

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **LI NING COMPANY LIMITED**

### **李寧有限公司**

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

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

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025**

### **FINANCIAL HIGHLIGHTS**

- During the year, the Group recorded the following operating results:
  - Revenue rose by 3.2% to RMB29,598 million; gross profit margin declined by 0.4 percentage points to 49%
  - Net operating cash inflow was RMB4,852 million
  - Net profit attributable to equity holders was RMB2,936 million with net profit margin of 9.9%, and EBITDA margin was 20.8%
- Working capital remained at a healthy level:
  - The percentage of gross average working capital to revenue was 7.7%
  - The cash conversion cycle was 37 days, two days longer than last year
- The Board has recommended the payment of final dividend of RMB23.36 cents per ordinary share for the year ended 31 December 2025, together with the interim dividend of RMB33.59 cents per ordinary share paid in September 2025, the total dividend for the year ended 31 December 2025 will amount to RMB56.95 cents per ordinary share or a total dividend payout ratio of 50%.

### **OPERATIONAL HIGHLIGHTS**

- The retail sell-through for the overall platform remained flat, including online and offline channels.
- Offline new product sell-through accounted for 83% of overall offline sell-through, maintaining at healthy and reasonable level.
- The overall channel inventory turnover was at 4 months, channel inventory level and ageing structure remained healthy.

## ANNUAL RESULTS

The board of directors (the “Board”) of Li Ning Company Limited (the “Company” or “Li Ning Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2025, together with comparative figures of 2024, as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Revenue	4	<b>29,598,417</b>	28,675,643
Cost of sales	7	<b>(15,109,580)</b>	(14,519,540)
<b>Gross profit</b>		<b>14,488,837</b>	14,156,103
Other income and other gains – net	5	<b>228,433</b>	154,191
Selling and distribution expenses	7	<b>(9,189,675)</b>	(9,198,907)
Administrative expenses	7	<b>(1,630,412)</b>	(1,427,907)
Reversal of/(provision for) expected credit loss allowance for financial assets – net		<b>1,025</b>	(5,274)
<b>Operating profit</b>		<b>3,898,208</b>	3,678,206
Finance income	6	<b>296,709</b>	429,525
Finance expenses	6	<b>(263,591)</b>	(254,421)
Finance income – net	6	<b>33,118</b>	175,104
Share of profits and losses of:			
Associates		<b>208,823</b>	184,933
Joint ventures		<b>49,074</b>	71,366
<b>Profit before income tax</b>		<b>4,189,223</b>	4,109,609
Income tax expense	8	<b>(1,253,480)</b>	(1,096,691)
<b>Profit for the year</b>		<b>2,935,743</b>	3,012,918
<b>Profit is attributable to:</b>			
Equity holders of the Company		<b>2,935,743</b>	3,012,918
		<b>2,935,743</b>	3,012,918
<b>Earnings per share for profit attributable to equity holders of the Company for the year (expressed in RMB cents per share)</b>			
Basic earnings per share	10	<b>113.91</b>	116.98
Diluted earnings per share	10	<b>113.53</b>	116.52

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Profit for the year</b>	<b>2,935,743</b>	3,012,918
<b>Other comprehensive (loss)/income:</b>		
<i>Other comprehensive income that may be classified to profit or loss in subsequent periods:</i>		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>(85,120)</u>	<u>52,205</u>
<b>Total comprehensive income for the year</b>	<b><u>2,850,623</u></b>	<b><u>3,065,123</u></b>
<b>Attributable to:</b>		
Equity holders of the Company	<u>2,850,623</u>	<u>3,065,123</u>
<b>Total comprehensive income for the year</b>	<b><u>2,850,623</u></b>	<b><u>3,065,123</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	<b>31 December 2025 RMB'000</b>	31 December 2024 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		4,753,734	4,610,454
Rights-of-use assets		1,561,724	1,576,667
Investment properties		2,557,640	2,913,826
Land use rights		147,074	150,864
Intangible assets		156,823	234,736
Deferred income tax assets		984,539	949,424
Other assets		8,226	5,450
Investments accounted for using the equity method		1,827,940	1,743,938
Investments measured at fair value through profit or loss		436,738	450,316
Other receivables		165,693	166,519
Time deposits		2,164,314	2,377,970
		<u>14,764,445</u>	<u>15,180,164</u>
<b>Total non-current assets</b>			
<b>Current assets</b>			
Inventories	11	2,693,793	2,598,226
Other assets – current portion		822,253	893,775
Trade receivables	12	1,388,679	1,004,591
Other receivables – current portion		235,571	245,432
Restricted bank deposits		200	23,261
Time deposits – current portion		1,092,575	8,264,361
Cash and cash equivalents		16,716,551	7,498,596
		<u>22,949,622</u>	<u>20,528,242</u>
<b>Total current assets</b>			
		<u><b>37,714,067</b></u>	<u><b>35,708,406</b></u>
<b>Total assets</b>			

