.

The outstanding performance of international products under the *361°* brand has garnered international acclaim, rivalling that of well-established global brands. Over the years, various international awards have recognised the exceptional quality of *361°* products. During the year under review, our international products continues to garner more endorsements due to their stellar performance.

MANAGEMENT DISCUSSION AND ANALYSIS

E-Commerce Business

During the year under review, the Group's revenue from the online-exclusive products of the e-commerce business amounted to RMB2,609.4 million and accounted for approximately 25.9% of the Group's total revenue, representing a year-on-year increase of 12.2%.

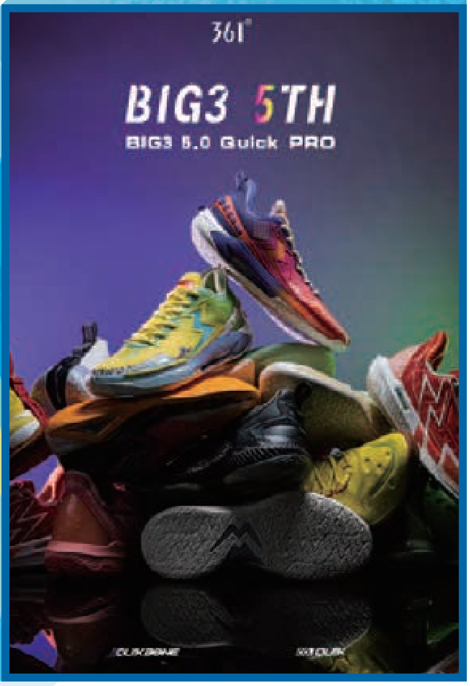
Our e-commerce business serves as a versatile platform, playing a vital role as both a significant product sales channel and a major platform to build our brand image. *361°* aims to offer products that "boast appealing aesthetics, advanced technology, and exceptional value" through its e-commerce channels, promptly adapting to consumer trends to fulfill their needs. With in-depth insights into consumer habits and a quick response to consumer demands, the Group has placed strong emphasis on developing its e-commerce channels and promoting digitalisation. As a result, *361°*'s online sales have experienced continuous high-speed growth, which become a core driver of its business performance.

361° implements a refined management system for its e-commerce business, continuously enhancing brand value, product strength, and marketing capabilities to bolster its core competitiveness over the years. The Group has strengthened resource collaboration to align with the fast-paced nature of e-commerce operations, fostering rapid development in areas such as product innovation, supply chain optimisation, marketing strategies, and logistics. For the product development, the Group is dedicated to launching distinctive online-exclusive products to differentiate from its offline products. Through big data analysis of market preferences, precise development of online-exclusive products is prioritised, whereby we capitalised on opportunities presented by various online sales seasons to launch selected items and bestsellers, creating a sales frenzy that enhances interaction between offline and online sales channels.

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

The Group conducts its e-commerce business primarily through renowned e-commerce platforms in China, including Tmall, Taobao, JD.com, and VIP.com, as well as various new platforms. Additionally, it leverages various emerging e-commerce channels and utilises off-site traffic attraction tools to effectively promote the brand and products.

MANAGEMENT DISCUSSION AND ANALYSIS



During the year under review, *361°* actively seized opportunities presented by popular e-commerce festivals such as the "618" shopping festival and the "Double 11", vigorously promoting trending and popular products to boost the brand's "popularity". During the "618" shopping festival in 2024, the marketing theme of "#Double Down Joy#" (#快樂加倍#) of *361°* prompted an increase of 99% in the sales volume through e-commerce channels, ranking first in terms of growth rate in the industry. The omnichannel sales volume of popular products surged impressively, surpassing 240,000 units, marking a 167% year-on-year growth, among which flagship store sales of these popular items also rose by 79% on a year-on-year basis. Throughout the nearly 30-day "618" period, *361°* rose to the top 5 of all footwear brands, standing as the sole domestic brand on the top 30 list. The "Flying Flame 3" (飛燃3) even became top 1 among the best-selling professional marathon running shoes. In terms of basketball, during the "618" period, *361°* specifically released new colour options, such as "Red-Velocity Comet" (赤速彗星), "Reverse" (反轉), and "Mojito" (莫吉托), for the new series of basketball footwear including "BIG3 5.0" and "Light Up 4" (燃戰4), with sales of popular basketball footwear products ranking among the top 3 of domestic sports brands in the industry. Furthermore, *361°* also launched new products in collaboration with Nanci of Rolife, breaking through the fashion boundaries and injecting a playful element into fashion attributes. Furthermore, during "Double 11", another significant e-commerce festival, *361°* achieved a substantial year-on-year increase in sales of professional racing shoes with a new sales record as a result of its strong brand power and exceptional product performance. Sales of the "Flying Flame" series, including the "Flying Flame 3.5" (飛燃3.5) and "Flying Flame 3" (飛燃3), increased by 59% on a year-on-year basis, with omnichannel sales volume of popular running shoes exceeding 300,000 units. Introduced in October with the independently developed waterproof membrane "FLYTEX" as the new-generation "Block Technology" (屏科技), the "Rain-block" (雨屏) series running shoes saw a 24% year-on-year increase in sales, unlocking a trend of technology-driven outdoor sports.

MANAGEMENT DISCUSSION AND ANALYSIS

Production

During the year under review, the Group maintained its production policy, emphasising a balanced approach between in-house production and outsourcing to original equipment manufacturers ("OEMs") to optimise costs, production scheduling and safeguard intellectual property rights. For footwear products, the Group had manufactured approximately 36.7% of its footwear products at its two factories at Jiangtou and Wuli in Jinjiang City of Fujian Province in the PRC, while the remaining portion is outsourced to quality OEMs. The Jiangtou factory houses 13 production lines and has an annual production capacity of approximately 11 million pairs of footwear products. The Wuli Industrial Complex in the Wuli Economic Zone houses 11 production lines with an annual production capacity of approximately 11 million pairs of footwear products. For apparel products, the Group operates production facilities in Jinjiang City, which are capable of producing approximately 19.5% of the Group's products to meet the market demand whilst the production of the remainder is outsourced to other OEMs. The Group is committed to upgrading its supply chain system, continually enhancing market-responsive capabilities and efficient production costs control to support overall business development. In addition, the Group actively encourages its core suppliers to expand production capacity, optimise capacity distribution and relocate production facilities in a timely manner. Such efforts have effectively supported and guided the development and growth of supply chain partners, effectively addressing challenges like energy, recruitment, raw material costs and unforeseen events, thereby providing better and more stable production services to the Group. These collaborative efforts has enabled the Group and its supply chain partners to achieve synergetic development, establishing a long-term and solid strategic partnership that brings multilateral benefits for all stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS

R&D

During the year under review, the Group's expenditure on R&D accounted for 3.4% of the Group's total revenue. Adhering to the philosophy of "Professional Sports Oriented", the Group continues to increase investment in professional sports such as running and basketball, promoting the continuous upgrade of products and technical services.

Specifically, the Group's research centre in Wuli Industrial Park in Jinjiang City of Fujian Province, has advanced R&D capabilities and research facilities. The Company has been recognised with various titles such as a National Advanced Technology Enterprise, National Green Factory, National Green Supply Chain Management Enterprise (國家級綠色供應鏈管理企業), Exemplary Unit of the National Sports Industry, National Industrial Design Centre, National Society Service Station, National Intellectual Property Advantage Enterprise (國家級知識產權優勢企業), "Innovation China" Doctoral Innovation Station (「科創中國」博士創新站) and Provincial Technology Centre. This research centre supports the research and innovation experiments of intelligent sports equipment, structural sports equipment, functional sports equipment, and R&D of functional material.

By utilising technology as the primary driver of continuous growth, *361°* strives for ultimate professionalism and high quality for money for its products. As supported by materials technology innovation, product matrix expansion, and sports science, the Company continues to introduce new products that will deliver stellar product performances. In March 2024, the "Cyclone Family" (疾風家族) product line was launched, featuring the lightweight speed training shoes, the *361°* "Cyclone CQT" (疾風CQT) running shoes, and the "Cyclone Q-Bounce Super 5.0" (疾風Q 彈超5.0) running shoes. Launched in May 2024, the "Biospeed CQT FUTURE" (飈速FUTURE) running shoes by *361°* seized early market opportunities in fitness testing categories with sharp market insights, further expanding our product applications in the fitness testing scenarios. The "Biospeed CQT FUTURE" (飈速FUTURE) features full-length CQT EXTREME technology with nylon rough carbon-critical foaming for robust cushioning, an internal irregular carbon-plated for flexibility and propulsion support, a breathable mixed-material upper for excellent ventilation, and an one-piece fabric reticulate RPU outsole for enhanced multi-directional anti-slip performance. In June 2024, the "Miro NUDE" (Miro NUDE 栗蜂) carbon-plated running shoes was released, each weighing less than 110 grammes. Developed with Nylon PA12 Coarse Embryo by Evonik, these shoes achieve 90% energy rebound. They feature a built-in ultra-light carbon fibre plate for propulsion, along with a 100% carbon fibre upper that is lightweight, breathable, and comfortable. In August 2024, the professional carbon-plated running shoes, "Furious 2" (飛飈2), were launched. Empowered by these shoes, *361°* running ambassador Kassie Derseh KINDIE set a new personal best of 2 hours, 5 minutes, and 54 seconds in the Berlin Marathon, breaking *361°*'s previous record for running shoes. In December 2024, at the *361°* Brand Day new product launch and the "3# Track" (三號賽道) 10 Kilometres Racing series Finals, several new products such as "Flying Flame 4" (飛燃4), "SPIRE FLOAT 2" (速湃FLOAT 2), and "Biospeed CQT 4PRO" (飈速4PRO) were unveiled, completing the *361°* professional running shoe matrix and showcasing *361°*'s in-depth exploration of material innovation, design concepts, and product technology.

MANAGEMENT DISCUSSION AND ANALYSIS

In the basketball category, the "BIG3" series has undergone multiple iterations and upgrades, with the "BIG3 5.0 QUICK" basketball shoes officially released in March 2024. As the fifth-generation product, it has been comprehensively upgraded for enhanced athletic mobility and comfort, catering to the needs of guards and lightweight forwards with agile acceleration, earning acclaim as a "dynamic accelerator" on the basketball court. In May 2024, *361°* introduced the upgraded professional basketball shoes "BIG3 5.0 QUICK PRO", designed to deliver exceptional performance and offer wearers a professional player experience comparable to Professional Basketball League games. This product features a full-length CQT super-critical midsole with a rebound rate of over 75%, offering efficient rebound propulsion while maintaining lightness. It also incorporates the newly upgraded ETPU woven upper, featuring varying weaving patterns tailored for different positions to achieve a balance of comfort and support. In July 2024, "DVD3", our third- generation signature basketball shoes of Spencer DINWIDDIE, was launched, which features a unique midsole structure inspired by the design of a sports car, offering exceptional stability while enabling players to accelerate like a speedy sports car. In December 2024, *361°* collaborated with Nikola JOKIĆ to launch the first personal signature shoes "JOKER 1", inspired by Chelsea boots design with a flat bottom appearance combined with the characteristics of basketball games, which incorporates elements personally favoured by JOKIĆ, such as "horse racing" (賽馬) and "rivets" (鉚釘). It features a full-length CQT super-critical midsole with a rebound rate of 75%, providing sufficient cushioning during a jump. The dual TPU reinforcement on the inner and outer sides and heels of shoes enhances athletic motion protection performance. The anti-torsion plate in the arch ensures rapid direction changes more stable during athletic motions. The sole of shoes is equipped with DIAMOND GRIP wear-resistant technology using durable rubber to upgrade grip and durability simultaneously. In terms of size, a wider range of half-size shoes are introduced to satisfy the needs of a broader consumer base. As the first signature basketball shoes for the current Professional Basketball League league leader, it represents not only a significant breakthrough for *361°* in the global basketball shoe market once again, but also accelerates the brand's internationalisation process once again, propelling the brand's global influence to new heights.

In the football category, in March 2024, *361°* launched the "Dream Chasing Series" (追夢系列) football shoes, featuring 3CONTROL technology in the upper with 3D textured patterns, offering smooth ball control and exceptional touch. Two sole versions were specially designed, each with dedicated studs: one for artificial grass and one for artificial plastic grass, making the shoes suitable for the majority of football fields in the PRC.

For women's training products, in January 2024, *361°* launched the "New Muscle 4.0" (新肌4.0) series, including sports bras, leggings, and jackets. In particular, the "New Muscle Bra 4.0" (新肌bra 4.0) features ultra-soft cloud-sensation technology, providing a supportive yet flexible fit with gentle compression for a comfortable and unrestricted wearing experience. The "New Muscle Leggings" are made with quick-dry fabric for enhanced dryness and comfort, while continuous refinements in fit and support ensure a better contour to the wearer's body, enhancing the body's natural curves with a slimming and waist-defining fit.

Furthermore, recognising the increasing consumer interest in travel and outdoor activities, we are increasing our investment in the R&D of outdoor performance products. In terms of products, *361°* actively explored product development, and introduced the "Lightweight Adventure Series" (輕野系列), which transcends the boundaries between outdoor, fashion and life scenarios to create a new balance. The "Lightweight Adventure Series" (輕野系列) has been meticulously designed to meet the needs of lightweight outdoor activities, incorporating characteristics and elements of mountain and wilderness culture to strike a balance between protectiveness and sports comfort for its product line. Empowered by technology to enhance lightweight wearability, this series embraces an active lifestyle, enriching daily life and fashion with a positive attitude, and offers consumers a reassuring and flexible outdoor sports experience. As summer approaches, *361°* has keenly recognised the consumer demand for outdoor sun-protection and therefore has proactively made investments in R&D and innovation. Addressing consumers' concerns about sun-protection during the summer, the Company focused on sun-protection technology, fabric craftsmanship, and functionality to continuously enhance product performance. Launched in May 2024, the sun-protection apparel from the "Lightweight Adventure Series" (輕野系列) by *361°* utilises our sun-protection technology based on original principles of sun protective yarn. It achieves an Ultraviolet Protection Factor (UPF) of 50+ and a UV-transmittance of less than 4.82%, offering robust sun-protection that effectively blocks over 95% of UV rays, safeguarding the skin from UV damage. Mesh panels on both sides of the apparel enhance ventilation during outdoor activities, preventing excessive sweating and ensuring continuous comfort. This provides outdoor enthusiasts with a relaxing and enjoyable wearing experience. In October 2024, *361°* launched its "Block Technology" (屏科技) family of sports equipment, featuring the "Rain-block 2.0 Windproof Jacket" (禦屏2.0衝鋒衣) and the "Rain-block 8.0 Running Shoes" (雨屏8代跑鞋). *361°*s "Rain-block 2.0 Windproof Jacket" (禦屏2.0衝鋒衣) employs "Block Technology" (屏科技) to achieve an impressive waterproof rating of 8,000mm H_2O and a breathability rate of 8,000g/m^2/24H, making it highly resilient against a variety of outdoor weather conditions. In addition, it incorporates windproof, stain-resistant, and abrasion-resistant features, combining multiple elements to make it the "hexagonal warrior" among windproof jackets. Building on the excellent performance of its predecessor, "Rain-block 8.0 Running Shoes" (雨屏8代跑鞋) have been comprehensively upgraded and optimised. These shoes feature FLY-TEX waterproof and breathable membrane technology, cleverly integrated into the inner layer of the fabric to effectively block external moisture while quickly expelling heat and moisture generated by the body, maintaining a dry and comfortable internal environment. Also, in the same month, *361°* launched its winter "Dry Down Technology" (燥絨科技) down jackets. These jackets use Dry Down Technology, which applies a special hydrophobic treatment to the surface of natural down, making the jackets quick-drying after washing, resistant to wet and cold conditions, and providing long-lasting warmth.

As of 31 December 2024, the Group obtained 633 patents with a total of 836 technicians engaging in R&D, comprising 417 footwear research staff, 310 apparel research staff and 109 children and accessories R&D staff. The Group's expenditure on R&D is expected to increase steadily as it has intensified efforts to carry out the product upgrading programme that combine functionality and design, aiming to create more distinctive products.

MANAGEMENT DISCUSSION AND ANALYSIS

Awards

The following table sets out key awards won by the Group during the year under review	
January 2024	The *361°*'s "3# Track — 10 Kilometres Race" was awarded the "2023 Elite Race of the Year Award" by SPORTS MONEY *361°* brand basketball integrated marketing programme "Light Up (觸地即燃) + Basketball Players' China Tour (向東燃球星中國行)" won the "2023 Sports Marketing Award"
	361°'s Hangzhou Asian Games Integrated Marketing Campaign was awarded the "2023 Best Marketing Brand" by Lanxiong Sports (懶熊體育)
	361°, an official partner of Hangzhou Asian Games, was granted the "Commercial Sponsorship Award" by ECOTIME CONFERENCE Nikola JOKIĆ, as one of *361°* ambassadors, was awarded the "Outstanding Sports Endorsement Award" by ECOTIME CONFERENCE
	The "Louvred Window (百葉窗)" biomimetic breathable apparel was awarded the "Gold Prize in the Textile and Apparel category at the 1st Quanzhou High-Value Patent Competition (泉州市高價值專利大賽)"
	361° Kids received the "Outstanding Performance Award for Children's Footwear Brand of the Year at the 9th Cherry Award (櫻桃大賞) 2023"
	The "Best Capital Market Communication Award" (最佳資本市場溝通獎) and the "Best IR Director Award" (最佳總監獎) at the 7th China Annual IR Award (第七屆中國卓越IR)
February 2024	*361°* was granted the "Excellence Award at the 51st (2025 Spring/Summer) Chinese Popular Fabrics" by China Textile Information Center and China Textiles Development Center
March 2024	*361°* was awarded the "2024 Best Partner of the Year" by the China Chemical Fibers Association
	361° received the "Sports Shoes Innovative Frontier Award" at the 10th Aibang Polymer Shoe Material Industry Forum (艾邦高分子鞋材產業論壇) in 2024 for innovations including "Flying Flame 3" (飛燃3), "Dual Hardness Irregular Carbon-Plated" (雙硬度異形碳板), "CQTEXTREME", and "Ultra-light Nylon 12-Embryo Super-critical Midsole at 0.08g/cm^3" (0.08g/cm^{3}的超輕尼龍12-胚模超臨界中底)
April 2024	*361°* was awarded the "2023 China Textile and Apparel Enterprises Full Media Excellence Award" (2023中國紡織服裝企業全媒體優秀單位) by the China Textile and Garment Enterprises Media Alliance (中國紡織服裝企業傳媒聯盟)
	361° was awarded the "Innovation China" Doctoral Innovation Station ("科創中國" 博士創新站) title by the Fujian Provincial Doctor Innovation Station Construction Pilot Project Office (福建省博士創新站建設試點項目辦公室)
	361° was awarded the "Specialised, Refined, Differential, and Innovative Small and Medium-sized Enterprise in Fujian Province (福建省專精特新中小企業)" by the Department of Industry and Information Technology of Fujian Provincial (福建省工業和信息化廳)
	361° won the "Top 100 Enterprises in Garment Industry in 2023 (2023年服裝行業百強企業)" from the Fujian Textile and Garment Industry Association

May 2024	*361°* received the "2024 China Brand Value Top 100: The 14th in the Textile, Apparel, and Footwear Rankings (2024中國品牌價值百強：紡織服裝鞋帽排行第14位)" from the China Council for Brand Development
	The international product "Kairos 2" was included in the list of winners under the "Exercises Sports" and "Innovation" categories by "FIT Sport Design Awards" in Switzerland
June 2024	The 15th China Listed Companies Investor Relations ("Tianma Award")
	"Smart S Suit 智塑科技" was granted "2024 Red Dot Award for Product Design" in the Global Red Dot Competition
July 2024	The "Best IR Company", the "Best IR Team", the "Best Investor Meeting", and the "Best IRO" in the small-cap category at the "10th Hong Kong Investor Relations Awards 2024"
August 2024	*361°* was granted the "Excellence Award at the 52st (2025/26 Autumn/Winter) Chinese Popular Fabrics" by China Textile Information Center and China Textiles Development Center
September 2024	*361°* received the "2024 Top 100 Chinese Design Industry Ten Best Innovative Design Brands (2024中國設計產業100強十佳設計創新品牌)" from the China Industrial Design Association
	The "2024 JING CHAO AWARDS — Leading ESG Enterprise of the Year"
	The "7th New Fortune Best IR of Hong Kong Listed Company (H-share)"
	The "Particle Thermal Effect" (粒子熱效) thermal apparel was awarded the "2024 Top Ten Textile Innovation Products" (2024年度十大類紡織創新產品) 361 Degrees (China) Co., Ltd. (三六一度(中國)有限公司) won the "Top Ten Textile Innovation Products — Continuous Innovation Unit (持續創新單位)"
November 2024	The "2024 Excellent Practice Case of Sustainable Development of Public Companies" by the China Association for Public Companies
	The "Greater Bay Area Listed Companies ESG 100 Green Advancement Awards Ceremony — Corporate Governance Award (大灣區上市公司ESG 100綠色發展大獎 — 企業管治獎)" at the Guangdong–Hong Kong–Macao Greater Bay Area Listed Companies Summit held by the Greater Bay Area Association of Listed Companies
	The "11th Hong Kong Stock Top 100 — Consumer Innovation Pioneer Enterprise Award (消費創新先鋒企業獎)" and "Top 50 Small Enterprises (小型企業50強)"
December 2024	The "*361°*# LoveNoMatch Olympic Marketing (*361°*#愛無對手奧運營銷)" project was awarded the "2024 Best Marketing Brand IN THE SPORTS INDUSTRY (2024體育產業年度營銷品牌)" by Lanxiong Sports (懶熊體育)
January 2025	The "Best Capital Market Communication Award" and the "Best IR Director" from the 8th China IR Annual Awards
	361° was granted the "2024 Sports Endorsement by SPORTS MONEY (體育大生意2024年度體育代言)"

Sustainable Development

361° has continued to make great efforts in the journey of sustainable development, deepening its practices and innovations in the environmental, social and governance areas. The Group firmly believes that its relentless dedication will not only create greater value for the enterprise, but also contribute more to the sustainable development of the society. Together with all sectors, we strive to build a better future.

As for the environment aspect, *361°* has actively responded to the new regulations of the Hong Kong Stock Exchange, by precisely identifying climate change-related risks and opportunities while conducting in-depth resilience analyses. Through the establishment of a green factory, the Group has taken the lead in proposing the "carbon capture" concept, and has released "CQT Carbon Critical Technology" and built the "CQT Carbon Critical Running Professional Matrix" (CQT碳臨界跑步專業矩陣). Achieving effective utilisation of carbon resources and driving notable improvements in product performance, several of our running shoes have gained significant consumer favour. In June 2024, *361°* launched the groundbreaking the "Miro NUDE" (Miro NUDE 栗蜂) carbon-plated running shoes. Developed with Nylon PA12 Coarse Embryo by Evonik, each of the shoes weighs less than 110 grammes and achieves 90% energy rebound. They feature a built-in ultra-light carbon fibre plate which can provide strong propulsion for runners, along with a 100% carbon fibre upper that is lightweight, breathable, and comfortable. From product design and raw material procurement to every stage of the production process, *361°* has rigorously adhered to stringent standards, minimising environmental impact of production at the source and steadfastly advancing its commitment to green innovation and sustainable development.

