LI NING COMPANY LIMITED
李寧有限公司

(Incorporated in the Cayman Islands with limited liability)

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

ANNUAL REPORT 2024

VISION

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

MISSION

Let Sports Light Your Passion

CORE VALUES

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

ABOUT LI NING GROUP

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

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

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Independent non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUTHORISED REPRESENTATIVES

Mr. LI Ning
Ms. WANG Ya Fei

COMPANY SECRETARY

Ms. TAI Kar Lei

REGISTERED OFFICE

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

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Fax: +8610 8080 0000

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and Registered PIE Auditor

LEGAL ADVISORS

Hong Kong law
YYC Legal LLP

Mainland China law
TAHOTA Law Firm

PRINCIPAL BANKERS

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

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

Five-Year Financial Highlights

	2024	2023	2022	2021	2020
Operating results (in RMB thousands):					
Turnover	**28,675,643**	27,598,491	25,803,383	22,572,281	14,456,971
Operating profit	**3,678,206**	3,559,087	4,886,758	5,136,376	2,195,969
Profit before taxation	**4,109,609**	4,256,169	5,415,100	5,328,237	2,247,865
Profit attributable to equity holders	**3,012,918**	3,186,910	4,063,834	4,010,881	1,698,484
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**6,379,193**	6,157,208	6,541,707	6,436,060	3,292,272
Assets and liabilities (in RMB thousands):					
Total non-current assets	**15,180,164**	20,554,820	21,251,624	11,602,962	4,817,309
Total current assets	**20,528,242**	13,652,983	12,394,895	18,671,854	9,776,556
Total current liabilities	**7,585,946**	7,268,476	7,240,833	7,703,848	5,015,057
Net current assets	**12,942,296**	6,384,507	5,154,062	10,968,006	4,761,499
Total assets	**35,708,406**	34,207,803	33,646,519	30,274,816	14,593,865
Total assets less current liabilities	**28,122,460**	26,939,327	26,405,686	22,570,968	9,578,808
Capital and reserves attributable to equity holders	**26,103,689**	24,406,641	24,329,430	21,101,546	8,686,863
Key financial indicators:					
Gross profit margin	**49.4%**	48.4%	48.4%	53.0%	49.1%
Margin of profit attributable to equity holders	**10.5%**	11.5%	15.7%	17.8%	11.7%
EBITDA ratio	**22.2%**	22.3%	25.4%	28.5%	22.8%
Earnings per share					
– basic (RMB cents)	**116.98**	123.21	155.38	160.10	69.21
– diluted (RMB cents)	**116.52**	122.66	154.34	157.97	67.62
Dividend per share (RMB cents)	**58.48**	54.74	46.27	45.97	20.46
Return on equity attributable to equity holders	**11.9%**	13.1%	17.9%	26.9%	21.5%
Net tangible assets per share (RMB cents)	**998.59**	933.68	911.92	794.44	336.80
Debt-to-Equity ratio	**36.8%**	40.2%	38.3%	43.5%	68.0%


STANDING OUT

Chairman's Statement

Dear Shareholders,

Looking back over the past year, China's economy demonstrated resilience and stability with a clear upwards recovery trend despite an uncertain and complex international environment. A series of incremental policies were announced and effectively strengthened consumer confidence. Against this backdrop, the Group focused on its core business, strengthened technological research and innovation, improved operational efficiency, and consistently enhanced the consumer experience to ensure a stable financial performance.

STRENGTHENING THE FOUNDATION TO DRIVE STEADY GROWTH IN A COMPETITIVE ENVIRONMENT

In 2024, we made progress and drove growth, with revenue increasing 3.9% to RMB28,676 million (2023: RMB27,598 million). Overall gross profit increased by 6.0% to RMB14,156 million (2023: RMB13,352 million), with a gross profit margin of 49.4%, improving by 1 percentage point compared to the previous year. Profit attributable to equity holders was RMB3,013 million, with a net profit margin of 10.5%.