	<i>Note</i>	<b>31 December 2025 RMB'000</b>	31 December 2024 RMB'000
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Ordinary shares		235,854	235,853
Share premium		9,003,738	9,011,394
Treasury shares		(248,744)	(290,896)
Other reserves		2,375,190	2,251,666
Retained earnings		<u>16,261,461</u>	<u>14,895,672</u>
<b>Total equity</b>		<u><b>27,627,499</b></u>	<u>26,103,689</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Licence fees payable		–	16,500
Lease liabilities		1,465,551	1,384,527
Deferred income tax liabilities		514,968	568,753
Deferred income		<u>44,967</u>	<u>48,991</u>
<b>Total non-current liabilities</b>		<u><b>2,025,486</b></u>	<u>2,018,771</u>
<b>Current liabilities</b>			
Trade payables	13	1,901,694	1,625,132
Contract liabilities	4	369,001	368,518
Lease liabilities – current portion		589,603	551,610
Other payables and accruals		4,093,380	4,049,422
Licence fees payable – current portion		34,652	40,917
Current income tax liabilities		<u>1,072,752</u>	<u>950,347</u>
<b>Total current liabilities</b>		<u><b>8,061,082</b></u>	<u>7,585,946</u>
<b>Total liabilities</b>		<u><b>10,086,568</b></u>	<u>9,604,717</u>
<b>Total equity and liabilities</b>		<u><b>37,714,067</b></u>	<u><b>35,708,406</b></u>

*Notes:*

**1. General information**

Li Ning Company Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in brand development, design, manufacture, sale and distribution of sport-related footwear, apparel, equipment and accessories in the People’s Republic of China (the “PRC”).

The Company was incorporated on 26 February 2004 in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated financial results are presented in Renminbi (“RMB”), unless otherwise stated. These consolidated financial results have been approved for issue by the Board on 19 March 2026.

**2. Basis of preparation**

These financial results have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial results include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. They have been prepared under the historical cost convention, except for investments measured at fair value through profit or loss. These financial results are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

### 3. Accounting policies

#### (a) *Changes in accounting policies and disclosure*

The Group has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial results. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial results to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial results.

#### (b) *Issued but not yet effective IFRS Accounting Standards*

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the financial information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	Presentation and Disclosure in Financial Statements <sup>2</sup>
IFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures <sup>2</sup>
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>1</sup>
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature- dependent Electricity <sup>1</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency <sup>2</sup>
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>3</sup> No mandatory effective date yet determined but available for adoption

#### 4. Segment information and revenue

The Group's management ("Management") monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax.

The Group is principally engaged in a single line of business of sporting goods. Management reviews the performance of the Group as a whole and there is only one reportable segment and no segment information is presented.

The Group's principal market is the PRC (including the Hong Kong Special Administrative Region and the Macau Special Administrative Region) and its sales to overseas customers contributed to less than 10% of revenue. Also, none of the Group's non-current assets is located outside the PRC. Accordingly, no geographical information is presented.