As for social aspect, *361°* has vigorously promoted the upgrading of its supplier management system by pursuing the digital supply chain collaboration, while our green procurement is subject to strict evaluation to ensure steady progress in product quality. Driven by the mission of "boosting the development of the sports industry", the Group is committed to the sports industry and kids' sports development. Furthermore, the Group embraces its role as a corporate citizen. In the wake of a 6.8-magnitude earthquake in Dingri County, Shigatse City, Tibet, in January 2025, the Group acted swiftly by donating RMB8 million worth of winter supplies to aid the disaster-stricken areas, demonstrating its sense of social responsibility.

As for governance aspect, *361°* continues to optimise its governance structure and responsibilities at all levels to deliver scientific and efficient business operation and management decisions. In addition, the Group continues to deepen the management system development by enhancing the ISO series certification disclosure, while providing stakeholders with diversified communication platforms. In accordance with our long-term planning, the Group has clarified our sustainable development goals and is committed to consistently improving its overall governance standard in the future.

As for ESG Awards, in September 2024, *361°* was awarded the "2024 JING CHAO AWARDS — Leading ESG Enterprise of the Year", and won the "2024 PUBLIC COMPANY Best ESG Practice Award" by the "Hong Kong International ESG List Annual Selection" in November 2024. In the same month, the Group was awarded the "Corporate Governance Excellence" from the Greater Bay Area Association of Listed Companies, highlighting the Group's steadfast commitment to sustainable development in accordance with the ESG principles.

Looking ahead, *361°* will unwaveringly continue with the sustainable development approach, as a contributor to the achievement of a better future for sustainable development, and a promoter of harmonious coexistence between the Company, society, and the environment, thereby composing an even more glorious chapter for the sustainable development.

FINANCIAL REVIEW

Revenue

The following table sets out the breakdown of the Group's revenue by product category for the year:

	For the year ended 31 December 2024		For the year ended 31 December 2023		
	RMB'000	% of Revenue	RMB'000	% of Revenue	Changes (%)
By Products					
Revenue					
Adults					
Footwear	**4,287,298**	**42.6**	3,509,914	41.7	+22.1
Apparel	**3,093,189**	**30.7**	2,687,486	31.9	+15.1
Kids					
Footwear	**1,098,465**	**10.9**	935,229	11.1	+17.5
Apparel	**1,211,283**	**12.0**	988,343	11.7	+22.6
Others[(1)]	**383,275**	**3.8**	302,285	3.6	+26.8
Total	**10,073,510**	**100.0**	8,423,257	100.0	+19.6

Note:

(1) Others comprised sales of accessories and shoe soles.

During the year under review, the Group recorded a year-on-year increase of 19.6% in revenue to RMB10,074 million (2023: RMB8,423.3 million). As a result of the strong demand for the Group's products, each of the major product categories recorded an encouraging rate of growth. This was mainly due to the Group's continuous efforts in product development and marketing to facilitate online and offline omni-channel operations, effectively boosting product sales and enhancing customer loyalty.

The revenue from *361°* kids business continued to grow, with footwear and apparel products sales demonstrating a positive momentum. This growth can be primarily attributed to the launch of products that incorporated professional functionality, health technology, and kids' fashion elements to cater to the diverse needs of children and adolescents across various sports scenarios.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out the number of units sold and the average wholesale price ("AWP") of the Group's main product categories for the years indicated:

	For the year ended 31 December 2024		For the year ended 31 December 2023		Changes	
	Total units sold '000	**AWP(1) RMB**	Total units sold '000	AWP(1) RMB	Units sold (%)	AWP (%)
By volume and AWP						
Adults						
Footwear (pairs)	**34,221**	**125.3**	28,391	123.6	20.5	+1.4
Apparel (pieces)	**35,435**	**87.3**	31,157	86.3	13.7	+1.2
Kids						
Footwear (pairs)	**10,901**	**100.8**	8,809	106.2	23.7	-5.1
Apparel (pieces)	**13,868**	**87.3**	12,057	82.0	15.0	+6.5

Note:

(1) The AWP represents the revenue divided by the total units sold for the year.

Despite the complex and volatile geopolitical climate leading to uncertainty in China's overall economy and a conservative purchasing trend for non-essential consumer goods, the Group managed to achieve sustainable business growth. This was accomplished by continually enhancing the brand image and launching high-quality, innovative products with consumer-oriented functions and technologies. As a result, sales volumes across the Group's major product categories experienced significant growth. Although the Group's products remain in high demand amid fierce market competition, we refrained from substantial increases in the average wholesale prices of our adult footwear and apparel products.

The AWP of kids' footwear decreased by 5.1%. In an effort to maintain a competitive edge in the market, the Group introduced kids' footwear with a more favorable price-to-quality ratio, resulting in a remarkable 23.7% increase in sales volume. During the year under review, the Group also launched upgraded kids' apparel with superior quality, which led to a 6.5% rise in the AWP to offset increased production costs and new technology materials.

MANAGEMENT DISCUSSION AND ANALYSIS

Due to the precise market positioning of *361°* Kids' professional sportswear, the Group successfully implemented product technology upgrades and diversified its product offerings. These efforts catered to children and adolescents of different age groups through effective marketing strategies and the introduction of various new products featuring innovative technologies and comfortable materials. With the Three-child Policy in effect and the government's supportive policies promoting students' participation in sports activities, as well as the increasing societal emphasis on the health of children and adolescent, the Group believes that the Kids business will remain a key revenue source and a primary growth driver in the years to come.

Contribution of the Group's e-commerce business recorded a year-on-year increase of 12.2% to RMB2,609.4 million (2023: RMB2,325.5 million) and accounted for approximately 25.9% (2023: 27.6%) of the Group's total revenue. *361°* effectively utilized various e-commerce platforms to promote its primary products and enhance brand awareness. Recognizing the maturing online consumption habits and the diversification of consumer behavior, the Group firmly believes that the e-commerce business will continue to play a significant role in revenue contribution and brand promotion, as the mutually empowering online-offline model continues to optimize.

The revenue from the Group's businesses grouped under "Others" represented the revenue from the sales of accessories and shoe soles. This source of revenue recorded an encouraging year-on-year growth of 26.8% and accounted for approximately 3.8% of the Group total revenue during the year under review.

Despite the high inflation and economic downturn in the global market, the revenue generated from the overseas business during the year under review reached RMB185.3 million (2023: RMB185.4 million) and accounted for approximately 1.8% (2023: 2.2%) of the Group's total revenue of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Sales

The following table sets out a breakdown of cost of sales for the years indicated:

	For the year ended 31 December 2024		For the year ended 31 December 2023	
	RMB'000	% of total costs of sales	RMB'000	% of total costs of sales
Footwear & Apparel (In-house Production)				
Raw materials	1,099,596	18.7	832,437	16.8
Labour	352,061	6.0	277,102	5.6
Overheads	332,470	5.6	329,309	6.6
	1,784,127	30.3	1,438,848	29.0
Outsourced Products				
Footwear	1,955,525	33.2	1,679,013	33.8
Apparel	2,028,964	34.4	1,731,034	34.9
Accessories	121,602	2.1	112,207	2.3
	4,106,091	69.7	3,522,254	71.0
Cost of sales	5,890,218	100.0	4,961,102	100.0

Cost of sales comprised the cost of in-house production and outsourcing cost and it increased by 18.7% year-on-year to RMB5,890.2 million (2023: RMB4,961.1 million). During the year under review, the cost of internal production increased by 24.0% year-on-year and the cost of outsourced products increased by 16.6% year-on-year. There was an additional provision for inventories included in the cost of sales, which amounted to RMB2.1 million (2023: a provision for inventories of RMB5.9 million) during the year under review. As the sales volume of the Group's professional sports footwear products continues to grow, the utilization of high-tech materials and advanced technologies has increased correspondingly. Considering the requirements for technological protection and production craftsmanship, the Group prioritizes the arrangement of manufacturing these professional functional products within our internal factories. Consequently, the percentage of in-house production increased to 30.3% (2023: 29.0%), while the percentage of outsourced products decreased to 69.7% (2023: 71.0%).

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

The following table sets forth a breakdown of the gross profit and gross profit margin during the years indicated:

	For the year ended 31 December 2024		For the year ended 31 December 2023		
	Gross profit RMB'000	**Gross profit margin %**	Gross profit RMB'000	Gross profit margin %	Changes Percentage point
Adults					
Footwear	**1,840,688**	**42.9**	1,489,152	42.4	+0.5
Apparel	**1,276,632**	**41.3**	1,087,646	40.5	+0.8
Kids					
Footwear	**454,699**	**41.4**	391,484	41.9	-0.5
Apparel	**508,129**	**41.9**	416,170	42.1	-0.2
Others[1]	**103,144**	**26.9**	77,703	25.7	+1.2
Total	**4,183,292**	**41.5**	3,462,155	41.1	+0.4

Note:

(1) Others comprised sales of accessories and shoe soles.

The Group recorded a gross profit of RMB4,183.3 million (2023: RMB3,462.2 million), representing a year-on-year increase of 0.4 percentage points in the gross profit margin to 41.5% during the year under review.

During the year under review, the gross profit margins of adults' footwear and apparel increased by 0.5 and 0.8 percentage points year-on-year, respectively.

The slight increase in gross profit margin of the adults' footwear and apparel was mainly due to effective cost control measures and strategic pricing policies.

The slight decrease in gross profit margin of kids' products was mainly due to the lower AWP of footwear and higher cost of production for upgrading the quality of kids' apparel products sold during the year under review.

As to the accessories and shoe soles, the gross profit margin increased by 1.2 percentage points year-on-year to 26.9% during the year under review (2023: 25.7%). This was mainly due to the fact that more accessories with higher profit margin were launched to the market during the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS

Other revenue

Other revenue of RMB355.7 million (2023: RMB385.0 million) mainly comprised (i) the interest income of RMB54.4 million (2023: RMB83.6 million) earned from bank deposits both in Hong Kong and the PRC; (ii) the discretionary government subsidies of RMB217.0 million (2023: RMB206.2 million) which was due to the Group's contribution to local economies; (iii) the commission of RMB52.7 million (2023: RMB59.7 million) charged from the sales of distributors' inventories through the e-commerce business; and (iv) other income of RMB31.6 million (2023: RMB35.5 million).

Other net loss

The other net loss of RMB10.1 million (2023: RMB15.8 million) mainly represented the net foreign exchange loss of RMB4.7 million (2023: RMB14.3 million) and the loss on disposal of plant and equipment and others amounted to RMB5.4 million (2023: RMB1.5 million). Since the Group's principal business is located in the PRC and adopts Renminbi as its functional currency, the depreciation of Renminbi resulted in currencies loss to a few subsidiaries with the use of functional currencies other than Renminbi. It is common that subsidiaries have temporary current accounts' movements among one another, the timing difference of converting local currencies to Renminbi and the time of advancements and repayments incurs exchange gain or loss.

Selling and distribution expenses

During the year under review, selling and distribution expenses increased by 18.7% year-on-year to RMB2,211.4 million (2023: RMB1,863.0 million). This increase was mainly attributable to the Group's commitment to allocate more resources towards advertising and marketing activities to enhance its brand recognition. In particular, more marketing activities have been conducted via the e-commerce platform during the year under review.

During the year under review, advertising and promotional expenses increased by 20.6% year-on-year to RMB1,292.5 million (2023: RMB1,072.0 million) and accounted for approximately 12.8% (2023: 12.7%) of the Group's total revenue remaining within the desired budgeted range. During the year under review, the Group actively sponsored world-class competitions and established partnerships with renowned athletes in running, basketball, and various other fields. These initiatives effectively leveraged the professional endorsements of the brand, reinforcing its professional sports image. By strengthening connections with target consumer groups, the Group continues to drive business growth.

The commission and other service fees paid to the e-platforms, e.g. Tmall, Taobao and JD.com, increased by 12.0% year-on-year to RMB238.2 million (2023: RMB212.7 million). Other expenses incurred for the running of e-commerce business during the year under review increased by 14.5% year-on-year to RMB152.3 million (2023: RMB133.0 million). The increase in the relevant costs is aligns with the growth of revenue generated via the e-commerce platform during the year under review, these costs are necessary and reasonable expenditures to support our business development and expansion..

Administrative expenses

Administrative expenses increased by 10.9% year-on-year to RMB698.9 million during the year under review (2023: RMB630.0 million) and represented approximately 6.9% (2023: 7.5%) of the Group's total revenue. The increase was mainly due to the year-on-year increase of RMB28.1 million and RMB23.0 million in R&D expenses and administrative staffs' salaries, respectively.

R&D expenses increased by 9.0% year-on-year to RMB341.5 million (2023: RMB313.4 million) and accounted for 3.4% (2023: 3.7%) of the Group's total revenue during the year under review. The Group has consistently allocated substantial resources to R&D activities, with R&D expenditures consistently remaining within the high range of 3% to 4% of the Group's total revenue. The Group firmly believes that investing in R&D plays a crucial role in fostering innovation, enhancing our product offerings, and bolstering our competitive advantage in the market, thus serving as a core driver of our Group's success.

Provision for Impairment Loss

Following the adjustment of pandemic control measures in early 2023, the consumer environment saw an expected gradual recovery during the year under review. As a result, a partial reversal of RMB45.2 million was made in the expected credit loss allowance for trade receivables previously provided for in prior years. However, since the mid-2024, the pace in the consumer market has been slower than market expectations. Given the challenging global economic environment, the Group conservatively made a general provision of RMB42.3 million for impairment losses on trade receivables during the year under review. As of 31 December 2024, the total provision for impairment loss arising from trade receivables amounted to RMB295.9 million (2023: RMB253.6 million), representing 6.4% (2023: 6.3%) of the trade receivables before provision.

Finance costs

During the year under review, financing costs decreased by 33.2% year-on-year to RMB13.5 million (2023: RMB20.2 million) which represented interest expense of RMB13.4 million (2023: RMB19.8 million) and RMB0.1 million (2023: 0.4 million) incurred in relation to bank borrowings and lease liabilities, respectively. The decrease in interest expense is mainly due to the decrease in average bank borrowings and the average interest rate during the year under review.

As of 31 December 2024, the Group had short-term and long-term bank borrowings of RMB256.5 million for the working capital required by two subsidiaries operating in the PRC and a mortgage bank loan of RMB4.7 million for financing the acquisition of an office in Hong Kong.

Income tax expense

During the year under review, income tax expense of the Group amounted to RMB370.2 million (2023: RMB323.3 million) and the effective tax rate for the year was 23.7% (2023: 23.7%).

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

The income tax expenses mainly represented the income tax arising from the Group's subsidiaries operating in China. One of the Group's Mainland China-based operating subsidiaries succeeded to obtain the approval as a high and new technology enterprise ("HNTE") and enjoys a reduced income tax rate of 15% from a local tax authority in late 2018 with a validity period of three years. The validity period had been further extended of three years to late 2024. Therefore, it was charged at a tax rate of 15%. The other major Mainland China-based operating subsidiaries are still subject to the standard corporate income tax rate of 25%.

Included in the income tax expense, there was an amount of RMB9.0 million which represented the provision of withholding tax expense in relation to the planned remittance of fund from the Group's operating subsidiaries in China by way of dividends to the Company for the payment of the 2024 proposed final dividend.

Profit attributable to non-controlling interest for the year

The decrease in profit attributable non-controlling interest for the year was mainly due to (i) the increase in effective equity interest of 17.92% and 11.74% in an indirect non wholly-owned subsidiary engaged in the e-commence business in April and September 2023, respectively and (ii) the increase in effective equity interest of 14.93% in an indirect non wholly-owned subsidiary which engaged in kids business in January 2024.

CAPITAL AND OTHER INFORMATION

Liquidity and Capital Resources

As of 31 December 2024, the Group's cash and cash equivalents amounted to RMB4,254.2 million (2023: RMB3,596.5 million). The increase was mainly attributable to the following:

1. Profit before income tax of RMB1,562.8 million was mainly offset by the increase in inventories of RMB759.9 million, increase in trade receivable of RMB606.6 million and payment of PRC income tax of RMB275.4. As a result, net cash inflow from operating activities amounted to RMB69.8 million.

2. Net cash inflow from investing activities amounted to RMB1,366.2 million, which was mainly due to the purchase of property, plant and equipment (RMB268.7 million) and the uplift of deposits held at banks with maturity over three months (RMB1,600 million).

3. Net cash outflow from financing activities amounted to RMB776.9 million, which was mainly due to the last instalment of RMB150 million for acquisition of non-controlling interests in a company engaged in kids business in 2023 and dividends of RMB580.4 million paid during the year under review.

The increase in inventory was mainly due to a strategic decision to raise the finished goods inventory by RMB653.0 million. This measure ensured a sufficient inventory level, enabling immediate shipping upon receiving customer orders and replenishment requests, thereby further strengthening our domestic and international e-commerce operations. Consequently, we chose to maintain a higher inventory level to better support our continuously expanding e-commerce business and provide the best possible service to our customers.

The increase in trade receivables was mainly due to the increase in sales revenue and our continuous support to the distributors for expansion of market shares in our target cities. Since we started our business in selling our products via distributors in various cities, relatively favourable credit period has been given to distributors as an incentive for them to expand our market shares via number of shops and upgrading the design of shops to attract customers. The Group's encouraging performance demonstrates the success of this incentive. In light of the gradual economic recovery, the Group started negotiating with certain distributors at the end of 2024, who had secured satisfactory market shares in their respective cities, to shorten the credit period. As a result, the increase in account receivable of RMB606.6 million during the year under review is lower than the increase of RMB784.4 million in 2023 by 23% while the Group's total revenue increased by almost 20% in 2024. Facing the uncertainties and challenges in the PRC and global economic environment, we will continue to closely monitor the status of accounts receivables and shorten the credit period at an appropriate and reasonable pace.

The net cash amounted to approximately RMB4,001.7 million (2023: RMB4,916.4 million).

RMB '000	As at 31 December 2024	As at 31 December 2023
Pledged bank deposits	**8,705**	12,415
Bank deposits with maturities over 3 months	**-**	1,600,000
Cash and cash equivalents	**4,254,236**	3,596,489
Total cash	**4,262,941**	5,208,904
Total borrowings (Bank borrowings)	**261,220**	292,491
Net cash (including deposits, cash equivalents)	**4,001,721**	4,916,413

As of 31 December 2024, the Group's gearing ratio was 1.9% (2023:2.2%), which is defined as the total bank borrowings divided by the Group's total assets.

As of 31 December 2024, the total assets of the Group amounted to RMB13,413.6 million (2023: RMB13,065.3 million), represented by non-current assets of RMB1,355.5 million (2023: RMB1,447.9 million) and current assets of RMB12,058.1 million (2023: RMB11,617.3 million). The total liabilities of the Group amounted to RMB3,584.4 million (2023: RMB3,342.1 million), represented by non-current liabilities of RMB221.7 million (2023: RMB254.0 million) and current liabilities of RMB3,362.7 million (2023: RMB3,088.1 million). The total non-controlling interests of the Group amounted to RMB453.9 million (2023: RMB640.8 million). Hence, the total net assets of the Group amounted to RMB9,829.1 million (2023: RMB9,723.2 million), representing a year-on-year increase of 1.1%. Net assets per Share as at 31 December 2024 were approximately RMB4.8 (2023: RMB4.7), representing a year-on-year increase of 2.1%.

Treasury policy and foreign exchange risk

The Group's operations are principally carried out in the PRC with most of the transactions settled in Renminbi. Part of the Group's cash and bank deposits are denominated in Hong Kong dollars. The Group also pays declared dividends in Hong Kong dollars.

The Group manages its foreign exchange risk by matching the currency of its loans and borrowings with the Group's functional currency of major cash receipts and underlying assets as far as possible. As of 31 December 2024, all borrowings were at floating rate. As part of its policy, the Group continues to monitor its borrowing profiles, taking into consideration the funding needs and market conditions to minimise the interest rate exposure. Any substantial fluctuation in the exchange rate of foreign currencies against Renminbi may have a monetary impact on the Group.

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

Pledge of assets

As of 31 December 2024, a property with a net book value of RMB41.4 million (2023: RMB40.2 million) was pledged as security for a banking facility of the Group of RMB38.5 million (2023: RMB34.7 million). The aforesaid banking facility was used to finance the acquisition of an office unit in Hong Kong, which is for the Group's own use and not for any investment purpose and as trade and revolving credit facilities to the Group. Furthermore, the Group has pledged bank deposits to certain banks as performance guarantee deposits of RMB8.7 million for certain business partners of the Group, which have been placed in designated bank accounts. In the event that the Group does not meet its contractual obligations under the agreements signed with these business partners, the deposits can be withdrawn without consent of the Group. Such performance guarantee deposit will be released upon the expiry of the agreements that was entered into with respective business partners.

Working Capital Cycle

For the year ended 31 December 2024, the Group's overall working capital turnover days was 168 days (2023: 132 days).

	For the year ended 31 December		
WORKING CAPITAL TURNOVER DAYS	**2024 Days**	2023 Days	Changes Days
Inventories	**107**	93	+14
Trade receivables	**149**	149	No change
Trade payables	**88**	110	–22
Overall working capital turnover days	**168**	132	+36

The turnover days for inventories increased by 14 days, while the turnover days for trade payables decreased by 22 days, resulting in an increase in overall working capital turnover days by 36 days.

The average trade and bills receivable cycle was 149 days for the year ended 31 December 2024 (2023: 149 days). Although the PRC economy started to recover steadily, the PRC economy was still affected by the unstable geo-political situation in the world and the economic downturn in the global market. We have imposed strict control over the management of accounts receivables. There was no bad debt being written off during the year under review. As of 31 December 2024, the total trade and bills receivables within 180 days amounted to RMB3,849.7 million, representing 87.7% of the total. This is further broken down into 62.5% within 90 days and 25.2% between 90 and 180 days. The remaining trade and bills receivables, amounting to RMB538.9 million (12.3%), were between 180 and 360 days. There was slight improvement in the ageing of accounts receivable as compared to last year. We would continue to closely monitor the accounts receivable from all existing distributors. Since the end of 2024, negotiations with certain distributors for shorter credit periods have commenced. If the PRC and global economies continue to show improvement, we are confident that the average trade and bills receivable cycle will be gradually shortened in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

For prudence sake, the Group has made additional general provision for impairment losses of RMB42.3 million during the year under review (2023: reversal of provision of RMB45.2 million). There was no bad debt written off or specific provision for doubtful debts during the year under review.

The average inventory turnover cycle was 107 days for the year ended 31 December 2024 (2023: 93 days), representing an increase of 14 days. The increase in the inventory turnover cycle was primarily driven by the strategic decision to raise the finished goods inventory by RMB653.0 million. This initiative aimed to strengthen our e-commerce business, both domestically and internationally, by ensuring adequate stock levels to enable prompt shipping upon receiving customer orders and replenishment requests. As a consequence, we chose to maintain a higher inventory level to better support our growing e-commerce operations and deliver the best possible service to our customers.