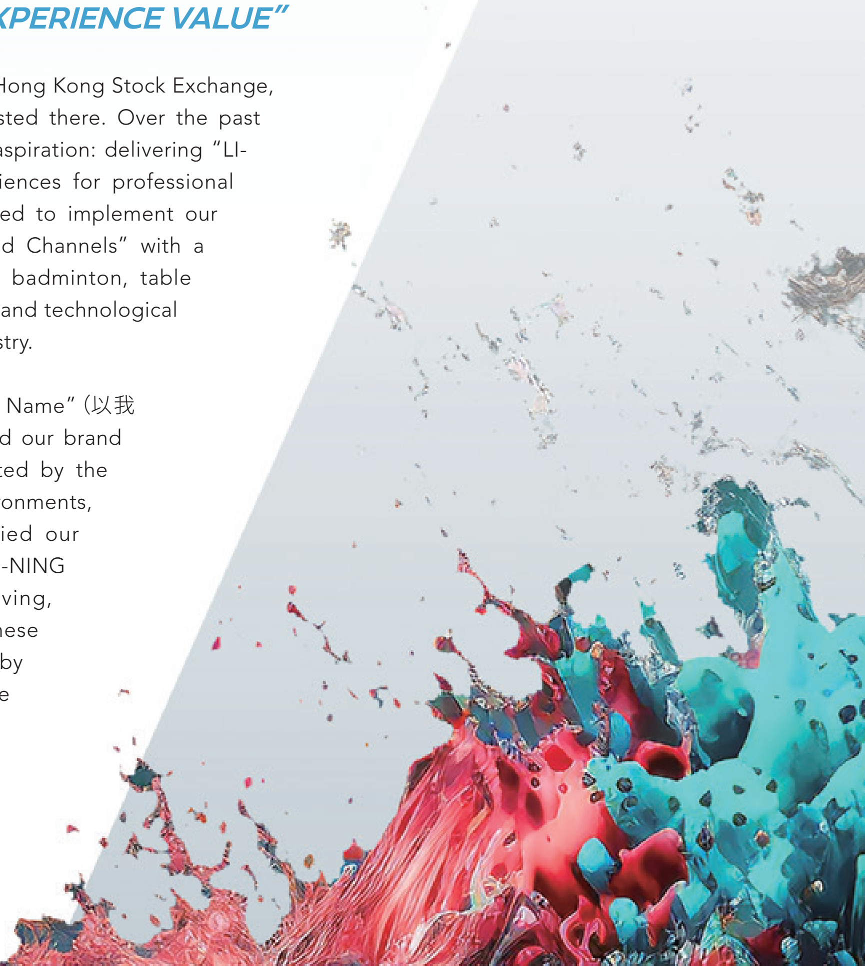
During the year, the Group maintained a healthy financial position, generating net operating cash inflow of RMB5,268 million (2023: RMB4,688 million), underscoring our strong risk management capabilities.

The Board has recommended the payment of a final dividend of RMB20.73 cents per ordinary share for the year ended 31 December 2024. Together with the interim dividend of RMB37.75 cents per ordinary share paid in September 2024, the total dividend for the year ended 31 December 2024 will amount to RMB58.48 cents per ordinary share or a total dividend payout ratio of 50%.

STAYING TRUE TO OUR ORIGINAL ASPIRATION BY CONTINUOUSLY REFINING "LI-NING'S EXPERIENCE VALUE"

2024 marked the 20th anniversary of LI-NING's listing on the Hong Kong Stock Exchange, the first mainland Chinese sports goods company to be listed there. Over the past two decades, we have remained committed to our original aspiration: delivering "LI-NING's Experience Value" through excellent sports experiences for professional athletes and consumers alike. During the year, we continued to implement our core strategy of "Single Brand, Multi-categories, Diversified Channels" with a focus on six core categories: running, basketball, fitness, badminton, table tennis and sports casual. By consistently investing in product and technological innovation, we strengthened our leading position in the industry.

2024 was a great year for sports. We launched the "In My Name" (以我為名) Olympic-themed marketing campaign which showcased our brand spirit and technological capabilities. This was complemented by the launch of themed product series and thematic retail environments, generating massive buzz and engagement which solidified our professional brand image. At the Paris Olympic Games, LI-NING sponsored and supported the national table tennis, diving, and shooting teams who achieved remarkable results. These teams accounted for nearly half of the gold medals won by the Chinese Olympic delegation, further enhancing the competitiveness and value of the LI-NING brand.