##### (a) Revenue from contracts with customers

The Group derived revenue in the following major product categories and sales channels:

Revenue by product category:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Footwear	14,650,546	14,300,341
Apparel	12,327,039	12,050,245
Equipment and accessories	2,620,832	2,325,057
<b>Total</b>	<b>29,598,417</b>	<b>28,675,643</b>

Revenue by sales channel:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
The PRC market		
Sales to franchised distributors	13,773,187	12,956,716
Sales from direct operation	6,654,917	6,883,319
Sales from e-commerce channel	8,743,238	8,304,759
Other regions	427,075	530,849
<b>Total</b>	<b>29,598,417</b>	<b>28,675,643</b>

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

For the years ended 31 December 2025 and 2024, no revenue derived from transactions with a single external customer represented 10% or more of the Group's total revenue.

(b) *Liabilities related to contracts with customers*

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Contract liabilities – advances from customers	<b>321,514</b>	303,785
Contract liabilities – customer loyalty programme	<b>47,487</b>	64,733
<b>Total</b>	<b><u>369,001</u></b>	<u>368,518</u>

The Group applied the practical expedient of not disclosing the transaction prices allocated to the unsatisfied performance obligations as the contract terms are less than 12 months.

*Revenue recognised in relation to contract liabilities*

	<b>Year ended 31 December</b>	
	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<i>Revenue recognised that was included in the contract liability balance at the beginning of the year</i>		
Contract liabilities – advances from customers	<b>303,785</b>	480,425
Contract liabilities – customer loyalty programme	<b>64,733</b>	72,112
<b>Total</b>	<b><u>368,518</u></b>	<u>552,537</u>

As at 1 January 2024, the Group had contract liabilities amounting to RMB552,537,000, all of which had been recognised as revenue during the year ended 31 December 2024.

## 5. Other income and other gains – net

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Government grants ( <i>Note a</i> )	413,550	381,078
Rental income	110,726	97,467
Licence fees income	51,690	64,527
Gains on redemption of wealth management products measured at fair value through profit or loss	65,145	35,195
Fair value (losses)/gains and dividend income on investments measured at fair value through profit or loss – net	(11,772)	23,081
Depreciation and related expenses on investment properties	(131,886)	(113,785)
Impairment of investment properties ( <i>Note b</i> )	(269,020)	(333,372)
	<b>228,433</b>	<b>154,191</b>

### Notes:

- (a) Government grants were received from several local government authorities as a recognition of the Group's contribution towards the local economic development. Among the government grants recognised during the year ended 31 December 2025, the entitlement of an aggregate amount of RMB402,675,000 (2024: RMB354,062,000) was unconditional and at the discretion of the relevant authorities, while the remaining amount of RMB10,875,000 (2024: RMB27,016,000) were recognised as income upon the fulfillment of respective conditions attaching to the government grants.
- (b) During the year ended 31 December 2025, the property market in Chinese mainland and Hong Kong was confronted with a highly challenging and uncertain environment. This environment led to sluggish demand and soft sentiments, ultimately resulted in an overall decline in both the price and rental indices. As a result, Management concluded that there were impairment indications for the Group's investment properties and conducted impairment assessments on the investment properties as at 31 December 2025 in accordance with IAS 36 *Impairment of Assets*. The Group estimated the recoverable amounts of the investment properties with reference to their respective fair values as at 31 December 2025 which were determined using the income approach.

Based on the results of the impairment assessments, impairment losses of RMB269,020,000 were recognised against the carrying amount of investment properties during the year ended 31 December 2025 (2024: RMB333,372,000).

6. Finance income and expenses

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Finance income</b>		
Interest income on bank balances and deposits	<u>296,709</u>	<u>429,525</u>
	<u>296,709</u>	<u>429,525</u>
<b>Finance expenses</b>		
Discounted interest expenses – licence fees payable	(597)	(1,362)
Lease interest expenses	(101,423)	(126,994)
Net foreign currency exchange loss	(91,842)	(73,893)
Borrowing interest	(26,828)	(28,176)
Others	<u>(42,901)</u>	<u>(23,996)</u>
	<u>(263,591)</u>	<u>(254,421)</u>
<b>Finance income – net</b>	<u><u>33,118</u></u>	<u><u>175,104</u></u>