The average trade and bills payable cycle decreased by 22 day to 88 days for the year ended 31 December 2024 (2023: 110 days). The decrease was mainly attributed to our strategic decision to expedite payments to trusted suppliers and subcontractors who have consistently demonstrated excellence in providing superior raw materials and cutting-edge products. By prioritizing these partnerships, we aim to foster long-lasting, stable relationships that contribute to the Group's overall success. The Group is confident that the average trade and bills payable cycle will be maintained within the range of 100 to 110 days in the long term.

As at 31 December 2024, prepayments to suppliers were RMB1,010.2 million, representing a year-on-year increase of 8.5% compared with the RMB931.2 million as of 31 December 2023. The prepayments were deposits paid for raw materials and to outsourced suppliers for the acceptance of the orders for production of products from the 2025 spring and summer trade fairs. The balance of other prepayments, RMB147.8 million (2023: RMB219.7 million), was mainly the payment in relation to the advertising and promotion contracts.

Contingent liabilities

For the year ended 31 December 2024, the Group did not have any material contingent liabilities.

Material acquisitions and disposals

For the year ended 31 December 2024, the Group did not make any material acquisitions or disposal of subsidiaries or associates.

Significant investments

For the year ended 31 December 2024, the Group had no significant investments.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Employees and emoluments

As at 31 December 2024, the Group employed a total of 7,934 full time employees in the PRC which included management staff, technicians, salespersons and workers. For the year ended 31 December 2024, the Group's total remuneration paid to employees was RMB861.2 million (2023: RMB778.9 million), representing 8.5% (2023: 9.2%) of the Group's total revenue. The emolument policies are based on the performance of employees and are formulated to attract talent and retain quality staff. Apart from the mandatory provident fund scheme, which is operating in accordance with the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees and the state managed retirement pension scheme for the PRC-based employees and medical insurance, discretionary bonuses and employee share options are also awarded to employees according to the assessment of individual performance. The Group believes that its strength lies in the quality of its employees and has placed a great emphasis on fringe benefits. The Group also continuously offers comprehensive training to employees with the aim of fostering a learning culture that could enhance the employees' professional knowledge and skills.

PROSPECTS

Looking into 2025, the global economy faces multiple uncertainties, with the increasingly conspicuous divergence of major economies. With its economy driven by expanding domestic demand and structural optimisation, China stays focused on developing new-quality productive forces, and promoting industrial innovation, transformation and upgrade, so as to accelerate the creation of new drivers and advantages for high-quality growth. Benefiting from the increasing public awareness of health, improving infrastructure, and the deep empowerment of technological innovation, the sports industry is projecting vibrant vitality and enormous development potential as a highlight of the national economic transformation and upgrade.

The Chinese sports industry is enjoying a golden period of transformation and upgrade, and presented with abundant growth opportunities from the strong national policy support, consumption structure and consumer demand upgrades. At the same time, technology, intelligence, and greenisation have become important instruments to advance the industrial transformation and upgrade, promoting product innovation and enhancing consumer experiences. With the 9th Winter Asian Games Harbin 2025 successfully taking place in February 2025, public enthusiasm for winter sports is ignited, presenting new opportunities for industrial transformation and upgrade, as well as brand internationalisation. To seize these multiple opportunities, domestic sportswear companies anticipate technological innovation and empowerment, green and environmental development, and international expansion as effective ways to strengthen their brand power.

361° Group will always adhere to its "consumer-centric" development philosophy, and continue to deepen its "professional, youthful, and internationalised" brand positioning. By promoting the deep integration of technological innovation into the brand building, we will provide consumers with a wider category of sports products that offer higher values so as to meet the changing market demands. We will accelerate our internationalisation strategy by optimising resource allocation and expanding through diversified channels to further enhance our global market influence. In terms of our kids brand, we will fully leverage our first-mover advantage in the kids' footwear and apparel sector, strengthen the synergy with our core brand resources, and reinforce its positioning as "Youth Sports Expert" (青少年運動專家). In doing so, we will continue to deepen our focus on the children sports market and expedite the development of our Kids business.

Regarding sales channels, we will continue to focus on the online and offline omnichannel system. By utilising multi-dimensional and precise operations, we aim to fully tap into the potential of e-commerce platforms, including our concurrent efforts to develop diversified offline channels, and promote the deep omnichannel integration of online and offline channels, thereby enhancing consumer experience and brand value. We will continue to develop international channels, and fully leverage the synergy between cross-border e-commerce and overseas offline outlets, as part of our ongoing penetration into the global market share. With our channel resources comprehensively optimised, we are committed to establish a more extensive and efficient sales network and carve out a more competitive brand image in the global market.

REPORT OF THE DIRECTORS

The Directors are pleased to present the annual report together with the audited financial statements for the year ended 31 December 2024.

BUSINESS REVIEW

General

For the review of the business of the Group for the year ended 31 December 2024, please refer to the section headed "Management Discussion and Analysis — Business review" on pages 21 to 54 of this report.

Principal risks and uncertainties facing the Group

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

Risks pertaining to the sportswear market in the PRC

The Group's business is subject to laws and regulations applicable to the sportswear industry in the PRC. These laws and regulations are subject to change and their interpretation and enforcement involve uncertainties that could limit the legal protections available to the Group. In addition, the PRC legal system is based in part on government policies that may have retrospective effect, which could cause uncertainties to the Group's business as it will not be possible to predict the effect of future developments in the PRC legal system, including promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national laws. If any of the Group's past operations are deemed to be non-compliant with PRC law, the Group may be subject to penalties and the Group's business and operations may be adversely affected.

Risks pertaining to the distributorship model

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

Risk pertaining to the Group's operations

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

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

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

Past performance and forward looking statements risks

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

Prospects

For the likely development of the Group's business, please refer to "Management Discussion and Analysis — Prospects" on page 67 of this report.

Post year-end events

Except as disclosed in this annual report, since 31 December 2024, being the end of the financial year under review, no important event has occurred affecting the Group.

Analysis of key financial performance indicators

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

Environmental policies and performance

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

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

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

The Company will separately publish the Environmental, Social and Governance Report for the year ended 31 December 2024 in compliance with Appendix C2 to the Listing Rules in due course.

Compliance with laws and regulations

The Group continues to update the requirement of the relevant laws and regulations in various countries, particularly in the PRC and Hong Kong, applicable to it to ensure compliance. Substantially, a majority of the Group's assets are located in the PRC and the Group's revenue is mainly derived from operations in the PRC. The Group was listed on the Stock Exchange of Hong Kong since 30 June 2009. During the year under review, the Group complied with the relevant laws and regulations in various countries applicable to it in all material respects.

Account of the Group's relationships with its key stakeholders

(i) Employees

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

(ii) Suppliers

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

(iii) Distributors

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

(iv) Authorised retailers

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

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Company is incorporated in the Cayman Islands and has its registered office at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Its principal place of business in Hong Kong is at Room 1609, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the Company's subsidiaries are set out in note 13 to the financial statements on pages 153 to 158 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

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

	Percentage of the Group's total	
	sales	purchases
The largest customer	6%	
Five largest customers in aggregate	23%	
The largest supplier		5%
Five largest suppliers in aggregate		21%

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

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2024 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 108 to 196 of this annual report.

TRANSFER TO RESERVES AND DIVIDENDS

Profits attributable to equity shareholders, before dividends, of RMB1,148,615,000 (2023: RMB961,427,000) have been transferred to reserves. At 31 December 2024, aggregate amount of reserves available for distribution to equity shareholders of the Company amounted to approximately RMB698,189,000 (2023: RMB1,260,420,000). Other movements in reserves are set out in the consolidated statement of changes in equity.

An interim dividend of HK$16.5 cents per share (2023: HK$6.5 cents) was paid on 9 September 2024. The Directors recommend, subject to the Company shareholders' approval at the forthcoming AGM, the payment of a final dividend of HK10.0 cents per share (2023: HK$13.9 cents) for the year ended 31 December 2024.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year under review amounted to RMB11,181,000 (2023: RMB13,731,000).

FIXED ASSETS

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

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 23 to the financial statements.

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

The Company or any of its subsidiaries did not make any purchase, sale or buy-back of listed securities of the Company for the year ended 31 December 2024. The Company did not hold any treasury shares during the year ended 31 December 2024.

PRE-EMPTIVE RIGHTS

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

DIRECTORS

The Directors during the financial year were:

Executive Directors

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

Independent non-executive Directors

Mr. Wu Ming Wai Louie
Mr. Hon Ping Cho Terence
Mr. Chen Chuang
Ms. Ferheen Mahomed *(appointed on 15 October 2024)*

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

Pursuant to Article 84(1) of the Second Amended and Restated Articles, Mr. Ding Huirong, Mr. Ding Wuhao and Mr. Chen Chuang will retire from office by rotation at the forthcoming AGM. Mr. Ding Huirong, Mr. Ding Wuhao and Mr. Chen Chuang are eligible and offer themselves for re-election.

Pursuant to Article 83(3) of the Second Amended and Restated Articles, Ms. Ferheen Mahomed is subject to retirement by rotation and re-election by shareholders at the forthcoming AGM.

DIRECTOR'S SERVICE CONTRACTS

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

PERMITTED INDEMNITY PROVISION

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

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

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

As 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules, were as follows:

LONG AND SHORT POSITION IN THE COMPANY

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

Notes:

(1) Mr. Ding Wuhao is deemed to be interested in 340,066,332 shares of the Company held by Dings International Company Limited by virtue of it being controlled by Mr. Ding Wuhao. He is the brother-in-law of both Mr. Ding Huihuang and Mr. Ding Huirong.

(2) Mr. Ding Huihuang is deemed to be interested in 327,624,454 shares of the Company held by Ming Rong International Company Limited by virtue of it being controlled by Mr. Ding Huihuang. He is the elder brother of Mr. Ding Huirong and the brother-in-law of Mr. Ding Wuhao.

(3) Mr. Ding Huirong is deemed to be interested in 324,066,454 shares of the Company held by Hui Rong International Company Limited by virtue of it being controlled by Mr. Ding Huirong. He is the brother of Mr. Ding Huihuang and the brother-in-law of Mr. Ding Wuhao.

(4) Mr. Wang Jiabi is deemed to be interested in 168,784,611 shares of the Company held by Jia Wei International Co, Ltd. by virtue of it being controlled by Mr. Wang Jiabi.

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executive of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

Share Option Scheme

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

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

(b) any non-executive Directors (including independent non-executive Directors) of the Company or any of its subsidiaries; and

(c) any person (whether a natural person, a corporate entity or otherwise) who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, and excludes (for the avoidance of doubt) (i) placing agents or financial advisers providing advisory services for fund-raising, mergers or acquisitions, (ii) professional service providers (such as auditors or valuers) who provide assurance, or are required to perform their services with impartiality and objectivity ("Service Provider"), who falls under the following category or categories or who may meet with the eligibility criteria below:

    (i) *Supplier and manufacturer*: Service Providers under this category are mainly raw material suppliers and contract manufacturers, which the Group engages for its outsourcing of a portion of manufacturing of its footwear products, majority of apparel products, and all of its accessories products;

    (ii) *Distributor*: Service Providers under this category are mainly distributors of the Group's products. The Group adopted the distributorship model for its products in the PRC. The Group relies primarily on a number of third-party distributors for sales of the Group's products. Each of the distributors has exclusive distribution right over a certain geographical area in the PRC;

(iii) *Contractor, agent, consultant and adviser*: Service Providers under this category are mainly independent contractors, agents, consultants and advisers who provide design, research, development or other support or any advisory, consultancy, professional or other services (but for the avoidance of doubt exclude placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition, professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity) to the Group on areas relating to the Group's main businesses of manufacturing and trading of sporting goods, including footwear, apparel, accessories and others in the PRC and/or other principal business activity(ies) that may be carried out by the Group from time to time, or on areas that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group by way of introducing new customers or business opportunities to the Group and/or applying their specialised skills and/or knowledge in the abovementioned fields; or

(iv) *Business and joint venture partner*: Service Providers under this category are mainly business and joint venture partners who provide services to the Group on areas that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group by way of introducing new customers or business opportunities to the Group.

The maximum number of shares which may be issued upon the exercise of all the options and awards to be granted under the Share Option Scheme and any other share schemes of the Company ("Scheme Mandate Limit") shall not in aggregate exceed 10% of the total number of shares in issue as at the date of approval of the adoption of the Share Option Scheme initially i.e. 206,768,200 shares, representing 10% of the total number of shares in issue as at the date of this report. The sublimit on the total number of Shares that may be issued in respect of all options and awards to be granted to Service Providers under the Share Option Scheme and any other share schemes of the Company shall not exceed 50% of the Scheme Mandate Limit, being 103,384,100 Shares. Pursuant to the Share Option Scheme, where any grant of options would result in the shares issued and to be issued upon exercise of the options or awards granted and to be granted to that person (excluding any options and Awards lapsed in accordance with the terms of the Share Option Scheme or the other share schemes of the Company) under the Share Option Scheme and any other share schemes of the Company in any 12-month period up to and including the date of such further grant exceeds 1% of the Company's issued share capital (i.e. the maximum entitlement of each participant), such grant must be separately approved by shareholders in general meeting with such grantee and his close associates (or his associates if the grantee is a connected person of the Company) abstaining from voting.

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

(a) the nominal value of a share;

(b) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer; and

(c) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer.

The Share Option Scheme shall be valid and effective for a period of 10 years from 28 April 2023. As at the date of this annual report, the remaining life of the Share Option Scheme was approximately 8 years. Please refer to the circular of the Company dated 4 April 2023 for further details of the terms of the Share Option Scheme.

The Previous Share Option Scheme was terminated on 28 April 2023 and there were no outstanding share options under the Previous Share Option Scheme as at 31 December 2023.

The number of options available for grant under the mandate of the Share Option Scheme was 206,768,200 as at 1 January 2024 and 31 December 2024. The number of options available for grant under the service provider sublimit of the Share Option Scheme was 103,384,100 as at 1 January 2024 and 31 December 2024.

The Company does not have any other share option or share award scheme other than the Share Option Scheme adopted on 28 April 2023. No share option has been granted by the Company under the Share Option Scheme since its adoption. During the year ended 31 December 2024, no share option was granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme..

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

As at 31 December 2024, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of shareholders	Note	Nature of interest	Long/Short position in ordinary shares held [1]	Percentage of total issued shares
Dings International Company Limited	*(2)*	Beneficial owner	340,066,332 (L)	16.45%
Ming Rong International Company Limited	*(3)*	Beneficial owner	327,624,454 (L)	15.85%
Hui Rong International Company Limited	*(4)*	Beneficial owner	324,066,454 (L)	15.67%
Jia Wei International Co., Ltd.	*(5)*	Beneficial owner	168,784,611 (L)	8.16%
Jia Chen International Co., Ltd.	*(6)*	Beneficial owner	168,784,611 (L)	8.16%
Mr. Wang Jiachen	*(6)*	Interest in controlled corporation	168,784,611 (L)	8.16%

Notes:

1. The letter "L" indicates long position whereas the letter "S" indicates short position.

2. The entire issued share capital of Dings International Company Limited is owned by Mr. Ding Wuhao, an executive director and the president of the Company. Mr. Ding Wuhao is the sole director of Dings International Company Limited.

3. The entire issued share capital of Ming Rong International Company Limited is owned by Mr. Ding Huihuang, an executive director and the chairman of the Company. Mr. Ding Huihuang is the sole director of Ming Rong International Company Limited.

4. The entire issued share capital of Hui Rong International Company Limited is owned by Mr. Ding Huirong, an executive director. Mr. Ding Huirong is the sole director of Hui Rong International Company Limited.

5. The entire issued share capital of Jia Wei International Co., Ltd. is owned by Mr. Wang Jiabi, an executive director. Mr. Wang Jiabi is the sole director of Jia Wei International Co., Ltd.

6. The entire issued share capital of Jia Chen International Co., Ltd. is owned by Mr. Wang Jiachen, who is the brother of Mr. Wang Jiabi, an executive director of the Company.

Save as disclosed above, as at 31 December 2024, no person (other than a Director or chief executive of the Company) had registered an interest or short position in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

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

TAX RELIEF AND EXEMPTION

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

MANAGEMENT CONTRACTS

Other than Directors' service contracts and employment contracts with the Group's senior management in full-time employment, no contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 December 2024.

DIRECTORS' INTERESTS IN CONTRACTS

No transaction, arrangement or contract of significance to which the Company, or any of its holding companies or subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, subsisted at the end of the year ended 31 December 2024 or at any time during the year ended 31 December 2024. No transaction, arrangement, or contract of significance had been entered into between the Company or any of its subsidiaries and the controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries, and no transaction, arrangement, or contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder of the Company or any of its subsidiaries was entered into.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2024, none of the Directors or their respective close associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group. Please also refer to the paragraph headed "Compliance with the Deed of Non-competition" below.

COMPLIANCE WITH THE DEED OF NON-COMPETITION

Each of Mr. Ding Wuhao, Dings International Company Limited, Mr. Ding Huihuang, Ming Rong International Company Limited, Mr. Ding Huirong and Hui Rong International Company Limited (collectively the "Covenantors" and each a "Covenantor") confirmed that, as at 31 December 2024, he/it had complied with the terms of the deed of non-competition ("Deed of Non-competition") dated 10 June 2009 signed by each of them in favour of the Group.

To monitor the compliance of the terms of the Deed of Non-competition by the Covenantors, the independent non-executive Directors have reviewed, among others, the business activities undertaken by the Covenantors (if any) outside of the Group. Based on the result of such review, the independent non-executive Directors are satisfied that the Covenantors have complied with the terms of the Deed of Non-competition for the year ended 31 December 2024.

BANK LOANS

Particulars of bank loans of the Group as at 31 December 2024 are set out in note 20 to the financial statements.

RELATED PARTY TRANSACTIONS

The related party transactions conducted during the year under review as disclosed in note 27 to the financial statements did not constitute connected transactions or continuing connected transactions as defined under Chapter 14A of the Listing Rules. The Company has complied with the requirements in Chapter 14A of the Listing Rules.

FINANCIAL SUMMARY

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

RETIREMENT SCHEMES

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

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

The Group's total contributions to retirement schemes charged to the consolidated income statement during the year ended 31 December 2024 amounted to RMB53,317,000 (2023: RMB44,562,000).

CONFIRMATION OF INDEPENDENCE

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

CORPORATE GOVERNANCE CODE PRACTICES

In the opinion of the Directors, the Company applied the principles and complied with all the code provisions as set out in the Corporate Governance Code contained in the Appendix C1 to the Listing Rules during the year under review.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules. Upon the Company's enquires, all the Directors have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2024.

AUDIT COMMITTEE

The Audit Committee has reviewed with management and the external auditors the accounting principles and policies adopted by the Group and the audited annual consolidated financial statements for the year ended 31 December 2024.

AUDITORS

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

By order and on behalf of the board of Directors

DING HUIHUANG
Chairman

Hong Kong SAR of the PRC, 12 March 2025

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company applied the principles and complied with all the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in the Appendix C1 to the Listing Rules during the year ended 31 December 2024, by focusing on areas such as risk management and internal control as well as effective and timely communication with shareholders so as to ensure and enhance corporate transparency and accountability.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules as its own code of conduct for securities transactions. Having made specific enquiries with all of the Directors, all of the Directors confirmed that they had complied with the required standards set out in the Model Code for the year under review.

CORPORATE CULTURE AND STRATEGY

Overview

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

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

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

Core Values of *361°*

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

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

CORPORATE GOVERNANCE REPORT

Practices of building corporate culture

Promotion of corporate culture and training

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

Initiatives and projects on team building

Sport is the innate gene of the Company as a sports brand. Taking into account the practice of corporate culture and team building each year, the Company carries out 4 quarterly large-scale value series staff events, which aim to practise and promote our corporate culture in the sports events by implanting its core values into these events.

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

BOARD OF DIRECTORS

Responsibilities, accountabilities and contributions of the Board and the Management

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

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

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

CORPORATE GOVERNANCE

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

During the year under review, the Board reviewed and monitored the training and continuous professional development of the Directors and company secretary of the Company in compliance with the CG Code and the Listing Rules. Further, the Board reviewed and monitored the Group's policies and practices, and noted that the Group had complied with the relevant legal and regulatory requirements in all material respects during the year under review. The Board also reviewed the employees' manual applicable to the employees of the Company. Lastly, the Board has reviewed the Company's compliance with the CG Code and the disclosure of this Corporate Governance Report.

Attendance of each Director at the Board and committee meetings held during the year under review is summarised as follows:

	Training courses	Board Meeting	Annual General Meeting	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors						
Mr. Ding Huihuang (Chairman)	i	7/7	1/1	N/A	N/A	N/A
Mr. Ding Wuhao (President)	i	7/7	1/1	N/A	N/A	2/2
Mr. Ding Huirong (Vice President)	i	7/7	1/1	N/A	N/A	N/A
Mr. Wang Jiabi (Vice President)	i	7/7	1/1	N/A	2/2	N/A
Independent Non-executive Directors						
Mr. Wu Ming Wai Louie	i, ii, iii	7/7	1/1	3/3	N/A	2/2
Mr. Hon Ping Cho Terence	i, ii, iii	7/7	1/1	3/3	2/2	2/2
Mr. Chen Chuang	i	7/7	1/1	3/3	2/2	N/A
Ms. Ferheen Mahomed *(appointed on 15 October 2024)*	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

i. Directors who attended Corporate Governance training course organised by the Company's legal adviser during the year under review.

ii. Directors who attended courses organised by professional bodies during the year.

iii. Directors who attended courses organised by the Hong Kong Institute of Certified Public Accountants.

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

Board composition

As at 31 December 2024, the Board comprised of four executive Directors and four independent non-executive Directors. Biographical details of the current Directors and the relationships between the Directors (if any) are set out in the section headed "Directors and Senior Management" of this annual report.

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

The composition of the Board is well balanced with the Directors having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. A summary of the board diversity policy of the Company is set out on page 89 of this annual report. The executive Directors and independent non-executive Directors bring a variety of experience and expertise to the Company. In determining the independence of the independent non-executive Directors, the Board follows the requirements as set out in Rule 3.13 of the Listing Rules. The Company has received from each of the independent non-executive Directors an annual confirmation of independence and considers all the independent non-executive Directors to be independent pursuant to Rule 3.13 of the Listing Rules.

THE ROLES OF THE CHAIRMAN AND PRESIDENT

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

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

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

APPOINTMENTS, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from 30 June 2009 which is renewable upon expiry, subject to compliance with the Listing Rules and termination in accordance with the provisions of the service contract or by either party giving the other not less than three months' prior written notice.

Each of the independent non-executive Directors has entered into a service contract with the Company for an initial term of three years from their respective dates of appointment which is renewable upon expiry, subject to compliance with the Listing Rules and termination in accordance with the provisions of the service contract or by either party giving the other not less than three months' prior written notice.

In accordance with the Company's Second Amended and Restated Articles, each year, one-third of the Directors (including executive Directors and independent non-executive Directors) for the time being will retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years at the general meeting.