Mr. LI Ning

Executive Chairman and
Joint Chief Executive Officer

Chairman's Statement

As we usher in the new year, we are excited to announce that after many years, the LI-NING brand will once again become the official sportswear partner for the Chinese Olympic Committee and the Chinese sports delegation. From 2025 to 2028, we will support the Chinese sports delegation as they compete in several leading international competitions. This partnership is not only a vote of confidence from the General Administration of Sport of China and the Chinese Olympic Committee, but also a reflection of our commitment to serving and supporting Chinese sports. We will continue to uphold our "Serve with Sportsmanship" values, promoting sportsmanship and the Olympic spirit while supporting the development of Chinese sports. Additionally, we will encourage more people to participate in sports, experience the joy of sports, and share the glory of China's Olympic dreams through our sports products and experiences.

Over the past few years, we have consistently driven technological innovation by building a technical platform focused exclusively on R&D and sports science. In May 2024, we successfully hosted the "In My Name, Tech LI-NING" (以我為名，科技李寧) technology conference where we showcased six innovative technologies: "Carbon Core" (碳核芯), "Dual-Stage Assist Curves" (最速曲線系統), "Super Jiang" (超級彈), "GCU", "Super BOOM" (超䨻) and "Extreme Boom Fiber" (極限䨻絲). We also unveiled for the first time three new innovations: the "Shadow 3" (絕影3) running shoes, the premium "Dragonflight" (龍雀) racing shoes, and dual-vent nanotechnology for rainstorm protection. The "LI-NING Technology Platform", represented by LI-NING's "BOOM" (䨻) technology, supports our brand in driving remarkable innovation in professional sports products for core sports categories. This enables us to make significant progress towards becoming a world-class professional sports brand.

FORGING AHEAD, WE BELIEVE THAT "ANYTHING IS POSSIBLE"

Looking ahead to 2025, despite an uncertain and complex international economic environment and an increasingly competitive sport goods market, we believe that China's economy will remain strong and resilient. The Chinese sports goods industry still offers significant development potential. We will leverage our deep market insights and capitalize on opportunities from our collaboration with the Chinese Olympic Committee and Chinese sports delegation to drive value creation through sports marketing. This will further enhance the functional attributes of our products and improve our brand competitiveness and influence. We will continue to focus on the Chinese market, but will also look overseas and gradually expand our presence internationally.

Specifically, we will further enhance the execution of our "Single Brand, Multi-categories, Diversified Channels" strategy and continue to delve deeply into core categories. By continuously refining our product offerings in various categories, we will create additional professional sports experiences for consumers. Exploring the unique athletic DNA of our brand and deep understanding of sports, we will continue investing in sports science research and professional product research and development to strengthen and enhance our technological innovation and application capabilities. Additionally, we will maintain our business layout and investment in emerging sports categories to address evolving sports needs, creating richer and more diverse product experiences. We will also focus on the needs of new sports consumer groups, particularly for younger generations.

As the founder of LI-NING, I have always placed the long-term interests of all shareholders at the core of everything we do. I recognize that the profound affection and steadfast support everyone has for our brand is crucial to our future development and I am immensely grateful for this. We will continue to strengthen corporate governance, actively fulfil our corporate social responsibilities, offer employees a supportive working environment and a platform to showcase their talents, and strive to create greater value in appreciation for the long-term support of our shareholders.

Last but not least, I would like to extend my sincerest gratitude to each hardworking employee. You are the foundation that ensures the steady progress of the LI-NING brand. Going forward, our management team and I will continue to work hand in hand with you, leading the Group in the pursuit of excellence, and contributing more to the development of Chinese sports. Believe that "Anything is Possible"!