## 7. Profit before income tax

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Cost of inventories recognised as expenses and included in cost of sales	14,648,186	14,099,802
Advertising and marketing expenses	3,165,794	2,721,226
Staff costs, including directors' emoluments ( <i>Note a</i> )	2,453,741	2,452,157
– Wages and salaries	2,129,764	2,141,557
– Share options and restricted shares	72,776	77,700
– Pension scheme contributions	251,201	232,900
Short-term lease rentals and variable lease payments not included in lease liabilities and rental related expenses	1,239,545	1,263,000
Commission and trade fair related expenses	939,920	921,686
Transportation and logistics expenses	926,995	914,984
Research and product development expenses ( <i>Note a</i> )	702,167	675,955
Depreciation on property, plant and equipment ( <i>Note a</i> )	709,648	1,095,092
Depreciation on right-of-use assets	498,114	613,087
Impairment of right-of-use assets	283,411	171,942
Impairment of intangible assets (including goodwill)	76,428	23,535
Impairment of property, plant and equipment	72,281	81,807
Amortisation of land use rights and intangible assets	69,150	63,093
Auditor's remuneration		
– Audit services	5,000	5,950
– Non-audit services	385	2,878
	<b>385</b>	<b>2,878</b>

### Note:

- (a) Research and product development expenses include depreciation on property, plant and equipment and staff costs for research and development activities of the Group, which are also included in depreciation expense and staff costs as disclosed above.

## 8. Income tax expense

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
– Corporate income tax ( <i>Note a</i> )	1,174,880	1,181,428
– Withholding income tax on dividends and interest from subsidiaries in Chinese mainland ( <i>Note b</i> )	<u>167,500</u>	<u>122,205</u>
	1,342,380	1,303,633
Deferred income tax	<u>(88,900)</u>	<u>(206,942)</u>
Income tax expense	<u><u>1,253,480</u></u>	<u><u>1,096,691</u></u>

The Company was incorporated in the Cayman Islands. Under the laws of the Cayman Islands, there is no income tax payable by the Company. The Company's subsidiary, RealSports Pte Ltd., a company incorporated under the International Business Companies Acts of the British Virgin Islands, is exempted from British Virgin Islands income taxes.

### Notes:

- (a) The Group's subsidiaries established in Chinese mainland are subject to corporate income tax rate of 25% (2024: 25%), except for a subsidiary established in Guangxi Zhuang Autonomous Region which is subject to preferential tax rate of 9% (2024: 9%) and a subsidiary established in Guangdong Province which is subject to preferential tax rate of 15% (2024: 25%). Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong for the year ended 31 December 2025.
- (b) The Group's dividends and interest from subsidiaries established in Chinese mainland are subject to withholding tax of 5% and 7% respectively, according to prevailing tax rules of Chinese mainland.
- (c) The Group is within the scope of the Organisation for Economic Co-operation and Development Pillar Two model rules. Pillar Two legislation was enacted in certain jurisdictions in which some of the Group's overseas subsidiaries are incorporated/established, and has come into effect from 1 January 2024 and 1 January 2025 respectively. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as stipulated in the amendments to IAS 12 issued in May 2023.

Under the legislation, entities may be liable to pay a top-up tax (if any) for the difference between the Global Anti-Base Erosion Proposal effective tax rate for the jurisdictions in which they operate and the 15% minimum rate. Based on the assessment of the Management, there is no material impact from exposure to Pillar Two legislation on the annual effective tax rate of the Group for the year ended 31 December 2025.

## 9. Dividends

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interim - RMB33.59 cents (2024: RMB37.75 cents) per ordinary share of the Company issued or to be issued upon conversion of convertible securities	863,742	970,385
Proposed final - RMB23.36 cents (2024: RMB20.73 cents) per ordinary share of the Company issued or to be issued upon conversion of convertible securities	<u>604,130</u>	<u>536,148</u>
	<u><b>1,467,872</b></u>	<u><b>1,506,533</b></u>

The proposed final dividend for the current year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## 10. Earnings per share

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares outstanding during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	<u><b>2,935,743</b></u>	<u><b>3,012,918</b></u>

	<b>Number of shares</b>	
	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
<b>Shares</b>		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation ( <i>in "000"</i> )	<u>2,577,193<sup>#</sup></u>	<u>2,575,562<sup>#</sup></u>
Effect of dilution – weighted average number of ordinary shares ( <i>in "000"</i> ):		
Restricted shares	8,672	10,012
Share options	<u>54</u>	<u>101</u>
Total	<u><u>2,585,919</u></u>	<u><u>2,585,675</u></u>