TERMS OF APPOINTMENT OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from 30 June 2009, renewable upon expiry, and each of such service contracts was renewed on 30 June 2012, 30 June 2015, 30 June 2018 and 30 June, 2021, respectively. Each of Mr. Hon Ping Cho Terence, Mr. Chen Chuang and Mr. Wu Ming Wai Louie, all of whom are independent non-executive Directors, has entered into a service contract with the Company for a term of three years commencing from 20 May 2019 and 27 August 2019 and 4 August 2020, respectively, which are also renewable upon expiry. The service contracts with Mr. Hon Ping Cho Terence and Mr. Chen Chuang were renewed on 20 May 2022 and 27 August 2022 respectively. The service contract with Mr. Wu Ming Wai was extended automatically upon the expiry on 3 August 2023. Ms. Ferheen Mahomed has entered into a service contract with the Company for a term of three years commencing from 15 October 2024.

No Director has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

COMPANY SECRETARY

Mr. Li Yuen Fai Roger was appointed as the company secretary of the Company on 4 August 2020 pursuant to Rule 3.05 of the Listing Rules and he ceased to be the company secretary of the Company with effect from 21 May 2024. Mr. Li reported to Mr. Ding Wuhao, the President during his tenure.

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

The company secretary of the Company has taken no less than 15 hours of relevant professional training during the year ended 31 December 2024.

BOARD COMMITTEES

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

AUDIT COMMITTEE

The audit committee of the Board (the "Audit Committee") was established on 10 June 2009 with written terms of reference in compliance with the CG Code. During the reporting period, the Audit Committee comprised three members who all are independent non-executive Directors, namely, Mr. Wu Ming Wai Louie, Mr. Hon Ping Cho Terence and Mr. Chen Chuang with Mr. Wu Ming Wai Louie being the chairman.

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2024, including the accounting principles and practices adopted by the Group.

The primary duties of the Audit Committee are mainly to: (i) make recommendations to the Board on the appointment, reappointment and removal of the external auditors; (ii) approve the remuneration and terms of engagement of the external auditors, and any questions of its resignation or dismissal; (iii) review and monitor the external auditors' independence, objectivity and the effectiveness of the audit process in accordance with applicable standards; (iv) discuss with the external auditors regarding the nature and scope of the audit and reporting obligations before the audit commences; (v) develop and implement policy on engaging an external auditors to supply non-audit services, identifying and making recommendations on any matters where action or improvement is needed; (vi) monitor integrity of the Company's financial statements, annual report, accounts and half-year report; (vii) review significant financial reporting judgements contained in them; and (viii) assist the Board in providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems. In reviewing these reports before their submission to the Board, the Audit Committee has focused particularly on:

(i) any changes in accounting policies and practices;

(ii) major judgmental areas;

(iii) significant adjustments resulting from audit;

(iv) the going concern assumptions and any qualifications;

(v) compliance with accounting standards;

(vi) compliance with the Listing Rules and legal requirements in relation to financial reporting; and

(vii) reviewing the fairness of connected transactions and making disclosures in accordance with the Listing Rules and accounting standards.

The duties of the Audit Committee also include reviewing the arrangements which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control, risk management systems or other matters. The Audit Committee has ensured that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up actions, and acts as the key representative body for overseeing the Company's relations with the external auditors.

The Audit Committee held three meetings during the year ended 31 December 2024 with two meetings having been attended by external auditors. The meetings primarily discussed the auditing, internal audit function, risk management, internal controls and financial reporting matters of the Company. The Audit Committee has including but not limited to: (i) considered significant or unusual items that are, or may need to be, reflected in the reports and accounts and matters that have been put forward by the Company's staff responsible for the accounting and financial reporting function as well as external auditors; (ii) oversighted the Company's financial reporting system and internal control procedures to review the Company's financial controls, internal control and risk management systems; (iii) reviewed the effectiveness of internal audit function by the review of internal audit reports and meeting with the head of internal audit department; and (iv) discussed with the management about the risk management and internal control system of the Company to ensure that management has performed its duty to have an effective risk management and internal control system. The discussion also included (a) the adequacy of resources; (b) staff qualifications and experience; (c) training programmes and budget of the Company's accounting and financial reporting function; (d) major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings; (e) ensured co-ordination between the internal and external auditors; (f) ensured the internal audit function is adequately resourced and has appropriate standing within the Company; (g) reviewed and monitored the effectiveness of the internal audit function of the Group; (h) review of the Group's financial and accounting policies and practices and the external auditors' management letter; (i) material queries raised by the external auditors to management about accounting records, and financial accounts and systems of control as well as management's responses; and (j) reviewed and monitored the effectiveness of the whistleblowing and anti-corruption policies and systems of the Company. During the year under review, the Audit Committee has also reviewed the consolidated financial statements of the Group for the six months ended 30 June 2024 and the year ended 31 December 2024. For the details of members' attendance of the Audit Committee's meeting, please refer to the table on page 83.

REMUNERATION COMMITTEE

The remuneration committee of the Board (the "Remuneration Committee") was established on 10 June 2009 with written terms of reference in compliance with the CG Code. During the reporting year, the Remuneration Committee comprised three members, namely, Mr. Chen Chuang, Mr. Wang Jiabi and Mr. Hon Ping Cho Terence with Mr. Chen Chuang being the chairman.

The primary duties of the Remuneration Committee include to: (i) make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; (iii) make recommendation to the Board on the remuneration packages of individual executive Directors and senior management including benefits in kind, pension rights and compensation payments; (iv) make recommendations to the Board on the remuneration of non-executive Directors; (v) consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; (vi) review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; (vii) ensure that no director or any of his associates is involved in deciding his own remuneration; and (viii) review and/or approve matters relating to share schemes of the Company under Chapter 17 of the Listing Rules. There were no material matters relating to the Share Option Scheme of the Company which required the Remuneration Committee to review and/or approve during the financial year ended 31 December 2024.

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

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

The Remuneration Committee held two meetings, including to assess performance of the executive Directors, review and approve the remuneration packages of Directors and senior management of the Group during the year ended 31 December 2024.

For the details of members' attendance of the Remuneration Committee Meeting, please refer to the table on page 83.

NOMINATION COMMITTEE

The nomination committee of the Board (the "Nomination Committee") was established on 10 June 2009 with written terms of reference in compliance with the CG Code. As at 31 December 2024, the Nomination Committee comprised of four members, namely Mr. Ding Wuhao, Mr. Wu Ming Wai Louie, Mr. Hon Ping Cho Terence and Ms. Ferheen Mahomed with Mr. Hon Ping Cho Terence being the chairman.

The primary duties of the Nomination Committee include to: (i) review the structure, size and composition (including the skills, knowledge and experience) of the Board annually and make recommendations on any proposed changes to the Board to complement the corporate's strategy; (ii) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (iii) assess the independence of independent non-executive Directors; (iv) review and report annually to the Board the implementation and effectiveness of mechanism to ensure independent views and input are available to the Board; and (v) make recommendations to the Board on the appointment or reappointment of Directors and succession planning for directors, in particular the Chairman and the President of the Company.

Board Diversity Policy

The Company has adopted the board diversity policy on 29 August 2013, which was revised on 1 January 2019 (the "Board Diversity Policy"). The purpose of the Board Diversity Policy is to set out the basic principles to be followed to ensure that the Board has appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. Under the Board Diversity Policy, the selection of Board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to, gender, age, cultural background, educational background, and professional experience, which are the measurable objectives for implementing the Board Diversity Policy. The Nomination Committee is also responsible for reviewing the Board Diversity Policy, developing and reviewing measurable objectives for implementing the policy and monitoring the progress on achieving these measurable objectives. The review of the Board Diversity Policy and the measurable objectives shall be carried out at least annually to ensure the continued effectiveness of the Board. For the year ended 31 December 2024, the Company has achieved the following measurable objectives that the Board has set for implementing the Board Diversity Policy:

(a) To ensure at least two members of the Board shall have obtained accounting or other professional qualification;

(b) To ensure at least one-third of the members of the Board shall have attained bachelor's degree or higher level of education;

(c) To ensure at least one member of the Board was or currently is director of listed companies (including Hong Kong and other regions) other than the Company;

(d) To ensure Board has members coming from different cultural backgrounds (including Hong Kong and PRC); and

(e) To ensure the age distribution of the members of the Board comprised of people from at least two decades.

The Nomination Committee has primary responsibility for identifying suitably qualified candidates to become members of the Board and shall give adequate consideration to the Board Diversity Policy in selection of Board candidates. Board nomination and appointments will continue to be made on merit basis based on the Group's business needs from time to time with adequate consideration of diversity of Board members. As to gender diversity of the Board and in the workforce, please refer to page 83 of this annual report.

A summary of nomination process is as follows:

Appointment of new director

(1) The Nomination Committee or the Board shall, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out in the Board Diversity Policy to determine whether such candidate is qualified for directorship.

(2) If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

(3) The Nomination Committee shall then recommend to the Board to appoint the appropriate candidate for directorship.

(4) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and the Board shall evaluate such candidate based on the criteria as set out in the Board Diversity Policy to determine whether such candidate is qualified for directorship and where appropriate, the Nomination Committee and/or the Board shall make recommendation to shareholders in respect of the proposed election of director at the general meeting.

Re-election of Director at General Meeting

(1) The Nomination Committee and the Board shall review the overall contribution and service to the Company of the retiring director including his/her attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board.

(2) The Nomination Committee shall also review and determine whether the retiring director continues to meet the criteria as set out in the Board Diversity Policy.

(3) The Nomination Committee and/or the Board shall then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

During the year under review, the Nomination Committee held two meetings in the year ended 31 December 2024. The work carried out by the Nomination Committee during the year included to nominate the members of Board for retirement and re-election at the annual general meeting and to review the structure, size and composition of the Board. For the details of members' attendance of the Nomination Committee meeting, please refer to page 83 of this annual report. The Nomination Committee also considered the Board Diversity Policy and whether the Board had the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. After due consideration, the Nomination Committee has concluded that based on the Company's existing business model and specific needs, the current composition of the Board satisfies the Board Diversity Policy for the year under review.

Independence of Independent Non-Executive Directors

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

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

(1) required character, integrity, perspectives, skills, expertise and experience to fulfil their roles;

(2) time commitment and attention to the Company's affairs;

(3) firm commitment to their independent roles and to the Board;

(4) declaration of conflicts of interest (if any) in their roles as independent non-executive Directors;

(5) no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and

(6) further reappointment of an independent non-executive Director (including any long-serving independent non- executive Director, where applicable) is subject to a separate resolution to be approved by the shareholders.

DIVERSITY

In terms of gender diversity, the Board is a mixed-gender board with female representation brought by Ms. Ferheen Mahomed, an independent non-executive Director, the Nomination Committee and the Board recognise the importance and benefits of gender diversity at the Board level. At present, the Nomination Committee and the Board consider that an appropriate balance of gender diversity of the Board is maintained. The Nomination Committee will monitor the Group's business needs and consider further appointment of female directors as appropriate. The Nomination Committee and the Board shall continue to take initiatives to identify suitable female candidates for board succession planning and enhancement of gender diversity in the Board.

As at 31 December 2024, the Group employed a total of 7,934 full time employees in the PRC who included senior management, management staff, technicians, salespersons and workers. The gender ratio in the workforce was as follows:

Overall male to female ratio	**Male 50%; Female 50%**
By rank and gender:	
Senior management	Male 70%; Female 30%
Management staff	Male 55%; Female 45%
Technicians	Male 49%; Female 51%
Salespersons	Male 40%; Female 60%
Workers	Male 51%; Female 49%

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration of the members of the senior management by band for the year ended 31 December 2024 is set out below:

Remuneration bands	**Number of persons**
HK$1,500,001 to HK$2,000,000	4
HK$2,500,001 to HK$3,000,000	1

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

AUDITORS' REMUNERATION

During the year ended 31 December 2024, the remuneration paid or payable to the external auditors, in respect of their audit and non-audit services are as follows:

	2024
Statutory audit services	**HK$3,120,000**
Non-audit services – Agreed upon procedures work on interim results	**HK$300,000**
Total	**HK$3,420,000**

RISK MANAGEMENT AND INTERNAL CONTROL

Overview

The Board acknowledges its responsibility for ensuring that sound and effective internal control systems are maintained so as to safeguard the Group's assets and the interest of shareholders. The Group has developed and established an internal audit and risk management department (the "IARM Department"), which reports to the Board and the Audit Committee, to look after the Group's systems of internal control, risk management and the internal audit function. The systems of internal control and risk management are designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board is also responsible for reviewing and maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company.

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

Board

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

Audit Committee

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

During the annual review, it ensures the effective risk management and internal control systems have the adequacy of resources, budget, adequate staff qualifications and experience and staff training programmes of the Group's accounting, internal audit and financial reporting functions.

IARM Department

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

Management

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

Risk management process

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

Risk identification

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

Risk assessment

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

Control activities

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

Risk monitoring

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

Risk management review

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

Annual Review

During the year under review, the IARM department conducted reviews of the risk management and internal control systems of the Company and reported to the Board and Audit Committee from time to time. Both the Board and Audit Committee considered that such the risk management system and internal control systems of the Company had been implemented effectively. The reviews covered all material controls, including financial, operational and compliance controls, internal audit function and risk management functions. The IARM department reported no major findings but areas for improvement have been identified. All of the recommendations reported by the IARM department will be properly followed up to ensure that significant control activities are implemented properly in place within a reasonable period of time. The Board and the Audit Committee are of the view that the risk management system, the internal control system including the adequacy of resources, qualifications and experience of staff in its accounting and financial reporting functions, their training programmes and budget, and the internal audit function are effective and adequate.

Whistleblowing and Anti-Corruption Policies

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

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

Policy and Procedures of Handling and Dissemination of Inside Information

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

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

COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

Relationship with Investors

The Board recognises that effective and timely communication with the Company's investors plays a crucial role in maintaining existing investors' confidence and attracting new investors, so the Group continuously places great importance on efficient and proactive communication with its shareholders and potential investors.

Shareholders' Communication Policy

The Group's Investor Relations Department has established several channels and maintained close communication with shareholders and potential investors through emails, conference calls, off-line meetings, broker strategy conferences, and non-deal roadshows, to ensure that its shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information and updates about the Company for exercising their rights in an informed manner and engaging actively with the Company. During the year under review, the Group actively maintained close communication with the capital market through face-to-face meetings and channels such as video and audio conferences. The Group also managed to arrange several physical events for investors and analysts, including inviting them to participate in the Group's four quarterly trade fairs, so as to deepen the capital market's understanding of the Group's business and operations and further enhance corporate transparency. An annual general meeting (and if necessary, extraordinary general meetings) would be held to provide a forum for shareholders to make comments and exchange views with the Directors and senior management.

The investors may also visit the Group's Investor Relations website at www.ir.361sport.com where the Group's announcements, financial information, stock quotes, coverage analysts, results briefing, press releases and other information are posted. The Group welcomes all investors to continue to give their opinions and suggestions to the Group. For any enquiries, please feel free to contact our Investor Relations Department via email to nina@361sportshk.com. Corporate communications such as annual reports, interim reports, circulars and announcements are available on the website of the Stock Exchange as well.

During the year under review, the Company has garnered several distinctions, affirming its prowess in investor relations and ESG aspects. In January 2024 and January 2025, the Company consecutively received accolades, including "Best Capital Market Communication Award" (最佳資本市場溝通獎) and the "Best IR Director Award" (最佳總監獎) at the 7th and the 8th China Annual IR Award (中國卓越IR獎項). In June 2024, the Company received the 15th "Tianma Award" (天馬獎) for Investor Relations of Listed Companies. In July 2024, the Company was once again awarded the "Best IR Company" in the small-cap category at the 10th Investor Relations Awards organised by the Hong Kong Investor Relations Association, underscoring the recognition from the capital market for its dedication in achieving highly effective and transparent communication with the market. Furthermore, the Company's IR team was once again honoured as the "Best IR Team" and "Best Investor Meeting", with Ms. Zhan Nina Xiao Xiao additionally being honoured as the "Best IR Officer." In September 2024, the Company successively received the "2024 JING CHAO AWARDS — Leading ESG Enterprise of the Year" and the "7th New Fortune Best IR of Hong Kong Listed Company (H-share)". Subsequently in November 2024, the Company was honoured with the "2024 PUBLIC COMPANY Best ESG Practice Award" by the "Hong Kong International ESG List Annual Selection", and the "Annual Corporate Governance Award" by Greater Bay Area Association of Listed Companies, demonstrating its steadfast commitment to sustainable development to ESG principles. In the same month, the Company received the "11th Hong Kong Stock 100 — Consumer Innovation Pioneer Award (消費創新先鋒企業獎)" and "Top 50 Small Enterprises (小型企業50強)", showcasing the fruitful results achieved by our investor relations team.

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

Voting by Poll

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

Dividend Policy

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

The Directors will take into consideration, among other things, the financial results, operations, liquidity and capital requirements of the Group, general business conditions and strategies, future business plans of the Group and legal restrictions when determining whether or not to recommend and declare dividends. The Board will also review and reassess the dividend policy and its effectiveness on a regular basis or as required.

Convening of extraordinary general meeting on requisition by Shareholders

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

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

Procedures for putting forward proposals at general meetings

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

Procedures for directing shareholders' enquiries to the Board

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

The Company Secretary
361 Degrees International Limited
Room 1609, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong
Email: 361@361sportshk.com
Tel No.: +852 2907 7088
Fax No.: +852 2907 7198

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

Constitutional Documents

By a special resolution passed at the annual general meeting of the Company held on 25 April 2024, the Articles were amended and a new set of Articles was adopted to (i) bring the Articles in line with amendments made to Listing Rules and applicable laws of the Cayman Islands under the expanded paperless listing regime of the Stock Exchange which took effect on 31 December 2023; and (ii) make certain minor housekeeping amendments for the purpose of clarifying existing practice and making consequential amendments in line with the aforesaid amendments. For details, please refer to the circular of the Company dated 28 March 2024 and the Second Amended and Restated Articles. Save as disclosed, there had been no change in the Company's constitutional documents. The Second Amended and Restated Articles are available on the websites of the Stock Exchange and the Company.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Ding Wuhao (丁伍號), aged 59, joined the Group in June 2003 and has been the President of the Company since August 2008. He is primarily responsible for the Group's overall strategies, planning and business development. He has over 20 years of experience in the PRC sportswear industry. He was a member of the Chinese People's Political Consultative Conference ("CPPCC") Fujian Province Jinjiang City Committee (中國人民政治協商會議福建省晉江市委員會) from 2006 to 2011. In October 2008, he received the award of the "2008 Most Socially Responsible Entrepreneur in China" (二零零八年度中國最具社會責任企業家) by the Annual Selection Organising Committee of China Human Resources Management (中國人力資源管理年度評選組委會). In May 2009, he received the "Contribution Award for China TV Sports Programmes" (中國體育電視貢獻獎) by CCTV Sports Channel (中央電視台體育頻道). In 2010, he was awarded "Top Ten Chinese Entrepreneur of Integrity of the Year (創業中國年度十大誠信人物獎)" by "Example for China (《榜樣中國》)" and "Outstanding Contribution Award for Asian Games (亞運突出貢獻獎)" by 16th Asian Games Organising Committee (第十六屆亞運會組委會). In 2011, he was awarded "The Most Caring Chinese Entrepreneur on Staff's Development (中國最關注員工發展企業家)" at the eighth session of China Human Resource Management Innovation Summit (第八屆中國人力資源管理創新高峰會) and "Top Ten Youth Business Leader in Asia (亞洲十大青年商業領袖)" by Forbes. In 2021, he was awarded the "Outstanding Contribution Award of Asian Games (亞洲體育傑出貢獻獎)" by Olympic Council of Asia (亞洲奧林匹克理事會). In 2023, he was honoured with the "Influential Person of the Year (年度影響力人物)" by Southern Weekly (南方週末). He completed a CEO in China's Enterprise/Finance programme at the Cheung Kong Graduate School of Business in August 2012. Mr. Ding is the brother-in-law of Mr. Ding Huihuang and Mr. Ding Huirong, both of whom are executive Directors. Mr. Ding is the sole director and sole shareholder of Dings International Company Limited, a substantial shareholder of the Company.

Mr. Ding Huihuang (丁輝煌), aged 59, joined the Group in June 2003. He was appointed as an executive Director in August 2008 and is the chairman of the Company. He is primarily responsible for overall strategies, operation planning and footwear production. He has over 20 years of experience in the PRC sportswear industry. He was awarded the "Top Ten Outstanding Youths in China Industrial Economy" (中國工業經濟十大傑出青年) by the Organising Committee of China Industry Forum (中國工業論壇組委會) in January 2008 and the "Top Ten Outstanding Youth Entrepreneurs of Quanzhou City" (泉州市十大傑出青年企業家) jointly issued by 18 governmental and commercial institutions in Quanzhou City, Fujian Province, the PRC, in February 2007. He has been a standing member of the third committee of Quanzhou City Shoe Commercial Association (泉州市鞋業商會) and a vice chairman of Fujian Province Shoe Industry Association (福建省鞋業行業協會) since January 2006 and January 2007 respectively. Mr. Ding is the elder brother of Mr. Ding Huirong and the brother-in-law of Mr. Ding Wuhao, both of whom are executive Directors. Mr. Ding is the sole director and sole shareholder of Ming Rong International Company Limited, a substantial shareholder of the Company.

Mr. Ding Huirong (丁輝榮), aged 53, joined the Group in June 2003 and was appointed as an executive Director in August 2008 and is a vice president of the Company. He is primarily responsible for financial management and infrastructure construction management of the Company, more specifically the construction of the new production facility and warehouse of the Group at the Wuli Industrial Park. He has over 20 years of experience in financial management. Mr. Ding is the younger brother of Mr. Ding Huihuang and the brother-in-law of Mr. Ding Wuhao, both executive Directors. Mr. Ding is the sole director and sole shareholder of Hui Rong International Company Limited, a substantial shareholder of the Company.

Mr. Wang Jiabi (王加碧), aged 67, joined the Group in June 2003 and was appointed as an executive Director in August 2008 and is a vice president of the Company. He is primarily responsible for human resources and external public relationship. Mr. Wang has over 20 years of experience in the PRC sportswear industry. He has completed an EMBA programme offered by Peking University (北京大學) in January 2010. Mr. Wang is the sole director and sole shareholder of Jia Wei International Co., Ltd., a substantial shareholder of the Company.

Independent non-executive Directors

Mr. Wu Ming Wai Louie (胡明偉), aged 64, joined the Group in August 2020 and is an independent non-executive Director. Mr. Wu has over 35 years of extensive experience in corporate finance, accounting, auditing, taxation, and financial management. He was awarded a professional diploma in Accountancy from The Hong Kong Polytechnic in 1986. He is the sole practitioner of Louie Wu & Co., a certified public accountants firm in Hong Kong since 1993. Mr. Wu is a fellow member of the Hong Kong Institute of Certified Public Accountants and fellow member of both the Taxation Institute of Hong Kong and the Society of Chinese Accountants and Auditors. Mr. Wu is also a Certified Tax Adviser in Hong Kong and the member of the Finance Committee of the Hong Kong Arts Centre, and the honorary auditors of both Anita Mui "True Heart" Charity Foundation and Hong Kong Federation of Drama Societies.