Li Ning
Executive Chairman and Joint Chief Executive Officer
Hong Kong, 27 March 2025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SPORTSMANSHIP

Management Discussion and Analysis

FINANCIAL OVERVIEW

The key operating and financial performance indicators of the Group for the year ended 31 December 2024 are set out below:

	Year ended 31 December		Change
	2024	2023	(%)
Income statement items			
(All amounts in RMB thousands unless otherwise stated)			
Revenue	**28,675,643**	27,598,491	**3.9**
Gross profit	**14,156,103**	13,352,055	**6.0**
Operating profit	**3,678,206**	3,559,087	**3.3**
Earnings before interest, tax, depreciation and amortisation (EBITDA) *(Note 1)*	**6,379,193**	6,157,208	**3.6**
Profit attributable to equity holders	**3,012,918**	3,186,910	**(5.5)**
Basic earnings per share *(RMB cents) (Note 2)*	**116.98**	123.21	**(5.1)**
Key financial ratios			
Profitability ratios			
Gross profit margin *(%)*	**49.4**	48.4	**1.0**
Operating profit margin *(%)*	**12.8**	12.9	**(0.1)**
Effective tax rate *(%)*	**26.7**	25.1	**1.6**
Margin of profit attributable to equity holders *(%)*	**10.5**	11.5	**(1.0)**
Return on equity attributable to equity holders *(%) (Note 3)*	**11.9**	13.1	**(1.2)**
Expenses to revenue ratios			
Staff costs *(%)*	**8.6**	8.7	**(0.1)**
Advertising and marketing expenses *(%)*	**9.5**	9.0	**0.5**
Research and product development expenses *(%)*	**2.4**	2.2	**0.2**

	31 December 2024	31 December 2023
Balance sheet items		
(All amounts in RMB thousands unless otherwise stated)		
Total assets	**35,708,406**	34,207,803
Capital and reserves attributable to equity holders	**26,103,689**	24,406,641
Key financial ratios		
Asset efficiency		
Average inventory turnover (days) *(Note 4)*	**64**	63
Average trade receivables turnover (days) *(Note 5)*	**14**	15
Average trade payables turnover (days) *(Note 6)*	**43**	43
Asset ratios		
Debt-to-equity ratio *(%) (Note 7)*	**36.8**	40.2
Net asset value per share *(RMB cents) (Note 8)*	**1,013.56**	948.27

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 of land use rights and intangible assets 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 capital and reserves 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 capital and reserves 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 revenue for the year ended 31 December 2024 amounted to RMB28,675,643,000 (2023: RMB27,598,491,000), representing an increase of 3.9% as compared to that of 2023. The year 2024 veritably marked a great year for sports. The hosting of the Olympic Games globally aroused people's passion for sports and increased their attention and participation in sports, which brought unprecedented development opportunities to the sports industry, thus driving the comprehensive growth of the sports industry chain. As an active participant in the sports industry, the Company continued to deepen its co-operation with top international events to enhance its competitiveness and provide sports enthusiasts with more thrilling event experiences.

During the year, (1) the revenue from the e-commerce business for the year grew by 10.3% thanks to the in-depth development of online channels, the emergence of economies of scale and the optimisation of cost control; (2) the Company achieved inventory optimisation and rapid order response by strengthening cooperation with distributors, optimising product supply, offering a more competitive product portfolio and enhancing the efficiency of synergies with distributors, leading to a year-on-year increase of 2.6% in distribution revenue; and (3) as affected by the overall consumption vibe and intensified market competition, the Company improved and adjusted its retail channels, resulting in a slight year-on-year decrease of 0.3% in retail revenue; and with optimised discount strategies, the Company improved the profitability of its retail stores. In the future, the Company will continue to optimise its channel structure, enhance customer experience, and explore new growth drivers to promote the steady development of its business.

REVENUE BREAKDOWN BY PRODUCT CATEGORY

	Year ended 31 December				
	2024		2023		Revenue
	RMB'000	% of total revenue	RMB'000	% of total revenue	Change (%)
Footwear	**14,300,341**	**49.9**	13,389,080	48.5	6.8
Apparel	**12,050,245**	**42.0**	12,410,785	45.0	(2.9)
Equipment and accessories	**2,325,057**	**8.1**	1,798,626	6.5	29.3
Total	**28,675,643**	**100.0**	27,598,491	100.0	3.9

REVENUE BREAKDOWN (IN %) BY SALES CHANNEL

	Year ended 31 December		
	2024	2023	Change
	% of revenue	% of revenue	(%)
The PRC market			
Sales to franchised distributors	**45.1**	45.8	(0.7)
Sales from direct operation	**24.0**	25.0	(1.0)
Sales from e-commerce channel	**29.0**	27.3	1.7
Other regions	**1.9**	1.9	–
Total	**100.0**	100.0	–