# *The calculation of the weighted average number of shares has excluded the number of treasury shares held by the Company.*

## 11. Inventories

	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Raw materials	30,112	19,355
Work in progress	17,795	19,486
Finished goods	<u>2,804,565</u>	<u>2,726,202</u>
	<b>2,852,472</b>	<b>2,765,043</b>
Less: Provision for write-down of inventories to net realisable value	<u>(158,679)</u>	<u>(166,817)</u>
	<u><u>2,693,793</u></u>	<u><u>2,598,226</u></u>

The cost of inventories recognised as expenses and included in cost of sales amounted to RMB14,648,186,000 for the year ended 31 December 2025 (2024: RMB14,099,802,000), which included reversal of inventory provision of RMB8,138,000 (2024: inventory provision of RMB32,090,000).

## 12. Trade receivables

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Accounts receivable	1,426,585	1,046,249
Less: Expected credit loss allowance for trade receivables	<u>(37,906)</u>	<u>(41,658)</u>
	<b><u>1,388,679</u></b>	<b><u>1,004,591</u></b>

Trade receivables are mainly denominated in RMB.

Customers are normally granted credit terms within 90 days. As at 31 December 2025 and 2024, ageing analysis of trade receivables based on invoice date is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
0 to 30 days	623,072	578,293
31 to 60 days	562,397	395,312
61 to 90 days	188,609	28,912
91 to 180 days	22,891	13,085
Over 180 days	<u>29,616</u>	<u>30,647</u>
	<b><u>1,426,585</u></b>	<b><u>1,046,249</u></b>

The movements in the expected credit loss allowance for trade receivables during the year are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>As at 1 January</b>	41,658	38,215
(Reversal of) / provision for expected credit loss allowance for trade receivables	(3,267)	8,704
Trade receivables written off during the year as uncollectible	(482)	(4,980)
Exchange realignment	<u>(3)</u>	<u>(281)</u>
<b>As at 31 December</b>	<b><u>37,906</u></b>	<b><u>41,658</u></b>

Due to the short-term maturity of the current receivables, their carrying amounts are considered reasonably approximate to their fair values.

### 13. Trade payables

Trade payables are mainly denominated in RMB. The normal credit period for trade payables generally ranges from 30 to 60 days. The carrying amounts of trade payables are considered reasonably approximate to their fair values, due to their short-term maturity.

Ageing analysis of trade payables based on invoice date at the end of reporting period is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
0 to 30 days	1,283,123	1,256,889
31 to 60 days	554,018	324,869
61 to 90 days	58,478	23,734
91 to 180 days	2,157	19,364
181 to 365 days	3,918	28
Over 365 days	-	248
	<u>1,901,694</u>	<u>1,625,132</u>

### 14. Contingent liabilities

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

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

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

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

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

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

## FINAL DIVIDEND

The Board has recommended the payment of final dividend of RMB23.36 cents per ordinary share of the Company issued or to be issued upon conversion of convertible securities for the year ended 31 December 2025 (2024: RMB20.73 cents). The proposed final dividend is subject to approval by the shareholders of the Company at the forthcoming annual general meeting (the “AGM”) to be held on 11 June 2026 and is payable in Hong Kong Dollars based on the official exchange rate of Renminbi against Hong Kong Dollars as quoted by the People’s Bank of China on 11 June 2026. Such dividend will not be subject to any withholding tax. Upon approval by the shareholders of the Company, the proposed final dividend will be paid:

- (i) on 29 June 2026 to ordinary shareholders whose names shall appear on the register of members of the Company on 18 June 2026;
- (ii) on 29 June 2026 to holders of convertible securities issued under the open offer of offer securities of the Company as set out in the listing document of the Company dated 9 January 2015 and remain outstanding on 18 June 2026; and
- (iii) on 3 July 2026 (i.e. the third business day after 29 June 2026) to holders of convertible securities issued under the open offer of convertible securities of the Company as set out in the listing document of the Company dated 27 March 2013 and remain outstanding on 18 June 2026.