Mr. Hon Ping Cho Terence (韓炳祖), aged 65, joined the Group in May 2019 and is an independent non-executive Director. Mr. Hon has over 30 years of experience in corporate finance, accounting, auditing, corporate administration and business development. He was awarded a master's degree in Business Administration (Financial Services) from The Hong Kong Polytechnic University in November 2004. He is currently an independent non-executive director of Xiabuxiabu Catering Management (China) Holdings Co., Ltd. (Stock code: 00520), Daphne International Holdings Limited (Stock code: 00210) and SinoMab BioScience Limited (Stock code: 03681). He was an independent non-executive director of Jimu Group Limited (Stock code: 08187) from December 2017 to May 2021. Mr. Hon is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Chen Chuang (陳闖), aged 47, joined the Group in August 2019 and is an independent non-executive Director. Mr. Chen has over 15 years of experience in corporate strategy, large enterprises innovation, and internal innovation. He was awarded a bachelor's degree and a master's degree in Management from the Dalian University of Technology (大連理工大學). He also received his doctorate degree in Business Administration from Tsinghua University (清華大學). He is currently an independent non-executive director of Hengan International Group Company Limited (Stock code: 01044) and a professor of business management at the Master of Business Administration Education Centre of the School of Management of Xiamen University (廈門大學管理學院工商管理教育中心). Mr. Chen is a committee member of Case Research Division of Chinese Society for Management Modernisation (中國管理現代化研究會案例研究專業委員會).

Ms. Ferheen Mahomed, aged 59, joined the Group in October 2024 and is an independent non-executive Director. Ms. Mahomed obtained her bachelor's degree in laws and a postgraduate certificate in laws from the University of Hong Kong in November 1987 and June 1988, respectively. She obtained her bachelor of civil law degree from St. John's College of University of Oxford in the United Kingdom in July 1990. She was admitted as a solicitor by the Supreme Court of Hong Kong and Supreme Court of England and Wales in October 1992 and March 1995, respectively. She has been appointed as an independent non-executive director of Cirrus Aircraft Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2507), since 12 July 2024. Ms. Mahomed has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 5 September 2024. She has confirmed that she understood her obligations as a director of the Company.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Chen Yongling Mophy (陳永靈), aged 51, joined the Group in August 2005 and serves as the vice president of the board of directors of the Group. He is primarily responsible for the strategy planning and capital operation of the Group. Mr. Chen is widely recognised as the outstanding party member of the Revolutionary Committee of the Chinese Kuomintang, and is also the executive director of Entrepreneur Union of Revolutionary Committee of the Chinese Kuomintang in Fujian, the member of the 12th and 13th Sessions of Quanzhou Committee of Chinese People's Political Consultative Conference, and the standing director of Fujian Economic Association. Mr. Chen has extensive experience in corporate strategy, corporate financial management, capital operation and new retail chain operation management, with extensive working experience in areas of finance, real estate, agriculture and national FMCG (Fast Moving Consumer Goods) retail chain industry. Mr. Chen holds qualifications for economics and accountant of the PRC, and is qualified as the International Certified Senior Accountant and National Secretary (second class). He is known for being honoured as the talent for the China Strategic Talent Pool, Xiamen Government "550" Industrial Talent, Quanzhou and Jinjiang High-level Talent, Hong Kong Quality Talent and Jinjiang Outstanding Talent. With exceptional expertise in the fields of economy and finance, Mr. Chen has received several national awards, including "China's Chief Accountant of the Year Award" and "Chinese Economist Award".

Mr. Kong Siu Keung (鄺兆强), aged 56, joined the Group as the company secretary, chief financial officer and authorised representative of the Company in May 2024. He is responsible for the overall financial management and company secretarial functions of the Group. Mr. Kong has over 30 years of extensive experience in the accounting and various fields in the capital market. Mr. Kong holds a master's degree in business administration and is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

Ms. Zhan Nina Xiao Xiao (詹瀟瀟), aged 43, joined the Group in October 2015 and served as the vice-president of investor relations of the Group. She is primarily responsible for the Group's investor relations and capital market programme. Ms. Zhan has over 15 years of experience in corporate finance, investor relations, corporate governance and management from her previous positions in investment banking, communication advisory and Hong Kong listed company. She received her bachelor's degree from Peking University, majoring in international relations and double majoring in economics. She received her master's degree from the University of Pennsylvania in 2005, majoring in international political economy.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zheng Yexin (鄭業欣), aged 51, joined the Group in May 2018 serving as the general manager of brand management centre. He is primarily responsible for formulation and implementation of brand strategy and construction and management of brand system. Mr. Zheng received his bachelor's degree in arts from Shanxi University in 1997. He has over 20 years of experience in brand strategy, marketing promotion and innovation management, and has over 10 years of experience in serving various international 4A and local advertisement companies, where he provided marketing strategies and innovation services to numerous leading enterprises in the PRC and abroad. Prior to joining the Group, he worked in the brand management centre of an industry leader in 2015 and was responsible for multi-product category strategy and promotion.

Mr. Geng Huajie (耿華杰), aged 41, joined the Group in May 2016 and served as the general manager of the Kids business of the Group. He is primarily responsible for the daily operation of the Kids business of the Group and has over 15 years of experience in branding, sales, merchandising operation and business management. He graduated from Henan University of Economics and Law with a bachelor's degree in public service management in 2006. Prior to joining the Group, he had worked for children's sportswear industry leaders for many years.

Mr. Wang Xinning (王新寧), aged 43, joined the Group in December 2012 and served as the general manager of the Group's e-commerce management centre, and is primarily responsible for the works regarding online e-commerce business of the Group. Mr. Wang received his bachelor's degree in computer and information engineering in Germany in 2005. Prior to joining the Group, Mr. Wang worked for and served a number of international and domestic leading sports brand companies. He has extensive experience in the design, development and manufacturing of footwear and the e-commerce operation of sports brands.

Mr. Ouyang Zhiqin (歐陽志勤), age 48, joined the Group in March 2024 serving as the general manager of the overseas business center. He is primarily responsible for the channel development, brand building and operating management in overseas markets. Mr. Ouyang received his bachelor's degree in finance from Xiamen University in 1999 and master's degree in business administration from Brigham Young University in 2003. Mr. Ouyang has worked in the brand and retail industry for more than 10 years and has accumulated extensive and valuable practical experience in retail business model transformation, channel expansion and retail management.

Mr. Dong Hui (董輝), aged 45, joined the Group in April 2022 serving as the general manager of the information management centre, and is primarily responsible for the information management of the Group. Mr. Dong is a postgraduate student majoring in information management, and has nearly 20 years of experience in enterprise informatisation and digitisation. He specialises in the management and operation in terms of end-to-end value realisation of enterprise supply chain, digitalisation, industrial internet and intelligent manufacturing, and has been awarded the honorary title of National Outstanding CIO for many times. He also serves as an expert member of China Intelligent Manufacturing Committee of 100, a member of China Industrial Service Alliance Committee and an expert member of Guangdong Digital Transformation Committee.

Ms. Zhang Tie Ying Annabel (張鐵英), aged 40, joined the Group in August 2016 and served as the Director of Capital Operations. She is mainly responsible for the Group's capital operations. She obtained a Master's degree in Linguistics and Applied Linguistics from Beijing Language and Culture University (北京語言大學) in 2011, specialising in psychological and language testing, and a Master's degree in Corporate Governance from the Metropolitan University of Hong Kong in 2023. She holds a board secretary qualification issued by the Shanghai Stock Exchange, a "Chartered Secretary", "Corporate Governance Practitioner" qualification for corporate governance professionals issued by the Hong Kong Corporate Governance Association, and an ESG Governance Training Certificate.

INDEPENDENT AUDITOR'S REPORT

MOORE

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大華馬施雲
會計師事務所有限公司

to the Members of 361 Degrees International Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of 361 Degrees International Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 108 to 196, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements as at and for the year ended 31 December 2024. 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.

Revenue recognition: Distributor arrangements (Refer to Notes 1(r) and 3 to the consolidated financial statements)

The Key Audit Matter	How the matter was addressed in our audit
Revenue of the Group mainly comprises sales of footwear, apparel and accessories through its network of distributors. For the year ended 31 December 2024, such revenue of the Group amounted to approximately RMB7,802,047,000, representing approximately 77% to the total revenue of the Group. The Group sources, manufactures and sells its products based on purchase orders placed by the distributors during trade fairs held by the Group. The Group enters into framework distribution agreements with its distributors every year. According to the terms of the distribution agreements, revenue is recognised when the goods are collected by the carrier companies from the Group's premises, which is the point when the control of the goods is considered to have been transferred to its distributors. We have identified the recognition of revenue from sale of goods under the distribution arrangements as a key audit matter because revenue is one of the key performance indicators of the Group and because there is an inherent risk of manipulation of the timing of recognition of revenue by the management to meet specific targets or expectations.	Our audit procedures to address the recognition of revenue from distribution arrangements included the following: • assessing the design, implementation and operating effectiveness of management's key internal control and procedures for revenue recognition; • inspecting all distribution agreements signed in the current year to understand the terms of sales transactions including the terms of delivery and acceptance and any discount or return arrangements to assess the Group's revenue recognition criteria with reference to the requirements of the prevailing accounting standards; • for sales transactions during the reporting period, comparing, on a sample basis, details in the sales invoices to the related goods delivery notes, which were signed by the carrier companies, to assess if the related revenue, especially those recognised around the reporting period end had been recognised on the basis of the terms of sales as set out in the distribution agreements; • identifying significant sales returns, if any, during the reporting period and after the financial year end and inspecting relevant underlying documentation to assess whether sales returns had been accounted for in the appropriate financial period; • obtaining external confirmations of the outstanding trade receivable balances as at the end of reporting period directly from distributors, on a sample basis. Where the distributors did not return the requested confirmations, inspecting the sales invoices and related goods delivery notes signed by the carrier companies and the distributors indicating the distributors' acknowledgement of delivery of the goods sold during the reporting period; and • inspecting significant manual adjustments, if any, to revenue during the reporting period, enquiring of management the reasons for such adjustments and comparing the details of the adjustments to relevant underlying documentation and supporting documents.

Expected credit loss assessment of trade receivables (Refer to Notes 1(g), 2(ii), 16 and 25(a) to the consolidated financial statements)

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2024, the gross trade receivables of the Group amounted to approximately RMB4,645,777,000 and of its related allowance for expected credit loss amounted to approximately RMB295,939,000. The management of the Company performed periodic assessment on the recoverability of the trade receivables and the sufficiency of the allowance for expected credit loss. The management of the Company estimated the expected credit loss allowance based on provision matrix through grouping of various customers that have similar loss patterns, after considering the credit profile of respective customers, ageing analysis, historical settlement records, subsequent settlement status and on-going trading relationships with the relevant customers. The management of the Company also considered the forward- looking information that may impact the customers' ability to repay the outstanding balances as to estimate the expected credit loss allowance. We have identified the management's assessment of the recoverability of the trade receivables and estimation of expected credit loss allowance as a key audit matter because the amounts involved were significant and the assessment required significant management judgement and estimation uncertainty.	Our audit procedures to address the expected credit loss assessment of trade receivables included the following: • obtaining an understanding of the Group's key internal controls and assessment process of the estimation of expected credit loss allowance for trade receivables and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud; • evaluating and validating the key internal controls over the estimation of expected credit loss allowance for trade receivables; • obtaining and testing the ageing analysis of the trade receivables, on a sample basis, to the underlying financial records and post year-end settlements to bank receipts and discussing with the management of the Company about their evaluation of the background and financial capability of the debtors and their credit assessment that the amounts were recoverable; • inquiring the management of the Company for the status of each of the material trade receivables past due as at the year ended and corroborating explanation from the management with supporting evidence, such as understanding on-going business relationship with the customers based on the trade records, checking historical and subsequent settlement status of and other correspondence with the customers;

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

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

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

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

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

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

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

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Moore CPA Limited
Certified Public Accountants

Hung, Wan Fong Joanne
Practising Certificate Number: P05419

Hong Kong, 12 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	3	**10,073,510**	8,423,257
Cost of sales		**(5,890,218)**	(4,961,102)
Gross profit		**4,183,292**	3,462,155
Other revenue	4	**355,712**	384,976
Other net loss	4	**(10,145)**	(15,778)
Selling and distribution expenses		**(2,211,389)**	(1,862,988)
Administrative expenses		**(698,913)**	(630,028)
(Provision for)/reversal of expected credit losses ("ECL") on trade receivables	25(a)	**(42,317)**	45,212
Profit from operations		**1,576,240**	1,383,549
Finance costs	5(a)	**(13,457)**	(20,159)
Profit before income tax	5	**1,562,783**	1,363,390
Income tax expense	6	**(370,195)**	(323,255)
Profit for the year		**1,192,588**	1,040,135
Attributable to:			
Equity holders of the Company		**1,148,615**	961,427
Non-controlling interests		**43,973**	78,708
Profit for the year		**1,192,588**	1,040,135
Earnings per share	10		
Basic and diluted (RMB cents)		**55.6**	46.5

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	**2024 RMB'000**	2023 RMB'000
Profit for the year		**1,192,588**	1,040,135
Other comprehensive expense for the year			
Item that will not be reclassified to profit or loss:			
Equity investments designated at fair value through other comprehensive income ("FVOCI") — net movement in fair value reserve		**(1,089)**	(10,826)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements		**(5,175)**	4,538
Other comprehensive expense for the year, net of tax	9	**(6,264)**	(6,288)
Total comprehensive income for the year, net of income tax		**1,186,324**	1,033,847
Attributable to:			
Equity holders of the Company		**1,142,351**	955,139
Non-controlling interests		**43,973**	78,708
Total comprehensive income for the year		**1,186,324**	1,033,847

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	*11*	**960,917**	765,176
Right-of-use assets	*12*	**99,207**	101,730
		1,060,124	866,906
Other financial asset	*14*	**18,931**	20,212
Deposits and prepayments	*16*	**60,520**	397,108
Deferred tax assets	*22*	**215,904**	163,692
		1,355,479	1,447,918
Current assets			
Inventories	*15*	**2,109,067**	1,350,344
Trade receivables	*16*	**4,349,838**	3,784,524
Bills receivable	*16*	**38,724**	46,860
Deposits, prepayments and other receivables	*16*	**1,297,503**	1,226,700
Pledged bank deposits	*17*	**8,705**	12,415
Deposits with banks	*17*	**-**	1,600,000
Cash and cash equivalents	*17*	**4,254,236**	3,596,489
		12,058,073	11,617,332
Current liabilities			
Trade and other payables	*18*	**2,703,625**	2,577,281
Lease liabilities	*19*	**1,809**	1,524
Bank loans	*20*	**46,720**	47,991
Current taxation		**610,580**	461,246
		3,362,734	3,088,042
Net current assets		**8,695,339**	8,529,290

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Total assets less current liabilities		**10,050,818**	9,977,208
Non-current liabilities			
Lease liabilities	*19*	**1,479**	1,294
Bank loans	*20*	**214,500**	244,500
Deferred tax liabilities	*22*	**5,711**	8,244
		221,690	254,038
Net assets		**9,829,128**	9,723,170
Capital and reserves			
Share capital	*23(c)*	**182,305**	182,305
Reserves	*23(d)*	**9,192,937**	8,900,062
Total equity attributable to equity holders of the Company		**9,375,242**	9,082,367
Non-controlling interests	*28*	**453,886**	640,803
Total equity		**9,829,128**	9,723,170

The consolidated financial statements on pages 108 to 196 were approved and authorised for issue by the board of directors on and are signed on its behalf by:

Ding Wuhao
Director

Ding Huihuang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

		Attributable to equity holders of the Company										
		Share capital *(Note 23(c))*	Share Premium *(Note 23(d)(i))*	Other reserves *(Note 23(d)(ii))*	Statutory reserve *(Note 23(d)(iii))*	Exchange reserve *(Note 23(d)(iv))*	Fair value reserve (non-recycling) *(Note 23(d)(v))*	Share Option reserve *(Note 24(d)(vi))*	Retained profits	Total	Non-controlling interests	Total equity
	Notes	RMB'000	RMB'00	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023		182,298	-	86,772	1,007,181	(22,083)	22,258	87,988	6,579,116	7,943,530	1,474,149	9,417,679
Profit for the year		-	-	-	-	-	-	-	961,427	961,427	78,708	1,040,135
Other comprehensive income/(expense)		-	-	-	-	4,538	(10,826)	-	-	(6,288)	-	(6,288)
Total comprehensive income for the year		-	-	-	-	4,538	(10,826)	-	961,427	955,139	78,708	1,033,847
Appropriation to statutory reserve		-	-	-	85,043	-	-	-	(85,043)	-	-	-
Dividends declared and paid during the year	*23(b)*	-	-	-	-	-	-	-	(121,806)	(121,806)	-	(121,806)
Dividends to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	-	(56,949)	(56,949)
Transactions with non-controlling interests of subsidiaries	*13(v), 23(d)(ii)*	-	-	305,215	-	-	-	-	-	305,215	(855,105)	(549,890)
Exercise of share options	*30*	7	341	-	-	-	-	(59)	-	289	-	289
Lapse of share options	*30*	-	-	-	-	-	-	(87,929)	87,929	-	-	-
Balance at 31 December 2023 and 1 January 2024		182,305	341	391,987	1,092,224	(17,545)	11,432	-	7,421,623	9,082,367	640,803	9,723,170
Profit for the year		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,148,615**	**1,148,615**	**43,973**	**1,192,588**
Other comprehensive expense		**-**	**-**	**-**	**-**	**(5,175)**	**(1,089)**	**-**	**-**	**(6,264)**	**-**	**(6,264)**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**(5,175)**	**(1,089)**	**-**	**1,148,615**	**1,142,351**	**43,973**	**1,186,324**
Appropriation to statutory reserve		**-**	**-**	**-**	**120,585**	**-**	**-**	**-**	**(120,585)**	**-**	**-**	**-**
Dividends declared and paid during the year	*23(b)*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(580,366)**	**(580,366)**	**-**	**(580,366)**
Transactions with non-controlling interests of subsidiaries	*13(v), 23(d)(ii)*	**-**	**-**	**(269,110)**	**-**	**-**	**-**	**-**	**-**	**(269,110)**	**(230,890)**	**(500,000)**
Balance at 31 December 2024		**182,305**	**341**	**122,877**	**1,212,809**	**(22,720)**	**10,343**	**-**	**7,869,287**	**9,375,242**	**453,886**	**9,829,128**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Operating activities			
Profit before income tax		**1,562,783**	1,363,390
Adjustments for:			
Depreciation of property, plant and equipment	*5(c)*	**72,367**	69,456
Depreciation of right-of-use assets	*5(c)*	**4,610**	5,899
Effect of foreign exchange rates changes		**4,723**	12,098
Finance costs	*5(a)*	**13,457**	20,159
Provision for/(reversal of) ECL allowance of trade receivables	*5(c)*	**42,317**	(45,212)
Interest income	*4*	**(54,375)**	(83,571)
Net loss on disposals of property, plant and equipment	*4*	**5,422**	1,531
Provision for impairment of inventories	*5(c)*	**2,139**	5,893
Changes in working capital:			
Inventories		**(759,862)**	(172,679)
Trade receivables		**(606,568)**	(784,352)
Bills receivable		**8,136**	22,750
Deposits, prepayments and other receivables		**(66,015)**	5,112
Trade and other payables		**116,087**	250,376
Cash generated from operations		**345,221**	670,850
The People's Republic of China income tax paid		**(275,414)**	(263,042)
Net cash generated from operating activities		**69,807**	407,808
Investing activities			
Payment for the purchase of property, plant and equipment		**(268,664)**	(63,978)
Proceeds from disposals of property, plant and equipment		**2,868**	1,529
Decrease in pledged bank deposits		**3,710**	11,723
Placements of fixed deposits held at banks with maturity over three months		**-**	(1,600,000)
Uplift of fixed deposits held at banks with maturity over three months		**1,600,000**	2,000,000
Increase in amount due from non-controlling interests		**(16,379)**	–
Interest received		**44,706**	67,496
Net cash generated from investing activities		**1,366,241**	416,770

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Financing activities			
Cash received from exercising of share option	17	-	289
Principal element of lease rentals paid	17	(1,644)	(3,334)
Interest element of lease rentals paid	17	(94)	(321)
Proceeds from bank loans	17	189,960	400,000
Repayment of bank loans	17	(221,405)	(399,871)
Increase in amounts due to non-controlling interests	17	-	22,336
Interest paid	17	(13,363)	(19,838)
Payment for equity transaction with non-controlling interests	13(v)	-	(549,890)
Consideration paid for acquisition of non-controlling interests	13	(150,000)	(350,000)
Dividends paid to shareholders	23(b)	(580,366)	(121,806)
Dividends paid to non-controlling interests		-	(56,949)
Net cash used in financing activities		(776,912)	(1,079,384)
Net increase/(decrease) in cash and cash equivalents		659,136	(254,806)
Cash and cash equivalents at 1 January		3,596,489	3,860,442
Effect of foreign exchange rate changes		(1,389)	(9,147)
Cash and cash equivalents at 31 December	17	4,254,236	3,596,489

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance

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

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

(b) Basis of preparation

The Company and other investment holding subsidiaries incorporated in the Cayman Islands, the British Virgin Islands (the "BVI") and Hong Kong have their functional currency in Hong Kong dollars ("HK$") and subsidiaries established in the People's Republic of China (the "PRC") have their functional currency in Renminbi ("RMB"). As the Group mainly operates in the PRC, RMB is used as the presentation currency of the Group's consolidated financial statements. All financial information presented is rounded to the nearest thousand except otherwise stated. The measurement basis used in the preparation of the consolidated financial statements is the historical costs basis except for equity investments designated as at fair value through other comprehensive income ("FVOCI") as explained in Notes 1(e), 14 and 25(g)(i).

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

1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(c) Change in accounting policies

The significant account policies and methods of computation used by the Group in the preparation of the consolidated financial statements for the year ended 31 December 2024 are consistent with those adopted in the consolidated financial statements for the year ended 31 December 2023, except for the adoption of the amendments to HKFRSs as explained in below.

Amendments to HKAS 1	Classification of liabilities as current or non-current and related amendments to Hong Kong Interpretation 5 (2020)
	Non-current liabilities with covenants
Amendments to HKFRS16	Lease — Lease liability in a sale and leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements

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

1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(d) Basis of consolidation

The consolidated financial statements for the year ended 31 December 2024 comprise 361 Degrees International Limited (the "Company") and its subsidiaries (together referred to as the "Group").

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

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

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

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

1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(e) Other investments in equity securities

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

Investments in equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 25(g)(i).

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

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

1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(f) Property, plant and equipment

Property, plant and equipment (excluding construction in progress) are stated at cost less accumulated depreciation and impairment losses (see Note 1(g)(ii)).

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

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

1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(f) Property, plant and equipment (Continued)

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

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

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

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

(g) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost (including cash and cash equivalents, pledged bank deposits, fixed deposits held at banks with original maturity over three months, and trade, bills and other receivables);

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

1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(g) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Measurement of ECLs

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

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

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

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

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

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

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

1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(g) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Significant increases in credit risk

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

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

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

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

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

Basis of calculation of interest income

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

1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(g) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Credit-impaired financial assets

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

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

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or past due event;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

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

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

1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(h) Inventories

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

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

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

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

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

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

(i) Contract liabilities

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

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

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

1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(j) Trade and other receivables

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

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

(k) Cash and cash equivalents

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

(l) Trade and other payables

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

(m) Bank loans and interest-bearing borrowings

Bank loans and interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, bank loans and interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 1(t)).