REVENUE BREAKDOWN BY GEOGRAPHICAL LOCATION

		Year ended 31 December				
		2024		2023		Revenue Change
	Note	RMB'000	% of revenue	RMB'000	% of revenue	(%)
The PRC market						
Northern region	*1*	**13,640,169**	**47.6**	13,007,856	47.2	4.9
Southern region	*2*	**14,504,625**	**50.5**	14,059,033	50.9	3.2
Other regions		**530,849**	**1.9**	531,602	1.9	(0.1)
Total		**28,675,643**	**100.0**	27,598,491	100.0	3.9

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 2024, the overall cost of sales of the Group amounted to RMB14,519,540,000 (2023: RMB14,246,436,000), and the overall gross profit margin was 49.4% (2023: 48.4%), representing an increase of 1 percentage point as compared to last year. During the year, benefiting from the continuous expansion of online channels, the proportion of e-commerce channels with higher profit margins further increased, coupled with improved discount strategies in direct-operated offline stores, leading to an increase in gross profit margin.

Selling and Distribution Expenses

For the year ended 31 December 2024, the Group's overall selling and distribution expenses amounted to RMB9,198,907,000 (2023: RMB9,080,121,000), representing a year-on-year increase of 1.3%; the selling and distribution expenses accounted for 32.1% (2023: 32.9%) of the Group's total revenue with a year-on-year decrease of 0.8 percentage points.

During the year, the selling expenses of the Company slightly increased as compared to last year, primarily due to the intensified efforts in market expansion, increased investments in brand promotion and higher commission expenses resulting from the growth in e-commerce turnover. However, the cost control at retail front led to a decrease in the proportion of selling and distribution expenses to revenue. The Company will continue to strengthen the refined management of selling expenses to ensure efficient allocation of resources and sustain business growth while maintaining the reasonableness and controllability of expenses.

Administrative Expenses

For the year ended 31 December 2024, the Group's overall administrative expenses amounted to RMB1,427,907,000 (2023: RMB1,256,152,000), accounting for 5.0% (2023: 4.6%) of the Group's total revenue with a year-on-year increase of 0.4 percentage points. Administrative expenses mainly comprised staff costs, management consulting fees, depreciation and amortisation charges, research and product development expenses, taxes and other miscellaneous daily expenses.

The increase in administrative expenses during the year was mainly attributable to the increase in staff costs and research and product development expenses.

Share of Profit of Investments Accounted for Using the Equity Method

For the year ended 31 December 2024, the Group's share of profit of investments accounted for using the equity method amounted to RMB256,299,000 (2023: RMB377,972,000, while excluding one-off gains not related to operation, the share of profit of investments accounted for using the equity method amounted to RMB237,515,000).

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

For the year ended 31 December 2024, the Group's EBITDA amounted to RMB6,379,193,000 (2023: RMB6,157,208,000, while excluding the one-off gains not related to operation which was recorded as part of the share of profit of investments accounted for using the equity method, the EBITDA was RMB6,016,751,000), representing a year-on-year increase of 3.6%. After deducting the one-time non-operating gains from the previous year, the year-on-year increase is 6%.

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

	2024 RMB'000	2023 RMB'000
Reconciliation of profit for the year to EBITDA:		
Profit for the year	**3,012,918**	3,186,962
Income tax expense	**1,096,691**	1,069,207
Finance income	**(429,525)**	(500,556)
Finance expenses (including amortisation of discount on lease liabilities)	**254,421**	181,446
Depreciation on property, plant and equipment	**1,095,092**	1,015,519
Impairment of property, plant and equipment *(Note 1)*	**81,807**	115,463
Amortisation of land use rights and intangible assets	**63,093**	55,447
Depreciation on right-of-use assets	**613,087**	761,748
Impairment of right-of-use assets *(Note 1)*	**171,942**	208,028
Depreciation on investment properties	**86,295**	63,944
Impairment of investment properties *(Note 1, 2)*	**333,372**	–
EBITDA	**6,379,193**	6,157,208

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 2024, the property market in Mainland China 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, the Group conducted impairment assessment on the investment properties as at 31 December 2024. Based on the results of the impairment assessments, impairment losses of RMB333,372,000 were recognised against the carrying amount of investment properties during the year ended 31 December 2024.