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

The Company declared on 21 August 2025 an interim dividend of RMB33.59 cents per ordinary share of the Company issued or to be issued upon conversion of convertible securities for the six months ended 30 June 2025 (2024: RMB37.75 cents), and such interim dividend has been paid in September 2025.

## **CLOSURE OF REGISTER OF MEMBERS AND HOLDERS OF CONVERTIBLE SECURITIES**

For the purpose of determining shareholders of the Company who are entitled to attend and vote at the forthcoming AGM to be held on 11 June 2026 and shareholders and holders of convertible securities of the Company qualifying for the proposed final dividend to be approved at the AGM, the register of members and register of holders of convertible securities of the Company will be closed as set out below:

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

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

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

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

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

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

During the above closure periods, no transfer of shares or convertible securities of the Company will be registered.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Overview

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

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

**31 December**    31 December  
**2025**                    2024

**Balance sheet items**

*(All amounts in RMB thousands unless otherwise stated)*

Total assets	<b>37,714,067</b>	35,708,406
Equity attributable to equity holders	<b>27,627,499</b>	26,103,689

**Key financial ratios**

***Asset efficiency***

Average inventory turnover ( <i>days</i> ) ( <i>Note 4</i> )	<b>64</b>	64
Average trade receivables turnover ( <i>days</i> ) ( <i>Note 5</i> )	<b>15</b>	14
Average trade payables turnover ( <i>days</i> ) ( <i>Note 6</i> )	<b>42</b>	43

***Asset ratios***

Debt-to-equity ratio (%) ( <i>Note 7</i> )	<b>36.5</b>	36.8
Net asset value per share ( <i>RMB cents</i> ) ( <i>Note 8</i> )	<b>1,072.16</b>	1,013.56

*Notes:*

1. The calculation of earnings before interest, tax, depreciation and amortisation (EBITDA) is based on profit for the year, excluding the sum of income tax expense, finance income – net, depreciation and impairment on property, plant and equipment, depreciation and impairment on investment properties, amortisation and impairment of land use rights and intangible assets (excluding goodwill) and depreciation and impairment on right-of-use assets.
2. Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue less shares held for Restricted Share Award Scheme and shares repurchased by the Company for cancellation during the year. Such weighted average number of shares outstanding shall be adjusted for events such as bonus issue and stock dividend.
3. The calculation of return on equity attributable to equity holders is based on the profit attributable to equity holders of the Company for the year, divided by the average of opening and closing balances of equity attributable to equity holders of the Company of the year.
4. The calculation of average inventory turnover (days) is based on the average of opening and closing inventory balances for the year, divided by cost of sales and multiplied by the total number of days in the year.
5. The calculation of average trade receivables turnover (days) is based on the average of opening and closing balances of trade receivables for the year, divided by revenue and multiplied by the total number of days in the year.

6. The calculation of average trade payables turnover (days) is based on the average of opening and closing balances of trade payables for the year, divided by total purchases and multiplied by the total number of days in the year.
  7. The calculation of debt-to-equity ratio is based on total liabilities divided by equity attributable to equity holders of the Company at the end of the year.
  8. The calculation of net asset value per share is based on the net asset value, divided by the number of shares in issue less shares held for Restricted Share Award Scheme and shares repurchased by the Company for cancellation at the end of the year.
- \* *The aforesaid indicators provided by the Group may not necessarily be the same in terms of similar calculation methods as those provided by other issuers.*
- \*\* *The Group adopted the aforesaid non-GAAP financial indicators such as EBITDA, margin of profit attributable to equity holders, return on equity attributable to equity holders, expenses (staff costs/advertising and marketing expenses/research and product development expenses) to revenue ratio, average inventory/trade receivables/trade payables turnover days, debt-to-equity ratio and net asset value per share because comparable companies in the industry in which the Group operates use the aforesaid common indicators as a supplementary measurement for results of operation, which are also widely used by investors to measure the results of operation of the comparable companies.*

## **Revenue**

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

Revenue by product category

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

Revenue (in %) by sales channel

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

Revenue by geographical location

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

*Notes:*

1. The Northern region includes provinces, municipalities and autonomous regions covering Beijing, Tianjin, Shanxi, Shandong, Hebei, Inner Mongolia, Henan, Heilongjiang, Jilin, Liaoning, Shaanxi, Gansu, Ningxia, Xinjiang and Qinghai.
2. The Southern region includes provinces, municipalities, autonomous regions and special administrative regions covering Yunnan, Guizhou, Sichuan, Jiangxi, Chongqing, Tibet, Shanghai, Zhejiang, Jiangsu, Hunan, Hubei, Anhui, Guangdong, Guangxi, Fujian, Hainan, Macau and Hong Kong.