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

1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(n) Provisions and contingent liabilities

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

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

(o) Leases when the Group is a lessee

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

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

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

Short-term leases and leases of low-value assets

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

1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(o) Leases when the Group is a lessee (Continued)

Right-of-use assets

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

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 1(g)(ii)) and adjusted for any remeasurement of the lease liabilities (other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient).

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

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

Refundable rental deposits

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(o) Leases when the Group is a lessee (Continued)

Lease liabilities

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

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

— fixed payments (including in-substance fixed payments), less any lease incentives receivable;

— variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable by the Group under residual value guarantees;

— the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

— payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

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

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(o) Leases when the Group is a lessee (Continued)

Lease modifications

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

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

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

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

(p) Income tax

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

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

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

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

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

1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(p) Income tax (Continued)

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(p) Income tax (Continued)

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

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

(q) Expenditures on research and development cost and advertising

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

(r) Revenue and other income

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

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

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

1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(r) Revenue and other income (Continued)

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

(i) Sale of goods-distributor

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

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

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

(ii) Sale of goods- e-commerce

For e-commerce business, the control of the sporting goods is transferred when the sporting goods are delivered to and accepted by the customers. Consideration is usually settled by credit cards, debit cards or through on-line payment platforms.

(iii) Interest income

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

(iv) Commission income

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

(v) Dividends

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

1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(s) Translation of foreign currencies

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

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

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

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

(t) Borrowing costs

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

(u) Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans

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

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

Employee long service payment

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

1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(v) Share-based payments

The employee services received in exchange for the grant of any share options are measured at their fair value. These are indirectly determined by reference to the share options granted. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

For the services received from the parties other than employees, there shall be a rebuttable presumption that the fair value of the services received can be estimated reliably. The fair value shall be measured at the date the counterparties render service. In rare cases, if the entity rebuts this presumption because it cannot estimate reliably the fair value of the goods or services received, the entity shall measure the goods or services received, and the corresponding increase in equity, indirectly, by reference to the fair value of the share option granted, measured at the date the entity obtains the goods or the counterparty renders service.

All services received in exchange for the grant of share options is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in "Share-based payment reserve" within equity. If service or non-market performance conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market performance and service conditions are included in assumptions about the number of share options that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payment reserve.

Where a grant of share options is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the grant is recognised immediately. This includes any grant where non-vesting conditions within the control of either the Group or the employee are not met.

At the time when the share options are exercised, the amount previously recognised in share-based payment reserve and the proceeds received net of any directly attributable transaction costs up to the nominal value of the share issued are reallocated to share capital with any excess being recorded as share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(w) Related parties

(a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities 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).

(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 Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

1. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(x) Government grants

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

(y) Segment reporting

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

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

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

2. ACCOUNTING JUDGEMENT AND ESTIMATES

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

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

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

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

Estimation uncertainty

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

(i) Useful lives of property, plant and equipment

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

(ii) Impairment losses on financial assets

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

2. ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

(iii) Net realisable value of inventories

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

(iv) Income tax

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

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

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. REVENUE AND SEGMENT REPORTING (Continued)

(a) Revenue (Continued)

Disaggregation of revenue

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

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by product category:		
— Footwear	5,385,763	4,445,143
— Apparel	4,304,472	3,675,829
— Accessories	191,704	170,771
— Others	191,571	131,514
	10,073,510	8,423,257
Disaggregated by sales channel:		
— Distribution network	7,802,047	6,421,228
— E-commerce	1,747,557	1,587,164
— Others	523,906	414,865
	10,073,510	8,423,257

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

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

During the year ended 31 December 2024, the Group's customer base is diversified and had no customer with whom transactions have exceeded 10% (2023: Nil) of the Group's revenue. Details of concentrations of credit risk arising from these customers are set out in Note 25(a).

3. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting

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

— Adults: this segment derives revenue from manufacturing and trading of adults sporting goods.

— Kids: this segment derives revenue from trading of kids sporting goods.

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

(i) Segment results

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

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

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

	Adults		Kids		Total	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Disaggregated by timing of revenue recognition						
Point in time	**7,734,247**	6,465,748	**2,339,263**	1,957,509	**10,073,510**	8,423,257
Revenue from external customers	**7,734,247**	6,465,748	**2,339,263**	1,957,509	**10,073,510**	8,423,257
Inter-segment revenue	**30,143**	51,494	**-**	–	**30,143**	51,494
Reportable segment revenue	**7,764,390**	6,517,242	**2,339,263**	1,957,509	**10,103,653**	8,474,751
Cost of sales	**(4,550,283)**	(3,867,617)	**(1,366,461)**	(1,138,798)	**(5,916,744)**	(5,006,415)
Reportable segment profit (gross profit)	**3,214,107**	2,649,625	**972,802**	818,711	**4,186,909**	3,468,336

3. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

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

	2024 RMB'000	2023 RMB'000
Revenue		
Reportable segment revenue	**10,103,653**	8,474,751
Elimination of inter-segment revenue	**(30,143)**	(51,494)
Consolidated revenue *(Note 3(a))*	**10,073,510**	8,423,257
Profit before income tax		
Reportable segment profit	**4,186,909**	3,468,336
Elimination of inter-segment profits	**(3,617)**	(6,181)
Reportable segment profit derived from the Group's external customers	**4,183,292**	3,462,155
Other revenue	**355,712**	384,976
Other net loss	**(10,145)**	(15,778)
Selling and distribution expenses	**(2,211,389)**	(1,862,988)
Administrative expenses	**(698,913)**	(630,028)
(Provision for)/reversal of ECL on trade receivables	**(42,317)**	45,212
Finance costs	**(13,457)**	(20,159)
Profit before income tax	**1,562,783**	1,363,390

4. OTHER REVENUE AND OTHER NET LOSS

	2024 RMB'000	2023 RMB'000
Other revenue		
Interest income on financial assets measured at amortised cost	**54,375**	83,571
Government subsidies *(Note (a))*	**217,048**	206,199
Commission income *(Note (b))*	**52,704**	59,726
Others	**31,585**	35,480
	355,712	384,976
Other net loss		
Net loss on disposals of property, plant and equipment	**(5,422)**	(1,531)
Net foreign exchange loss	**(4,723)**	(14,247)
	(10,145)	(15,778)

Notes:

(a) Government subsidies were received from several local government authorities for the Group's contribution to local economies, of which the entitlement was unconditional and under the discretion of the relevant authorities.

(b) Commission income represented the service income by providing e-commerce platforms for the Group's distributors, which is calculated at certain percentage of the online sales amount.

5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2024 RMB'000	2023 RMB'000
(a) Finance costs		
Interest on lease liabilities *(Note 19)*	**94**	321
Interest on bank loans	**13,363**	19,838
Total interest expense on financial liabilities not carried at fair value through profit or loss	**13,457**	20,159
(b) Staff costs (including directors' emoluments *(Note 7)***)** @		
Contributions to defined contribution retirement plans	**53,317**	44,562
Salaries, wages and other benefits	**807,870**	734,376
	861,187	778,938
(c) Other items		
Auditor's remuneration		
— audit services	**2,881**	2,828
— non-audit services	**277**	272
Depreciation of property, plant and equipment *(Note 11)* ***	**72,367**	69,456
Depreciation of right-of-use assets *(Note 12)* **	**4,610**	5,899
Provision for impairment of inventories *(Note15(b))*, included in cost of inventories	**2,139**	5,893
Expense relating to short-term leases *(Note 12)*	**9,568**	8,944
Advertising and promotional expenses	**1,292,502**	1,071,968
E-commerce platform service expenses	**238,204**	212,669
Packaging fee and storage fee, included in selling and distribution expense	**303,563**	228,406
Logistics fee, included in selling and distribution expense	**110,093**	68,349
Research and development costs *	**341,519**	313,358
Cost of inventories	**5,200,183**	4,274,925

5. PROFIT BEFORE INCOME TAX (Continued)

Notes:

* Research and development costs include the materials cost of approximately RMB165,878,000 (2023: RMB147,632,000) and staff costs of employees in the research and development department as disclosed in Note 5(b). Research and development costs included in administrative expenses in the consolidated statement of profit or loss.

** Depreciation of right-of-use assets of approximately RMB671,000 (2023: RMB671,000) and RMB3,939,000 (2023: RMB5,228,000) are charged to selling and distribution expense, administrative expenses, respectively for the year ended 31 December 2024.

*** Depreciation of property, plant and equipment of approximately RMB16,431,000 (2023: RMB9,955,000), RMB4,622,000(2023: RMB4,334,000), RMB6,414,000(2023: RMB6,299,000) and RMB44,900,000 (2023: RMB48,662,000) are charged to cost of sales, selling and distribution expense, research and development and administrative expenses, respectively for the year ended 31 December 2024.

@ Staff costs of approximately RMB405,151,000 (2023: RMB367,504,000), RMB159,475,000 (2023: RMB146,995,000), RMB136,457,000 (2023: RMB124,463,000) and RMB160,104,000 (2023: RMB139,976,000) are charged to cost of sales, selling and distribution expense, research and development and administrative expenses, respectively for the year ended 31 December 2024.

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

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

	2024 RMB'000	2023 RMB'000
Current tax – PRC		
Enterprise Income Tax	**415,748**	327,069
Withholding tax	**9,000**	13,000
	424,748	340,069
Deferred tax		
Origination and reversal of temporary differences *(Note 22)*	**(54,553)**	(16,814)
	(54,553)	(16,814)
	370,195	323,255

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI (2023: Nil).

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

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

No provision for Hong Kong profits tax has been made as the Group has tax losses brought forward which are available for off-set against the estimated assessable profits for the year (2023: Nil).

No provision has been made for Profits Tax in Brazil, USA and the Netherlands as the Group did not have any assessable profits subject to Profits Tax in Brazil, USA and the Netherlands during the year (2023: Nil).

All PRC subsidiaries are subject to income tax at 25% (2023: 25%) for the year under the Enterprise Income Tax law ("EIT law"), except for one of the subsidiaries of the Company operating in the PRC which was approved to be high and new technology enterprises ("HNTE"). HNTE is entitled to enjoy a reduced enterprise income tax rate of 15% and additional 75% tax reduction based on the eligible research and development expenses with a validity period of three years from 29 November 2023 to 29 November 2024 and the validity period has been extended from 29 November 2024 to 29 November 2027.

Pursuant to the EIT law, 10% withholding tax is levied on the foreign investor, (foreign investors which are registered in Hong Kong and meet certain requirements specified in the relevant tax regulations in the PRC may be entitled to a preferential 5% rate), in respect of dividend distributions arising from profit earned by a foreign investment enterprise in the PRC after 1 January 2008.

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

	2024 **RMB'000**	2023 RMB'000
Profit before income tax	**1,562,783**	1,363,390
Notional tax on profit before income tax, calculated at the rates applicable to profits in the jurisdictions concerned	**350,673**	307,846
Tax effect of non-deductible expenses	**4,827**	3,727
Tax effect of non-taxable income	**(360)**	–
Utilisation of unused tax losses not recognised	**–**	(1,318)
Tax effect of unrecognised tax loss	**6,055**	–
Withholding tax on dividends	**9,000**	13,000
Income tax expense	**370,195**	323,255

7. DIRECTORS' EMOLUMENTS

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

	Directors' fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2024				
Executive directors				
Ding Wuhao	**-**	**1,362**	**17**	**1,379**
Ding Huihuang	**-**	**1,137**	**17**	**1,154**
Ding Huirong	**-**	**1,102**	**17**	**1,119**
Wang Jiabi	**-**	**588**	**-**	**588**
Independent non-executive directors				
Hon Ping Cho Terence	**388**	**-**	**-**	**388**
Chen Chuang	**388**	**-**	**-**	**388**
Wu Ming Wai Louie	**517**	**-**	**-**	**517**
Ferheen Mahomed *(Note)*	**97**	**-**	**-**	**97**
	1,390	**4,189**	**51**	**5,630**
For the year ended 31 December 2023				
Executive directors				
Ding Wuhao	–	1,388	16	1,404
Ding Huihuang	–	1,182	16	1,198
Ding Huirong	–	1,124	16	1,140
Wang Jiabi	–	588	–	588
Independent non-executive directors				
Hon Ping Cho Terence	381	–	–	381
Chen Chuang	381	–	–	381
Wu Ming Wai Louie	508	–	–	508
	1,270	4,282	48	5,600

Note: Ms. Ferheen Mahomed was appointed as independent non-executive director with effect from 15 October 2024.

7. DIRECTORS' EMOLUMENTS (Continued)

Fees, salaries, allowances and benefits in kind paid to or for the executive directors of the Company are generally emoluments paid or receivable in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries. The independent non-executive directors' emoluments shown above were for their services as directors of the Company. No discretionary bonus was granted to the directors (2023: Nil) for the year ended 31 December 2024.

No emolument was paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2023: Nil). No arrangement under which directors of the Company waived or agreed to waive any emoluments during the year (2023: Nil).

8. INDIVIDUALS WITH HIGHEST EMOLUMENTS

No directors of the Company are the five individuals with the highest emoluments (2023: Nil). The emoluments payable to the five (2023: five) individuals during the year are as follows:

	2024 **RMB'000**	2023 RMB'000
Salaries and other emoluments	**7,878**	9,032
Bonus	**1,506**	1,629
Retirement scheme contributions	**64**	63
	9,448	10,724

The emoluments of the five (2023: five) individuals with the highest emoluments are within the following bands:

	2024 **Number of individuals**	2023 Number of individuals
HK$1,500,001 to HK$2,000,000	**4**	2
HK$2,500,001 to HK$3,000,000	**1**	3

No emolument was paid or payable by the Group to the five (2023: nil) highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year.

9. OTHER COMPREHENSIVE INCOME

Tax effects relating to each component of other comprehensive income:

	2024			2023		
	Before-tax amount RMB'000	Tax credit RMB'000 (Note 22)	Net-of-tax amount RMB'000	Before-tax amount RMB'000	Tax credit RMB'000 (Note 22)	Net-of-tax amount RMB'000
Equity investments designated at FVOCI (non-recycling) — net movement in fair value reserve	(1,281)	192	(1,089)	(12,736)	1,910	(10,826)
Exchange differences on translation of financial statements	(5,175)	-	(5,175)	4,538	–	4,538
Other comprehensive income	(6,456)	192	(6,264)	(8,198)	1,910	(6,288)

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of approximately RMB1,148,615,000 (2023: RMB961,427,000) and the weighted average of 2,067,682,000 (2023: 2,067,675,000) ordinary shares in issue during the year.

(b) Diluted earnings per share

For the year ended 31 December 2024, diluted earnings per share is the same as basic earnings per share as the Company did not have dilutive potential shares outstanding during the year (2023: Same).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

	Buildings situated on leasehold land classified as right-of-use assets RMB'000	Plant and machinery RMB'000	Office equipment and other fixed assets RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2023	1,215,493	232,190	233,925	37,036	29,800	1,748,444
Exchange realignment	1,455	–	32	–	–	1,487
Additions	180	57,206	–	91	6,879	64,356
Transfer	–	–	29,800	–	(29,800)	–
Disposals	–	(23,715)	(969)	(80)	–	(24,764)
At 31 December 2023	1,217,128	265,681	262,788	37,047	6,879	1,789,523
Accumulated depreciation and amortisation:						
At 1 January 2023	581,030	164,043	200,096	30,690	–	975,859
Exchange realignment	50	–	314	–	–	364
Charge for the year *(Note 5(c))*	56,983	11,120	859	494	–	69,456
Written back on disposals	–	(21,196)	(64)	(72)	–	(21,332)
At 31 December 2023	638,063	153,967	201,205	31,112	–	1,024,347
Net book value:						
At 31 December 2023	579,065	111,714	61,583	5,935	6,879	765,176

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

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

As at 31 December 2024, a building located in Hong Kong with net book value of approximately RMB41,370,000 (2023: RMB40,182,000) was pledged as security for the Group's banking facility for bank borrowings (Note 20(a)).

12. RIGHT-OF-USE ASSETS

	Buildings RMB'000	Interests in leasehold land held for own use RMB'000	Total RMB'000
Cost:			
At 1 January 2023	930	113,327	114,257
Exchange realignment	26	–	26
Additions	5,564	–	5,564
At 31 December 2023 and 1 January 2024	6,520	113,327	119,847
Exchange realignment	**13**	**-**	**13**
Additions	**2,116**	**-**	**2,116**
At 31 December 2024	**8,649**	**113,327**	**121,976**
Accumulated depreciation:			
At 1 January 2023	404	11,803	12,207
Exchange realignment	11	–	11
Charge for the year *(Note 5(c))*	3,076	2,823	5,899
At 31 December 2023 and 1 January 2024	3,491	14,626	18,117
Exchange realignment	**42**	**-**	**42**
Charge for the year *(Note 5(c))*	**1,787**	**2,823**	**4,610**
At 31 December 2024	**5,320**	**17,449**	**22,769**
Net book value:			
At 31 December 2024	**3,329**	**95,878**	**99,207**
At 31 December 2023	3,029	98,701	101,730

12. RIGHT-OF-USE ASSETS (Continued)

The analysis of expense items in relation to leases recognised in the consolidated profit or loss is as follows:

	2024 RMB'000	2023 RMB'000
Depreciation expense of right-of-use assets (as above) *(Note 5(c))*	**4,610**	5,899
Interest on lease liabilities *(Note 19)*	**94**	321
Expense relating to short-term leases *(Note 5(c))*	**9,568**	8,944
Total amount recognised in the consolidated profit or loss	**14,272**	15,164

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 19 and 25(b), respectively.

Ownership interests in leasehold land held for own use

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

Other properties leased for own use

The Group has obtained the right to use other properties as its office through tenancy agreements. The leases typically run for an initial period of one to three years (2023: one to three years). Lease payments are usually increased every year to reflect market rentals. None of the leases include contingent rental.

13. INVESTMENTS IN SUBSIDIARIES

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

Name of subsidiaries	Place of establishment/ incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Sanliuyidu Holdings Company Limited	BVI	100 shares of United States dollar ("US$") 1 each	100% (2023: 100%)	100% (2023: 100%)	–	Investment holding
361 Enterprise Company Limited	Hong Kong	1 share	100% (2023: 100%)	–	100% (2023: 100%)	Investment holding
361 Investment Company Limited	Hong Kong	1 share	100% (2023: 100%)	–	100% (2023: 100%)	Investment holding
361 Degrees (Hong Kong) Investment Limited	Hong Kong	1 share	87% (2023: 87%)	–	100% (2023: 100%)	Investment holding
Sanliuyidu (Fujian) Sports Goods Co., Ltd. 三六一度(福建)體育用品有限公司 *(Notes (i) and (iv))*	PRC	HK$280,000,000	100% (2023: 100%)	–	100% (2023: 100%)	Manufacture and trading of sporting goods
Sanliuyidu (China) Co., Ltd. ("Sanliuyidu (China)") 三六一度(中國)有限公司 *(Notes (i) and (iv))*	PRC	HK$1,068,359,692	100% (2023: 100%)	–	100% (2023: 100%)	Manufacture and trading of sporting goods
Sanliuyidu Xiamen Industry & Trade Co., Limited 三六一度(廈門)工貿有限公司 *(Notes (ii) and (iv))*	PRC	RMB100,000,000	100% (2023: 100%)	–	100% (2023: 100%)	Trading of sporting goods
Sanliuyidu (Fujian) Shoes and Plastics Technology Co., Ltd. ("361 Shoes and Plastics") 三六一度(福建)鞋塑科技有限公司 *(Notes (iii) and (iv))*	PRC	HK$120,000,000	51% (2023: 51%)	–	51% (2023: 51%)	Manufacture and trading of shoes soles

13. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiaries	Place of establishment/ incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activity
361 Degrees Children's Clothing Co., Ltd. . ("361 Children") 三六一度童裝有限公司 *(Notes (i) and (iv))*	PRC	HK$80,000,000	87% (2023: 87%)	–	100% (2023: 100%)	Trading of children sporting goods
Yue Lei International Limited 宇癲國際有限公司	Hong Kong	100,000 shares	100% (2023: 100%)	–	100% (2023: 100%)	Trading of sporting goods
361 Degrees Kids Wear Holdings Limited	BVI	1 share of US$1	100% (2023: 100%)	–	100% (2023: 100%)	Investment holding
361 Degrees Kids Wear Limited	Cayman Islands	1,000,000 shares of HK$0.01 each	87% (2023: 87%)	–	87% (2023: 87%)	Investment holding
Quanzhou 361 Degrees Investment Company Limited ("Quanzhou 361") 泉州三六一度投資有限公司	PRC	RMB250,000,000 (2023: RMB99,000,000)	10% (2023: 20%)	–	10% (2023: 20%)	Investment holding
Wangwei (Xiamen) Industry & Trade Co., Limited 望唯(廈門)工貿有限公司 *(Notes (ii) and (iv))*	PRC	RMB5,000,000	70% (2023: 70%)	–	100% (2023: 100%)	Trading of sporting goods
361 USA, Inc	United States	US$19	100% (2023: 100%)	–	100% (2023: 100%)	Trading of sporting goods
Yue Lei do Brasil Comércio, Importação e Exportação de Artigos Esportivos Ltda	Brazil	62,310,627 shares of Brazilian Real 1 each	100% (2023: 100%)	–	100% (2023: 100%)	Trading of sporting goods
Quanzhou Jinjiang Jiangtou Minhai Gas Station Ltd. 泉州晉江江頭閩海加油站有限公司 *(Notes (ii) and (iv))*	PRC	RMB25,100,000	51% (2023: 51%)	–	51% (2023: 51%)	Operating of gas station

13. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiaries	Place of establishment/ incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Duoyidu (Quanzhou) E-commerce Co., Ltd. ("Duoyidu") 多一度(泉州)電子商務有限公司 *(Notes (ii), and (iv))*	PRC	RMB54,676,829	98.91% (2023: 98.91%) *(Note (v))*	-	98.91% (2023: 98.91%)	Distribution and sales of the Group's *361°* products via the e-commerce platform
*361°*Europe Holding B.V.	Netherlands	Euro 100	100% (2023: 100%)	-	100% (2023: 100%)	Investment holding
*361°*Europe B.V.	Netherlands	Euro 100	100% (2023: 100%)	-	100% (2023: 100%)	Trading of sporting goods
Sanliuyidu (Xiamen) Investment Management Consulting Co., Ltd. 三六一度(廈門)投資管理諮詢有限公司 *(Notes (ii) and (iv))*	PRC	RMB1,000,000	100% (2023: 100%)	-	100% (2023: 100%)	Investment holding
Quanzhou Shenghong Trading Co., Ltd. 泉州市晟鴻商貿有限公司 *(Notes (ii) and (iv))*	PRC	RMB1,000,000	100% (2023: 100%)	-	100% (2023: 100%)	Trading of sporting goods
Zhuji 361 Degrees Children's Wear Co. Limited ("Zhuji 361 Degrees") 諸暨市三六一度童裝有限公司 *(Notes (ii) ,(iv) and (v))*	PRC	HK$134,737,000	89% (2023: 74%) *(Note (v))*	-	85% (2023: 85%)	Trading of children sporting goods
Quanzhou Xingtong Trading Co., Ltd ("Quanzhou Xingtong") 泉州興桐商貿有限公司 *(Notes (ii), (iv) and (v))*	PRC	RMB1,000,000	98.91% (2023: 98.91%)	-	100% (2023: 100%)	Trading of sporting goods

13. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiaries	Place of establishment/ incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Jinjiang Sanliuyi Equity Investment Partnership (Limited Partnership) (Formerly known as "Jinjiang Jinfa No.1 Equity Investment Partnership (Limited Partnership)) 晉江市三六一度股權投資合夥企業(有限合夥)(曾用名"晉江市晉發一號股權投資合夥企業(有限合夥)") ("Partnership") *(Notes (ii), (iv) and (v))*	PRC	RMB1,100,000,000	100% (2023: 100%)	–	100% (2023: 100%)	Investment holding
Quanzhou Shuodong Trading Co., Ltd 泉州爍動商貿有限公司 *(Notes (ii) and (iv))*	PRC	RMB5,000,000	100% (2023: 100%)	–	100% (2023: 100%)	Trading of sporting goods
Quanzhou Yiqi aidong Trading Co., Ltd 泉州逸啟愛動商貿有限公司 *(Notes (ii) and (iv))*	PRC	RMB5,000,000	100% (2023: 100%)	–	100% (2023: 100%)	Trading of sporting goods
361 (Hainan) Health Technology Co., Ltd 三六一度(海南)健康科技有限公司 *(Notes (ii) and (iv))*	PRC	RMB20,000,000	100% (2023: 100%)	–	100% (2023: 100%)	Science and technology promotion and application service
361 (Hainan) Supply Chain Technology Co., Ltd 三六一度(海南)供應鏈科技有限公司 *(Notes (ii) and (iv))*	PRC	HK$20,000,000	100% (2023: 100%)	–	100% (2023: 100%)	Trading of sporting goods
Sanliudu (Xiamen) Sports Technology Co., Ltd 三六一度(廈門)體育科技有限公司 *(Notes (ii) and (iv))*	PRC	RMB50,000,000	100% (2023: 100%)	–	100% (2023: 100%)	Research and development of sporting goods
Sanliudu (Sichuan) Shoes Co., Ltd 三六一度(四川)鞋業有限公司 *(Notes (ii) and (iv))*	PRC	RMB50,000,000	100% (2023: 100%)	–	100% (2023: 100%)	Manufacture and trading of sporting goods

13. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiaries	Place of establishment/ incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activity
361 Sports Development Limited	Hong Kong	1 share	100% (2023: 100%)	–	100% (2023: 100%)	Investment holding
361 Digital Development Limited	Hong Kong	1 share	100% (2023: 100%)	–	100% (2023: 100%)	Investment holding
361 Degrees Kids Wear Development Limited	Hong Kong	1 share	100% (2023: 100%)	–	100% (2023: 100%)	Investment holding
Duoyidu Love (Quanzhou) Children's Clothing Co., Ltd 多一度熱愛(泉州)童裝有限公司 *(Notes (ii) and (iv))*	PRC	RMB5,000,000	100% (2023: 100%)	–	100% (2023: 100%)	Manufacture and trading of sporting goods
Duoyidu Love (Quanzhou) Technology Co., Ltd 多一度熱愛(泉州)科技有限公司 *(Notes (ii) and (iv))*	PRC	RMB5,000,000	100% (2023: 100%)	–	100% (2023: 100%)	Research and development of sporting goods
Duoyidu Love (Quanzhou) Sports Development Co., Ltd 多一度熱愛(泉州)體育發展有限公司 *(Notes (ii) and (iv))*	PRC	RMB5,000,000	100% (2023: 100%)	–	100% (2023: 100%)	Organisation of sports competition
361 Degrees Kids Wear Investment Limited	BVI	1 share of US$1	87% (2023: 87%)		100% (2023: 100%)	Investment holding
One Way International Enterprise Limited 萬唯國際實業有限公司	Hong Kong	10,000 shares	70% (2023: 70%)		70% (2023: 70%)	Investment holding
Zhonglan Sports Goods Co., Ltd. 中蘭體育用品有限公司 *(Notes (i) and (iv))*	PRC	RMB49,910,463	70% (2023: 70%)		70% (2023: 100%)	Investment holding

13. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiaries	Place of establishment/ incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activity
Quanzhou Andong Sports Goods Co., Ltd 泉州安動體育用品有限公司 *(Notes (ii) and (iv))*	PRC	RMB5,000,000	100% (2023: N/A)		100% (2023: N/A)	Trading of sporting goods
Quanzhou Xiangdong Sports Goods Co., Ltd 泉州翔動體育用品有限公司 *(Notes (ii) and (iv))*	PRC	RMB5,000,000	100% (2023: N/A)		100% (2023: N/A)	Trading of sporting goods
Quanzhou No.3 Track Sports Goods Co., Ltd 泉州三號賽道體育用品有限公司 *(Notes (ii) and (iv))*	PRC	RMB5,000,000	100% (2023: N/A)		100% (2023: N/A)	Trading of sporting goods
Quanzhou Chudijiran Sports Goods Co., Ltd 泉州觸地即然體育用品有限公司 *(Notes (ii) and (iv))*	PRC	RMB5,000,000	100% (2023: N/A)		100% (2023: N/A)	Trading of sporting goods
361 SPORTS MALAYSIA SDN. BHD	Malaysia	RM100,000	100% (2023: N/A)		100% (2023: N/A)	Trading of sporting goods

Notes:

(i) These entities are wholly foreign owned enterprises established in the PRC.

(ii) These entities are limited liability companies established in the PRC.

(iii) The entity is a sino-foreign equity joint venture enterprise registered in the PRC.

(iv) The English translation of the company names is for reference only. The official names of these companies are in Chinese.

(v) During the year ended 31 December 2023, the Group had entered into equity transfer agreement with an independent third party, pursuant to which the Group's effective equity interests in Zhuji 361 Degrees would be increased from 74% to 89% upon the completion of transaction. As at 31 December 2023, the consideration paid of RMB350,000,000 by the Group was recorded as prepayment. During the year ended 31 December 2024, the transaction was completed as all the conditions were fulfilled, the rest of the consideration payable of RMB150,000,000 was also paid. The Group recognised the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid to "Other reserves" (Note 23(d)(ii)).

None of the subsidiaries had issued any debt securities at the end of reporting period (2023:Nil).

14. OTHER FINANCIAL ASSET

	2024 RMB'000	2023 RMB'000
Equity securities designated at FVOCI (non-recycling)		
— Unlisted equity securities	**18,931**	20,212

The unlisted equity securities represent equity interest of 6.7% (2023: 6.7%) in Jinjiang Merchant Investment Co., Ltd, a company incorporated in the PRC and engaged in property development. The Group designated its investment in Jinjiang Merchant Investment Co., Ltd at FVOCI (non-recycling), as the investment is held for strategic purposes. No dividends income was recognised on this investment during the year (2023: Nil).

15. INVENTORIES

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

	2024 RMB'000	2023 RMB'000
Raw materials	**166,327**	61,639
Work in progress	**34,872**	33,789
Finished goods	**1,907,868**	1,254,916
	2,109,067	1,350,344

(b) The cost of inventories recognised as expenses and included in cost of sales amounted to RMB5,200,183,000 (2023: RMB4,274,925,000) for the year ended 31 December 2024, which included inventory provision of RMB2,139,000 (2023: RMB5,893,000).

16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Notes	2024 RMB'000	2023 RMB'000
Trade receivables		**4,645,777**	4,038,146
Less: allowance for ECL		**(295,939)**	(253,622)
Trade receivables, net of loss allowance	*(a)*	**4,349,838**	3,784,524
Bills receivable	*(a)*	**38,724**	46,860
Deposits, prepayments and other receivables			
Current			
Deposits		**1,292**	1,146
Prepayments	*(b)*	**1,158,006**	1,150,970
Amounts due from non-controlling interests	*(d)*	**14,315**	–
Other receivables	*(c)*	**123,890**	74,584
		1,297,503	1,226,700
Non-current			
Deposit and prepayments	*(e)*	**60,520**	397,108

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

Notes:

(a) At of the end of the reporting period, the ageing analysis of trade and bills receivables, based on the date of delivery of goods and net of allowance for ECL, is as follows:

	2024 RMB'000	2023 RMB'000
Within 90 days	**2,744,050**	2,272,722
Over 90 days but within 180 days	**1,105,603**	1,054,799
Over 180 days but within 360 days	**538,909**	503,863
	4,388,562	3,831,384

Trade and bills receivables are due within 60 to 180 days (2023: 60 to 180 days) from the date of billing. Further details on the Group's credit policy and the movement in the ECL allowance for trade receivables are set out in Note 25(a).

Bills receivable represented certain bank acceptance bills not endorsed as at 31 December 2024. The directors of the Company considered the ECL for these bills is immaterial in view of no history of default and good repayment history of these customers. As at 31 December 2024, the Group endorsed certain bank acceptance bills totaling RMB329,850,000 (2023: RMB236,190,000) to suppliers for settling trade payables of the same amount on a full recourse basis. The Group has derecognised these bills receivable and trade payables. These derecognised bank acceptance bills had a maturity date of less than six months from the reporting date. In the opinion of the directors of the Company, after considering the advice of a PRC legal adviser, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

(b) Current portion of prepayments mainly represent advanced payments to suppliers and advertisers of RMB1,010,195,000 and RMB97,913,000 respectively (2023: RMB931,230,787 and RMB84,903,663).

(c) Other receivables mainly include the other receivables relating to trade fairs and e-commerce platforms of approximately RMB33,056,000 (2023: RMB23,369,000) and other tax recoverable of approximately RMB15,200,000 (2023: RMB7,455,000). As at 31 December 2023, other receivables include the interest receivables from bank deposits of approximately RMB9,669,000.

(d) The amounts due from non-controlling interests were non-trade in nature, interest-free, unsecured and repayable on demand.

(e) Non-current portion of deposits and prepayments mainly represent the initial deposits paid to local government authorities for acquisition of land use rights for development of approximately RMB35,337,000 (2023: RMB35,337,000) and prepayment for property, plant and equipment of RMB25,183,000 (2023: RMB11,771,000). As at 31 December 2023, non-current portion of deposits and prepayments also include the consideration paid for the acquisition of non-controlling interests of approximately RMB350,000,000 (Note 13(v)).

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

17. CASH AND CASH EQUIVALENTS, BANK DEPOSITS AND OTHER CASH FLOW INFORMATION

	2024 RMB'000	2023 RMB'000
Pledged bank deposits	8,705	12,415
Deposits with banks		
— More than three months to maturity when placed	-	1,600,000
Cash and cash equivalents	4,254,236	3,596,489
	4,262,941	5,208,904

As at 31 December 2024, pledged bank deposits represent for certain business partners of the Group, which have been placed in designated bank accounts. In the event that the Group does not meet its contractual obligations under the agreements signed with these business partners, the deposits can be withdrawn without the consent of the Group. Such performance guarantee deposit will be released upon the expiry of the agreements that was entered into with respective business partners.

Cash and cash equivalents represent cash at banks earns interest at floating rates based on daily bank deposit rates. As at 31 December 2023, deposits with banks with more than three months to maturity when placed are made for a period of one year and earn interest at fixed deposit rate. Details of interest rate are set out in note 25(c)(i).

At 31 December 2024, balances placed with banks or on hand in the PRC were amounted to approximately RMB4,225,192,000 (2023: RMB5,188,556,000). Remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

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

Reconciliation of liabilities arising from financing activities

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

	Lease liabilities RMB'000 *(Note 19)*	Amounts due to non-controlling interests RMB'000	Bank loans RMB'000 *(Note 20)*	Total RMB'000
At 1 January 2023	572	19,870	292,282	312,724
Changes from financing cash flows:				
Advance made by non-controlling interests	–	22,336	–	22,336
Transfer of creditor's right related to land use right	–	(40,142)	–	(40,142)
Principal capital element of lease rentals paid	(3,334)	–	–	(3,334)
Interest element of lease rentals paid	(321)	–	–	(321)
Proceeds from bank loans	–	–	400,000	400,000
Repayment of bank loans	–	–	(399,871)	(399,871)
Interest paid	–	–	(19,838)	(19,838)
Total changes from financing cash flows	(3,655)	(17,806)	(19,709)	(41,170)
Exchange realignment	16	–	80	96
Other changes:				
Addition of lease liabilities	5,564	–	–	5,564
Interest expense *(Note 5(a))*	321	–	19,838	20,159
Total other changes	5,885	–	19,838	25,723
At 31 December 2023 and 1 January 2024	2,818	2,064	292,491	297,373

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

Reconciliation of liabilities arising from financing activities (Continued)

	Lease liabilities RMB'000 *(Note 19)*	Amounts due from non-controlling interests RMB'000	Bank loans RMB'000 *(Note 20)*	Total RMB'000
Changes from financing cash flows:				
Advance made to non-controlling interests	-	(16,379)	-	(16,379)
Principal capital element of lease rentals paid	(1,644)	-	-	(1,644)
Interest element of lease rentals paid	(94)	-	-	(94)
Proceeds from bank loans	-	-	189,960	189,960
Repayment of bank loans	-	-	(221,405)	(221,405)
Interest paid	-	-	(13,363)	(13,363)
Total changes from financing cash flows	(1,738)	(16,379)	(44,808)	(62,925)
Exchange realignment	(2)	-	174	172
Other changes:				
Addition of lease liabilities	2,116	-	-	2,116
Interest expense *(Note 5(a))*	94	-	13,363	13,457
Total other changes	2,210	-	13,363	15,573
At 31 December 2024	3,288	(14,315)	261,220	250,193

18. TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade creditors	**1,331,435**	1,499,336
Contract liabilities	**99,494**	168,730
Other payables and accruals	**1,272,696**	907,151
Amounts due to non-controlling interests	**-**	2,064
	2,703,625	2,577,281

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

	2024 RMB'000	2023 RMB'000
Within 1 month	**471,386**	245,842
After 1 month but within 3 months	**358,820**	413,922
After 3 months but within 6 months	**173,638**	433,357
After 6 months but within 12 months	**155,253**	216,956
More than 12 months	**172,338**	189,259
	1,331,435	1,499,336

18. TRADE AND OTHER PAYABLES (Continued)

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

	2024 RMB'000	2023 RMB'000
Balance at 1 January	**168,730**	60,050
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(168,730)**	(60,050)
Increase in contract liabilities as a result of receiving sales deposits and instalments during the year	**99,494**	168,730
Balance at 31 December	**99,494**	168,730

Other payables and accruals mainly included (a) the accrued advertising expenses of approximately RMB357,556,000 (2023: RMB294,321,000); (b) the accrued employee compensation of approximately RMB105,203,000 (2023: RMB97,653,000); (c) the other payables relating to shelf allowance, trade fairs, and e-commerce platforms of approximately RMB269,425,000 (2023: RMB109,667,000); (d) the other payables relating to decoration of approximately RMB74,987,000 (2023: RMB45,376,000); and (e) other tax payables of approximately RMB273,463,000 (2023: RMB245,596,000).

The amounts due to non-controlling interests were non-trade in nature, interest-free, unsecured and repayable on demand.

19. LEASE LIABILITIES

	2024 RMB'000	2023 RMB'000
At 1 January	**2,818**	572
Addition	**2,116**	5,564
Payment of principal and interest	**(1,738)**	(3,655)
Interest expenses *(Note 5(a))*	**94**	321
Exchange realignment	**(2)**	16
Balance at 31 December	**3,288**	2,818
Current	**1,809**	1,524
Non-current	**1,479**	1,294
	3,288	2,818

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

	31 December 2024		31 December 2023	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	**1,809**	**1,904**	1,524	1,600
After 1 year but within 2 years	**866**	**929**	1,294	1,321
After 2 years but within 5 years	**613**	**637**	–	–
		3,470		2,921
	3,288		2,818	
Less: total future interest expenses		**(182)**		(103)
Present value of lease liabilities		**3,288**		2,818

19. LEASE LIABILITIES (Continued)

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

	2024 RMB'000	2023 RMB'000
Within operating cash flows	**9,568**	8,944
Within financing cash flows *(Note 17)*	**1,738**	3,655
	11,306	12,599

20. BANK LOANS

	2024 RMB'000	2023 RMB'000
Secured bank loan *(Note (a))*	**4,720**	5,991
Unsecured bank loans *(Note (b))*	**256,500**	286,500
	261,220	292,491
Less: Amounts shown under non-current liabilities	**(214,500)**	(244,500)
Amounts shown under current liabilities	**46,720**	47,991

20. BANK LOANS (Continued)

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

	2024 RMB'000	2023 RMB'000
Facilities amount	2,664,492	2,493,714
Utilisation at the end of the reporting period		
— Bank loans	261,220	292,491

Notes:

(a) As at 31 December 2024, secured bank loan of the Group was variable rate loan with principal amount of HK$5,009,000 (equivalent to approximately RMB4,720,000) (2023: HK$6,574,000 (equivalent to approximately RMB5,991,000)) which carried annual interests of HK prime rate. The effective interest rate of the secured bank loan was 3.345% (2023: 3.221%) per annum. Such loan was secured by a property as disclosed in Note 11.

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

	2024 RMB'000	2023 RMB'000
1–5 years	4,720	5,991

(b) As at 31 December 2024, unsecured bank loans of the Group were guaranteed by certain subsidiaries of the Company (2023: Same).

All the unsecured bank loans were fixed rate loans (2023: One unsecured bank loan carried fixed interest rate at 3.8% per annum and remaining were variable rate loans which carried annual interests ranging from 4.35% to 4.90% of the benchmark rate offered by the People's Bank of China). The effective interest rates of the unsecured bank loans were 3.8% (2023: ranging from 3.1500% to 4.5675%) per annum.

As at 31 December 2024, the unsecured bank loans of approximately RMB21,000,000 were repayable in April 2025, and approximately RMB21,000,000 were repayable in October 2025 based on contractual payment dates. As at 31 December 2023, the unsecured bank loans of approximately RMB21,000,000 were repayable in April 2024 and RMB21,000,000 were repayable in October 2024.

(c) The Group has complied with the financial covenants of its bank loans during both years presented, please refer to Note 25(b) for details.

21. EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

Pursuant to the relevant labour rules and regulations in the PRC, the PRC subsidiaries participate in a defined contribution retirement benefit scheme (the "Scheme") organised by the PRC municipal government authority in the Fujian Province whereby the Group is required to make contributions to the Scheme at rates which ranged from 16% to 19% of the eligible employees' relevant salaries. The local government authority is responsible for the entire pension obligations payable to retired employees. The Group has no legal or construction obligations to pay further contributions after payment of the fixed contributions.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

LSP obligation

For the Group's subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on the following formula:

Last monthly wages (before termination of employment) × 2/3 × Years of service

Last monthly wages are capped at HK$22,500 (equivalent to approximately RMB21,000) while the amount of long service payment shall not exceed HK$390,000 (equivalent to approximately RMB368,000). This obligation is accounted for as a post-employment defined benefit plan. Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement').

The Amendment Ordinance was gazetted on 17 June 2023, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR has introduced a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the Last monthly wages immediately preceding the Transition Date and the years of service up to that date.

The Group has determined that the Amendment Ordinance cause immaterial impacts to the Group's LSP liability with respect to Hong Kong employees. In the opinion of the directors of the Company, there is no significant actuarial assumption for determination of the LSP obligation.

22. DEFERRED ASSETS/(LIABILITIES)

Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movement during the year are as follows:

	Lease liabilities RMB'000	Right-of-use assets RMB'000	Credit loss allowance RMB'000	Expenses deductible on paid basis RMB'000	Income taxable on receipt basis RMB'000	Revaluation of other financial asset RMB'000	Total RMB'000
Deferred tax arising from:							
Balance at 1 January 2023	–	–	75,512	73,486	(6,437)	(3,927)	138,634
Credited/(Charged) to profit or loss *(Note 6(a))*	635	(696)	(10,071)	21,016	4,020	–	14,904
Credited to reserves *(Note 9)*	–	–	–	–	–	1,910	1,910
Balance at 31 December 2023 and 1 January 2024	635	(696)	65,441	94,502	(2,417)	(2,017)	155,448
Credited/(Charged) to profit or loss *(Note 6(a))*	**(311)**	**384**	**10,570**	**41,493**	**2,417**	**-**	**54,553**
Credited to reserves *(Note 9)*	**-**	**-**	**-**	**-**	**-**	**192**	**192**
Balance at 31 December 2024	**324**	**(312)**	**76,011**	**135,995**	**-**	**(1,825)**	**210,193**

22. DEFERRED ASSETS/(LIABILITIES) (Continued)

Deferred tax assets and liabilities recognised: (Continued)

(ii) Reconciliation to the consolidated statement of financial position

	2024 RMB'000	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	215,904	163,692
Net deferred tax liabilities recognised in the consolidated statement of financial position	(5,711)	(8,244)
	210,193	155,448

Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 1(p), the Group has not recognised deferred tax assets of approximately RMB20,323,000 (2023: RMB34,460,000) in respect of cumulative tax losses as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses will expire within 5 years when such losses were incurred under current tax legislation.

Deferred tax liabilities not recognised

At 31 December 2024, the Group has not recognised deferred tax liabilities of RMB283,821,000 (2023: RMB241,154,000) in respect of temporary differences relating to the undistributed profits of subsidiaries amounting to RMB5,676,419,000 (2023: RMB4,823,071,000) that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

23. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Share option reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2023	182,298			87,988	1,269,477	1,539,763
Profit and total comprehensive income for the year	–	–	–	–	24,820	24,820
Issues of ordinary shares by exercise of share options on 26 April 2024 *(Note 30)*	7	341	–	(59)	–	289
Lapse of share options *(Note 30)*	–	–	–	(87,929)	87,929	–
Dividends declared and paid during the year *(Note (b))*	–	–	–	–	(121,806)	(121,806)
Balance at 31 December 2023 and 1 January 2024	182,305	341	–	–	1,260,420	1,443,066
Profit and total comprehensive income for the year	**-**	**-**	**-**	**-**	**18,135**	**18,135**
Dividends declared and paid during the year *(Note (b))*	**-**	**-**	**-**	**-**	**(580,366)**	**(580,366)**
Balance at 31 December 2024	**182,305**	**341**	**-**	**-**	**698,189**	**880,835**

23. CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Dividends

(i) Dividends payable to equity holders of the Company attributable to the year

	2024 RMB'000	2023 RMB'000
Interim dividend declared and paid of HK16.5 cents (2023: HK6.5 cents) per ordinary share	**318,423**	121,806
Final dividend proposed after the end of the reporting period of HK10.0 cents (2023: HK13.9 cents) per ordinary share #	**198,497**	261,943
	516,920	383,749

\# These final dividends have been proposed by the directors of the Company and are subject to approval by the shareholders in the forthcoming general meeting.

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

The final dividend of HK13.9 cents per ordinary share ("Proposed Final Dividend"), totalling approximately RMB261,943,000 for the year ended 31 December 2023 were approved by the shareholders at the annual general meeting on 25 April 2024. No final dividend for the year ended 31 December 2022 was proposed or approved.