***Cost of Sales and Gross Profit***

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

***Selling and Distribution Expenses***

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

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

***Administrative Expenses***

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

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

***Share of Profit of Investments Accounted for Using the Equity Method***

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

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

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

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

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

*Notes:*

1. Impairment charges included as an adjustment item in EBITDA primarily resulted from our impairment evaluation of non-current assets whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. If these non-current assets were not impaired, depreciation of the assets would have been recorded as an adjustment item in EBITDA. Therefore, impairment charges were a non-cash item similar to depreciation and amortization of non-current assets.
2. During the year ended 31 December 2025, the property market in Chinese mainland and Hong Kong was confronted with a highly challenging and uncertain environment. This environment led to sluggish demand and soft sentiments, ultimately resulting in an overall decline in both the price and rental indices. As a result, Management concluded that there were impairment indications for the Group's investment properties and conducted impairment assessment on the investment properties as at 31 December 2025 in accordance with IAS 36 Impairment of Assets. The Group estimated the recoverable amounts of the investment properties with reference to their respective fair values as at 31 December 2025 which were determined using the income approach. Based on the results of the impairment assessments, impairment losses of RMB269,020,000 were recognised against the carrying amount of investment properties during the year ended 31 December 2025 (31 December 2024: RMB333,372,000).

***Finance Income – Net***

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

***Income Tax Expense***

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

***Overall Profitability Indicators***

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

### ***Provision for Inventories***

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

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

### ***Expected Credit Loss Allowance***

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

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

## ***Liquidity and Financial Resource***

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

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

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

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

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

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

*Note:*

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

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

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

### ***Foreign Exchange Risk***

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

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

### ***Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures***

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

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

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

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

### ***Future Plans for Significant Investments and Capital Assets***

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

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

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

## ***Pledge of Assets***

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

## ***Contingent Liabilities***

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

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

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

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

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

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

## **BUSINESS REVIEW**

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

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

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

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

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

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

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

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

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

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

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

***Consolidating the “Single Brand, Multi-categories, Diversified Channels” Strategic Layout to Promote the Comprehensive Upgrade of the LI-NING Brand Experience***

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

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

*Running*

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

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

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

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

## *Basketball*

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

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

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

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

## *Training*

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

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

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

## *Badminton*

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

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

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

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

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

## *Table Tennis*

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

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

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

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

## *Sports Casual*

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

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

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

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

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

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

## *Outdoor*

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

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

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

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

### *Tennis and Pickleball*

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

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

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

## Deepening channel layout strategy to enhance competitiveness comprehensively

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

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

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

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

## ***Number of LI-NING Brand POS by geographical location***

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

### *Notes:*

1. The Northern region includes provinces, municipalities and autonomous regions covering Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia, Shandong, Henan, Heilongjiang, Jilin, Liaoning, Shaanxi, Ningxia, Qinghai, Gansu and Xinjiang.
2. The Southern region includes provinces, municipalities, autonomous regions and special administrative regions covering Shanghai, Jiangsu, Zhejiang, Anhui, Jiangxi, Hubei, Hunan, Chongqing, Sichuan, Yunnan, Guizhou, Tibet, Guangdong, Guangxi, Fujian, Hainan, Macau and Hong Kong.