(c) Share capital

	2024 Number of shares '000	2024 Amount HK$'000	2023 Number of shares '000	2023 Amount HK$'000
Authorised:				
Ordinary shares of HK$0.1 each	**10,000,000**	**1,000,000**	10,000,000	1,000,000

	Number of shares '000	Amount HK$'000	Amount RMB'000
Ordinary shares, issued and fully paid:			
At 1 January and 31 December 2024	2,067,682	206,768	182,305

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

23. CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

(ii) Other reserves

Other reserves includes:

Difference between the historical carrying value of equity acquired and acquisition consideration on reorganisation of the Group in 2008 for the purpose of listing on the Hong Kong Stock Exchange; and

Difference between the net assets shared by the non-controlling interests and consideration received for the partial (deemed) disposal or further acquisition of equity interest of certain subsidiaries.

(iii) Statutory reserve

Pursuant to applicable PRC regulations, certain PRC subsidiaries are required to appropriate 10% of their profit after income tax (after offsetting prior year losses) to the reserve until such reserve reaches 50% of the registered capital. The transfer to the reserve must be made before distribution of dividends to shareholders. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from translation of the financial statements of entities with functional currency other than RMB, the presentation currency. The reserve is dealt with in accordance with the accounting policy set out in Note 1(s).

(v) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see Note 1(e)).

(vi) Share option reserve

Share-based payment reserve represents the portion of grant date fair value of unexercised share options of the Company.

23. CAPITAL, RESERVES AND DIVIDENDS (Continued)

(e) Distributability of reserves

At 31 December 2024, aggregate amount of reserves available for distribution to equity holders of the Company amounted to approximately RMB698,189,000 (2023: RMB1,260,420,000).

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors capital with reference to its debt position. The Group's strategy was to maintain the equity and debt in a balanced position and ensure there were adequate working capital to service its debt obligation. The Group's gearing ratio, being the Group's interest bearing debt over its total assets, as at 31 December 2024 was approximately 1.95% (2023: 2.30%).

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

24. FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	2024 RMB'000	2023 RMB'000
Financial assets		
Financial assets at amortised cost:		
Trade receivables	**4,349,838**	3,784,524
Bills receivable	**38,724**	46,860
Other receivables	**109,982**	68,275
Pledged bank deposits	**8,705**	12,415
Deposits with banks	**-**	1,600,000
Cash and cash equivalents	**4,254,236**	3,596,489
Financial assets at FVOCI:		
Other financial asset	**18,931**	20,212
	8,780,416	9,128,775
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	**2,330,670**	2,162,953
Lease liabilities	**3,288**	2,818
Bank loans	**261,220**	292,491
	2,595,178	2,458,262

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate, currency and commodity price risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from the movements in its own equity share price.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk and impairment assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to trade receivables, deposits and other receivables and cash and cash equivalents.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 11% (2023: 14%) and 33% (2023: 32%) of the gross trade receivables was due from the Group's largest customer and the five largest customers respectively.

In order to minimise the credit risk, individual credit evaluations are regularly performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patters for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customers bases.

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECL for trade receivables:

	Weighted average expected loss rate	Gross carrying amount	Loss allowance	Net carrying amount
	%	RMB'000	RMB'000	RMB'000
At 31 December 2024				
Current (not past due)	**0.8**	**3,523,302**	**(29,840)**	**3,493,462**
1–90 days past due	**9.1**	**809,776**	**(73,797)**	**735,979**
More than 90 days past due	**61.5**	**312,699**	**(192,302)**	**120,397**
		4,645,777	**(295,939)**	**4,349,838**
At 31 December 2023				
Current (not past due)	0.7	3,151,238	(22,258)	3,128,980
1–90 days past due	9.6	609,908	(58,278)	551,630
More than 90 days past due	62.5	277,000	(173,086)	103,914
		4,038,146	(253,622)	3,784,524

Except for customers with significant balances or credit-impaired, which are assessed for impairment individually, the remaining trade receivables are grouped under a provision matrix based on shared credit risk characteristics by reference to the repayment history over a period of 12 month and the corresponding historical credit losses experienced within this period. The historical loss rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group had considered that the PRC's gross domestic growth and unemployment rate are to be the most relevant factor, and these are applied in the regression model given the some expected changes in the market indexes, and accordingly, adjusted the historical loss rates based on expected changes of these factors.

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

Movement in the ECL allowance in respect of trade receivables during the year is as follows:

	Lifetime ECL – not credit impaired RMB'000	Lifetime ECL – credit impaired RMB'000	Total RMB'000
At 1 January 2023	74,875	223,959	298,834
Provision for/(reversal of) ECL	5,661	(50,873)	(45,212)
At 31 December 2023 and 1 January 2024	80,536	173,086	253,622
Provision for impairment losses	**23,102**	**19,215**	**42,317**
At 31 December 2024	**103,638**	**192,301**	**295,939**

Deposits and other receivables

For deposits and other receivables, in order to minimise the credit risk, the management of the Group closely monitor the follow-up action taken to recover any past due balances. In addition, the Group monitors subsequent recovery or settlement of each of the balances to ensure that adequate impairment losses are made for irrecoverable amounts. In addition, the Group has applied the general approach in HKFRS 9 to measure the ECL allowance at 12-month ECL, since there has not been a significant increase in credit risk since initial recognition for the balances. The credit risk on deposits and other receivables have not increased significantly since initial recognition as each of the counterparties have no history of default and good repayment records.

Cash and cash equivalents

The Group's exposure to credit risk arising from bank balances is limited because the counterparties are banks, for which the Group considers to have low credit risk.

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowing exceeds certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group also monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

Under the terms of the bank loans, the aggregated amount of bank loans was approximately RMB256,500,000 (2023: RMB286,500,000) which the group entities are required to comply with certain covenants in respect of their operating income for each annual reporting period. The group entities have complied with the covenants for the reporting period, respectively (2023: Same).

There are no indications that the group entities would have difficulties complying the covenants when they will be next tested at the next reporting date.

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but within 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
At 31 December 2024						
Trade and other payables	**2,604,133**	**-**	**-**	**-**	**2,604,133**	**2,604,133**
Lease liabilities	**1,904**	**929**	**637**	**-**	**3,470**	**3,288**
Bank loans	**54,488**	**48,405**	**137,051**	**47,013**	**286,957**	**261,220**
Total	**2,660,525**	**49,334**	**137,688**	**47,013**	**2,894,560**	**2,868,641**
At 31 December 2023						
Trade and other payables	2,408,549	–	–	–	2,408,549	2,408,549
Lease liabilities	1,600	1,321	–	–	2,921	2,818
Bank loans	58,508	50,891	143,108	79,661	332,168	292,491
Total	2,468,657	52,212	143,108	79,661	2,743,638	2,703,858

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

The table below summarises the maturity analysis of bank loans with a repayment on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the maturity analysis contained in the above table.

The directors of the Company do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2024						
Bank loans	**51,573**	**50,157**	**138,749**	**47,013**	**287,492**	**261,220**
At 31 December 2023						
Bank loans	54,110	52,484	146,306	79,661	332,561	292,491

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from lease liabilities, bank loans and bank balances. Borrowings and bank balances at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group does not use financial derivatives to hedge against the interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's net borrowings (being interest-bearing financial liabilities less pledged bank deposits, deposits with banks and cash and cash equivalents) at the end of the reporting period.

	2024		2023	
	Effective interest rate per annum %	**Amount RMB'000**	Effective interest rate per annum %	Amount RMB'000
Fixed rate deposits/(borrowings)				
Pledged bank deposits	**1.30 – 2.35**	**8,705**	1.3–1.55	12,415
Deposits with banks	**-**	**-**	2.3	1,600,000
Lease liabilities	**3.50 – 4.56**	**(3,288)**	3.73–4	(2,818)
Bank loans	**3.8**	**(256,500)**	3.8	(286,500)
		(251,083)		1,323,097
Variable rate deposits/(borrowings)				
Cash and cash equivalents	**0.01-0.3**	**4,254,236**	0.01–0.3	3,596,489
Bank loans	**3.35**	**(4,720)**	3.15–4.57	(5,991)
		4,249,516		3,590,498
Total net deposits		**3,998,433**		4,913,595

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk (Continued)

(ii) Sensitivity analysis

At 31 December 2024, it is estimated that a general increase/decrease of 100 (2023: 100) basis points in both saving and lending interest rates, with all other variables held constant, would have increased/decreased the Group's profit after income tax and retained profits by approximately RMB30,281,000 (2023: RMB24,937,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after income tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after income tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for the year ended 31 December 2023.

(d) Currency risk

The Group mainly operated in the PRC and HK with most of the transactions denominated and settled in RMB and HK$. The Group is exposed to currency risk primarily through monetary assets/liabilities denominated in RMB, Hong Kong dollars and United States dollars.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from monetary assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date.

	Exposure of foreign currencies					
	2024			2023		
	Hong Kong dollars RMB'000	**United States dollars RMB'000**	**Renminbi RMB'000**	Hong Kong dollars RMB'000	United States dollars RMB'000	Renminbi RMB'000
Cash and bank deposits	**1,142**	**4,975**	**10,816**	979	7 402	1,136
Amounts due from group companies	**-**	**-**	**14,750**	–	–	108,995
Amounts due to group companies	**-**	**-**	**(34,477)**	–	–	(33,342)
Net exposure arising from recognised assets and liabilities	**1,142**	**4,975**	**(8,911)**	979	7 402	76,789

In the opinion of the directors of the Company, the exposure to foreign currency risk is immaterial.

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Commodity price risk

The major raw materials used in the production of the Group's products include leathers, polymers and plastics. The Group is exposed to fluctuations in the prices of these raw materials which are influenced by global as well as regional supply and demand conditions. Fluctuations in the prices of raw materials could adversely affect the Group's financial performance. The Group historically has not entered into any commodity derivative instruments to hedge the potential commodity price changes.

(f) Business risk

The Group's primary business is the design, manufacturing and distribution of branded sports footwear, apparel and related accessories. The Group's financial results are influenced by the rapidity with which designs are copied by competitors and reproduced at much lower prices, as well as by the Group's ability to continue to create new designs that find favour in the market place, maintain a larger network of distributors, manufacture sufficient quantities to meet fashionable sales, and dispose of excess inventories without excessive losses. Based on these factors, the Group may experience significant fluctuations in its future financial results.

(g) Fair value measurement

(i) Financial assets not measured at fair value

Except for the below, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate to their fair values.

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement (Continued)

(ii) Financial assets measured at fair value

Fair value hierarchy

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

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

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

- Level 3 valuations: Fair value measured using significant unobservable inputs

		Fair value measurements categorised into		
	Fair value	**Level 1**	**Level 2**	**Level 3**
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement:				
At 31 December 2024				
Financial asset:				
Unlisted equity security	**18,931**	**–**	**–**	**18,931**
At 31 December 2023				
Financial asset:				
Unlisted equity security	20,212	–	–	20,212

During the year, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2023: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement (Continued)

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

Information about Level 3 fair value measurements

The fair value of unlisted equity instruments is determined by adjusted net assets value approach based on assumptions that are not supported by observable market prices or rate. The valuation requires the directors of the Company to make estimates about the fair value of all the assets and liabilities of the investee, including the marketability of underlying investment. The directors of the Company believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable. Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2024 and 2023:

	Valuation technique	Significant unobservable input	Rate	Sensitivity of fair value the input
Unlisted equity investments	Adjusted net assets value	Discount for lack of marketability	2024: 9.13% (2023: 8.43%)	5% (2023: 5%) decrease (increase) in discount for lack of marketability would result in increase (decrease) in fair value by RMB1,494,000 (2023: RMB1,457,000)

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

	2024 RMB'000	2023 RMB'000
Unlisted equity securities:		
Balance at 1 January	**20,212**	32,948
Net unrealised loss recognised in other comprehensive income during the year *(Note 9)*	**(1,281)**	(12,736)
Balance at 31 December	**18,931**	20,212

26. COMMITMENTS

(a) Contractual commitments outstanding at 31 December 2024 not provided for in the consolidated financial statements were as follows.

	2024 RMB'000	2023 RMB'000
Advertising and marketing expenses	**246,615**	274,722

(b) Capital commitments outstanding at 31 December 2024 not provided for in the financial statements were as follows:

	2024 RMB'000	2023 RMB'000
Investment in subsidiary	**-**	150,000
Construction of new manufacturing facilities	**1,085**	14,756
	1,085	164,756

(c) At 31 December 2024, the total future minimum lease payments under non-cancellable leases are payable as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	**582**	346

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

27. MATERIAL RELATED PARTY TRANSACTIONS

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

Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the directors of the Company as disclosed in Note 7 and certain of the highest paid employees as disclosed in Note 8, is as follows:

	2024 RMB'000	2023 RMB'000
Short-term employee benefits	39,800	34,614
Post-employment benefits	702	657
	40,502	35,271

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

28. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The following tables illustrate the summarised financial information of the partly-owned subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Zhuji 361 Degrees RMB'000	361 Children RMB'000	361 Shoes and Plastics RMB'000
Proportion of ordinary share effectively held by non-controlling interest as at 31 December 2024	11.06%	13%	49%
Summarised statement of financial position			
Current assets	1,899,811	1,819,989	387,401
Non-current assets	1,575	494,486	65,610
Current liabilities	254,002	1,221,353	233,747
Net assets	1,647,384	1,093,122	219,263
Carrying amount of NCI	182,201	142,106	107,439
Summarised statement of comprehensive income			
Revenue	554,591	1,192,967	316,054
Profit for the year	100,902	203,134	13,129
Total comprehensive income for the year	100,902	203,134	13,129
Profit allocated to NCI	11,160	26,408	6,433
Dividend paid to NCI	-	-	-
Summarised statement of cash flows			
Cash flows from operating activities	17,231	145,436	38,531
Cash flows from investing activities	(2)	(150,000)	(38,956)
Cash flows from financing activities	-	(587)	-

28. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

	Zhuji 361 Degrees RMB'000	361 Children RMB'000	361 Shoes and Plastics RMB'000
Proportion of ordinary share effectively held by non-controlling interest as at 31 December 2023	25.99%	13%	49%
Summarised statement of financial position			
Current assets	1,926,900	1,609,981	352,917
Non-current assets	3,328	341,766	28,544
Current liabilities	397,427	1,061,759	175,327
Net assets	1,532,801	889,988	206,134
Carrying amount of NCI	398,375	115,698	101,006
Summarised statement of comprehensive income			
Revenue	1,030,277	787,673	277,037
Profit for the year	227,241	94,908	13,392
Total comprehensive income for the year	227,241	94,908	13,392
Profit allocated to NCI	59,060	12,338	6,562
Dividend paid to NCI	–	–	–
Summarised statement of cash flows			
Cash flows from operating activities	41,764	367,805	10,969
Cash flows from investing activities	5	(349,873)	(13,660)
Cash flows from financing activities	–	(979)	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

29. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Notes	2024 RMB'000	2023 RMB'000
Non-current asset			
Investments in subsidiaries	*13*	**1**	1
Current assets			
Amounts due from subsidiaries		**881,704**	1,444,310
Cash and cash equivalents		**1,032**	889
		882,736	1,445,199
Current liabilities			
Accruals		**1,902**	1,845
Other payables		**-**	289
		1,902	2,134
Net current assets		**880,834**	1,443,065
Total assets less current liabilities		**880,835**	1,443,066
Net assets		**880,835**	1,443,066
Capital and reserves			
Share capital	*23(a)*	**182,305**	182,305
Share premium	*23(a)*	**341**	341
Reserve	*23(a)*	**698,189**	1,260,420
Total equity		**880,835**	1,443,066

30. SHARE OPTION PLAN

Pursuant to a resolution passed by the Company's shareholders at the annual generating meeting held on 28 April 2023, the Company adopted a new share option scheme ("the 2023 Scheme") and terminated its previous share option scheme adopted on 18 May 2021 ("the 2021 Scheme").

Particulars of the 2023 Scheme are set out below:

Purpose of the 2023 Scheme:

The purpose of the 2023 Scheme are (i) to enable the Company to grant options to the eligible participants under the Share Option Scheme as incentives or rewards for their contribution to the growth and development of the Group; (ii) to attract and retain personnel to promote the sustainable development of the Group; and (iii) to align the interest of the grantees with those of the shareholders to promote the long-term financial and business performance of the Company.

Total number of shares available for issue under the 2023 Scheme

The maximum number of shares which may be allotted and issued in respect of all options and awards to be granted under the 2023 Scheme and any other share schemes shall not exceed 10% of the number of Shares in issue as at the date of approval of the 2023 Scheme, being 206,760,200 shares. The sublimit on the total number of Shares that may be issued in respect of all options and awards to be granted to service providers (i.e. business partners) under the 2023 Scheme and any other share schemes adopted by the Group shall not exceed 50%, being 103,380,100 shares. The Company may at any time as the board may think fit seek approval from its shareholders in general meeting to refresh the limit in accordance with the terms of the 2023 Scheme.

Maximum entitlement of each participant

No person shall be granted an option if total number of shares issued and to be issued upon exercise of the options and the options granted under any other schemes adopted by the Company (including both exercised, cancelled and outstanding options) in any 12-month period up to and including the date of grant to such person would exceed in aggregate 1% of the shares of the Company for the time being in issue unless the proposed grant has been approved by the shareholders of the Company in general meeting with the proposed grantee and his associates abstaining from voting.

Share options granted to a substantial shareholder of the Company or an independent non-executive director, or to any of their respective associates, are subject to approval in advance by the shareholders of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

30. SHARE OPTION PLAN (Continued)

Period within which the shares must be taken up under an option

An option may be exercised in accordance with the terms of the 2023 Scheme at any time during a period as the board may determine which shall not be more than ten years from the date of grant of the option subject to the provisions of early termination thereof. Unless otherwise determined by the board and stated in the offer to a grantee, there is no minimum period required under the 2023 Scheme for the holding of an option before it can be exercised.

Amount payable upon acceptance of the option and the period within which the payment must be made HK$1.00 shall be paid within 21 days from the date of offer of the option.

Remaining life of the 2023 Scheme

The 2023 Scheme shall be valid and effective for a period of 10 years from the date of adoption (i.e. 28 April 2023 and ending on 27 April 2033), after which no further options will be granted.

As at 31 December 2024, no share options have been granted under the 2023 Scheme.

During the year ended 31 December 2023, 80,000 share options granted under the 2021 Scheme were exercised at the subscription price of HK$4.1 per share, the exercise of these share options resulted in the issue of a total of 80,000 shares of HK$0.01 each for a total cash consideration before expenses of approximately HK$328,000 (equivalent to approximately RMB289,000), representing the nominal value of ordinary shares of RMB7,000 and share premium of RMB282,000. An amount of HK$66,000 (equivalent to approximately RMB59,000) was transferred from the share option reserve to the share premium account upon the exercise of the share options.

During the year ended 31 December 2023, 96,800,000 share options lapsed due to termination of the 2021 Scheme, the amount previously recognised in share option reserve were transferred to retained profits.

31. POSSIBLE IMPACT OF NEW OR AMENDMENTS TO HKFRSS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new or amendments to HKFRSs, which are not yet effective for the year ended 31 December 2024 and which have not been early adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group.

		Effective for annual periods beginning on or after
Amendments to HKAS 21	The effects of changes in foreign exchange rate — Lack of exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Financial instruments: disclosures — Amendments to the classification and Measurement of financial instruments	1 January 2026
Amendments to HKFRS Accounting Standards	Annual improvements to HKFRS Accounting standards — Volume 11	1 January 2026
HKFRS 18	Presentation and disclosure in financial Statements	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial adoption. So far the directors of the Company have concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

Announcement of final results	12 March 2025
Ex-entitlement date for final dividend	29 April 2025
Closure of register of members and record date (Final dividend)	2 May 2025 to 7 May 2025
Closure of register of members and record date (AGM)	22 April 2025 to 25 April 2025
Dispatch of final dividend warrants	16 May 2025

DIVIDENDS

The Board recommended to declare a final dividend of HK10.0 cents (equivalent to RMB9.6 cents for illustration purpose only) per ordinary share for the year ended 31 December 2024, subject to approval by the Company's shareholders at the forthcoming annual general meeting ("the AGM"). Including an interim dividend of HK16.5 cents (equivalent to RMB15.4 cents for illustration purpose only) per ordinary share for the six months ended 30 June 2024 which have already been paid, if final dividend will be approved, total payout for the year will amount to HK26.5 cents (equivalent to RMB25.0 cents for illustration purpose only) per ordinary share or RMB509.4 million in aggregate, representing 45.0% of the profit attributable to equity shareholders of the Group for the year ended 31 December 2024. It is expected that the final dividend, if approved by Company's shareholders at the forthcoming AGM of the Company, will be paid to shareholders on or about 16 May 2025.

CLOSURE OF REGISTER OF MEMBERS

The AGM of the Company will be held on Friday, 25 April 2025. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 22 April 2025 to Friday, 25 April 2025, both days inclusive, during which period no transfer of shares will be effected.

In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 17 April 2025.

The proposed final dividend is subject to the passing of an ordinary resolution by the Company's shareholders at the AGM. The record date for entitlement to the proposed final dividend is Wednesday, 7 May 2025. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Friday, 2 May 2025 to Wednesday, 7 May 2025, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 30 April 2025.

SHAREHOLDER INFORMATION

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited
3rd Floor, Royal Bank House
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Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
1712–1716, 17th Floor
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INVESTOR RELATIONS CONTACT

Tel: +852 2907 7033
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Wanchai, Hong Kong SAR of the PRC

COMPANY INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

Wu Ming Wai Louie (胡明偉)
Hon Ping Cho Terence (韓炳祖)
Chen Chuang (陳闖)
Ferheen Mahomed
(appointed on 15 October 2024)

BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

Hon Ping Cho Terence (韓炳祖)
(Chairman)
Ding Wuhao (丁伍號)
Wu Ming Wai Louie (胡明偉)
Ferheen Mahomed
(appointed on 15 October 2024)

COMPANY SECRETARY

Li Yuen Fai Roger (李苑輝) FCCA, HKICPA
(cessation effective 21 May 2024)
Kong Siu Keung (鄺兆强) FCCA, HKICPA
(appointed on 21 May 2024)

AUTHORISED REPRESENTATIVES

Ding Wuhao (丁伍號)
Li Yuen Fai Roger (李苑輝) FCCA, HKICPA
(cessation effective 21 May 2024)
Kong Siu Keung (鄺兆强) FCCA, HKICPA
(appointed on 21 May 2024)

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FACTORIES IN THE PRC

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She Ma Lu
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Fujian Province 362261
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COMPANY INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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REGISTERED OFFICE

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PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

AUDITOR

Moore CPA Limited
Registered Public Interest Entity Auditor

LEGAL ADVISERS

As to Cayman Islands law:

Conyers Dill & Pearman

As to Hong Kong law:

Chiu & Partners

PRINCIPAL BANKERS

China Construction Bank Corporation
China Citic Bank International Limited
Industrial Bank Co., Ltd.
Industrial and Commercial Bank of China

COMPANY WEBSITE

www.361sport.com

STOCK CODE

01361