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

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

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

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

## **LI-NING YOUNG**

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

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

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

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

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

## HUMAN RESOURCES

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

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

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

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

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

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

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

## OUTLOOK

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

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

2. **Olympic marketing empowering the brand:** The Group will drive value creation through sports marketing, establish emotional connections with consumers, and facilitate the steady enhancement of brand value. By continuously deepening the cooperation with the Chinese Olympic Committee, the Group will seize the development window of the Olympic cycle and promote the brand to achieve a leap from resource cooperation to value co-creation. LI-NING will fully explore the diversified value of the cooperation with the Chinese Olympic Committee. Through systematic marketing layout and technological equipment support, it will convey the story of the mutual growth of LI-NING and Chinese sports, highlighting the technological strength and cultural confidence of the national brand.
3. **Dual improvement in quality and efficiency of business operations:** The Group will continue to focus on improving quality and efficiency across all aspects of its business. By deepening channel layout, strengthening product operations, and optimizing supply chain management, the Group aims to build an efficient operational system, achieve simultaneous improvements in operational quality and efficiency, and lay a solid foundation for the high-quality growth of the enterprise. Offline channels will focus on improving efficiency in high-tier markets and penetrating emerging markets, while exploring new business models. Online channels will strengthen omni-channel synergy and resource integration, promoting complementarity between online and offline channels. In terms of product operations, the Group will optimize the precision of full-chain planning and flexible supply capabilities, and accelerate inventory turnover. The supply chain will achieve coordinated optimization of cost, quality, and delivery time across the entire chain, thereby enhancing overall operational efficiency.
4. **Consolidating the foundation to safeguard development:** The Group will continuously strengthen three core support capabilities: talent, finance, and digital intelligence, to lay a solid bedrock for high-quality development. In terms of talent strategy, talent development will focus on selection, incentives, and efficiency. In terms of financial management, emphasis will be placed on precise resource allocation and risk control. In terms of digitalization, the Group will promote the deep integration of AI and big data with business operations, enhance operational efficiency and the scientific nature of decision-making, and provide systematic safeguards for the long-term development of the Group.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES**

The Company did not redeem any of its shares during the year ended 31 December 2025. Except for the purchase of shares by the trustee of the restricted share award scheme of the Company (the "Restricted Share Award Scheme") pursuant to the trust deed and the rules of Restricted Share Award Scheme, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities during the year ended 31 December 2025. As at 31 December 2025, the Company does not have any treasury shares (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules")).

## **EVENTS AFTER THE REPORTING PERIOD**

Except for those disclosed herein, there is no important event that affects the Group which has occurred since the end of the reporting period.

## **CORPORATE GOVERNANCE**

The Company endeavours to uphold a high standard of corporate governance by continued review and enhancement of its corporate governance practices, which enables the Company to keep abreast of the corporate governance level oriented to its business needs in a timely and effective manner. During the year ended 31 December 2025, the Company has complied with the code provisions of the Corporate Governance Code (“CG Code”) as set out in Appendix C1 to the Listing Rules, except for certain deviations specified with considered reason as explained below.

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

Details of the corporate governance practices of the Company will be set out in the Corporate Governance Report contained in the 2025 annual report of the Company.

## **AUDIT COMMITTEE**

The Audit Committee of the Company, consisting of three independent non-executive directors of the Company, has reviewed the accounting principles and practices adopted by the Group, and has also reviewed auditing, internal control and financial reporting matters, including the review of the annual results of the Company for the year ended 31 December 2025.

## **SCOPE OF WORK OF ERNST & YOUNG**

The figures in respect of the Group's consolidated statement of profit or loss and consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Group's independent auditor, Ernst & Young, Certified Public Accountants of Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2025. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by Ernst & Young on this announcement.

## **ANNUAL GENERAL MEETING**

The AGM of the Company will be held at 11:00 am on Thursday, 11 June 2026.

The notice of the AGM will be despatched to the shareholders of the Company in due course, and will be published on the website of the Company (<http://ir.lining.com>) and the "HKEXnews" website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)).

By order of the Board  
**Li Ning Company Limited**  
**Li Ning**  
*Executive Chairman and  
Joint Chief Executive Officer*

Hong Kong, 19 March 2026

*As at the date of this announcement, the executive directors of the Company are Mr. Li Ning, Mr. Kosaka Takeshi and Mr. Li Qilin. The independent non-executive directors of the Company are Mr. Koo Fook Sun, Louis, Ms. Wang Ya Fei, Dr. Chan Chung Bun, Bunny and Ms. Wang Yajuan.*