Finance Income – Net

For the year ended 31 December 2024, the Group's net finance income amounted to RMB175,104,000 (2023: RMB319,110,000).

During the year, the exchange losses recorded an increase as compared to last year due to the impact of exchange rate fluctuations. During the year, the average balance of funds declined, and as a result of the downward trend in market interest rates, the yield rate of financial assets generally faced pressure, leading to a decrease in interest income generated this year.

Income Tax Expense

For the year ended 31 December 2024, the income tax expense of the Group amounted to RMB1,096,691,000 (2023: RMB1,069,207,000) and the effective tax rate was 26.7% (2023: 25.1%).

Overall Profitability Indicators

The Group's revenue rose steadily during the year, with a gross profit margin of 49.4%, representing an increase of 1 percentage point as compared to last year. Due to the changes in market supply and demand and the overall adjustment of the real estate industry during the year, the Company, based on the principle of prudence, made provision for impairment of RMB333,372,000 of certain real estate projects it held which experienced a decline in fair value. During the year, the Group's profit attributable to equity holders amounted to RMB3,012,918,000 (2023: RMB3,186,910,000, while excluding the one-off gains not related to operation which was recorded as part of the share of profit of investments accounted for using the equity method, the profit attributable to equity holders was RMB3,046,453,000). The margin of profit attributable to equity holders was 10.5% (2023: 11.5%, while excluding the one-off gains not related to operation which was recorded as part of the share of profit of investments accounted for using the equity method, the margin of profit attributable to equity holders was 11.0%). The return on equity attributable to equity holders was 11.9% (2023: 13.1%, while excluding the one-off gains not related to operation which was recorded as part of the share of profit of investments accounted for using the equity method, the return on equity attributable to equity holders was 12.5%). The Company will continue to monitor market dynamics and optimise its asset structure to reduce the risks arising from market fluctuations.

Provision for Inventories

The Group's policy in respect of provision for inventories for 2024 was the same as that in 2023. 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 that this policy can ensure appropriate provision for inventories made by the Group.

As at 31 December 2024, the accumulated provision for inventories was RMB166,817,000 (31 December 2023: RMB134,727,000). During the year, the original value of inventory increased from the beginning of the year, which led to the year-on-year growth of provision for inventories. Currently, the overall inventory ageing structure is reasonable, and the Group will continue to monitor the inventory status to maintain it at a healthy level.

Expected Credit Loss Allowance

The Group's policy in respect of provision of doubtful debts for 2024 was the same as that in 2023. 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 2024, the accumulated expected credit loss allowance was RMB45,678,000 (31 December 2023: RMB45,738,000), among which the accumulated expected credit loss allowance for trade receivables was RMB41,658,000 (31 December 2023: RMB38,215,000) and the accumulated expected credit loss allowance for other receivables was RMB4,020,000 (31 December 2023: RMB7,523,000). The trade receivables and other receivables written off during the year as uncollectible and the effect of change in exchange rate amounted to RMB5,334,000 (2023: RMB93,824,000). The expected credit loss allowance remained stable during the year, which was in line with expectations. The Group will continue to focus on the continuous optimization of the ageing structure 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 2024 amounted to RMB5,267,935,000 (2023: RMB4,687,936,000). As at 31 December 2024, 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 RMB7,498,596,000, representing an increase of RMB2,054,713,000 as compared with the position as at 31 December 2023. Adding back the amount recorded as fixed-term deposits held at banks, cash balance amounted to RMB18,140,927,000, representing a net increase of RMB166,215,000 as compared to 31 December 2023. The increase was due to the following items:

Item	Year ended 31 December 2024 RMB'000
Operating activities:	
Net cash generated from operating activities	**5,267,935**
Investing activities:	
Net cash used in investing activities (including placement and redemption of term bank deposits)	**(839,616)**
Financing activities:	
Net cash used in financing activities	**(2,324,279)**
Net increase in cash and cash equivalents	**2,104,040**
Add: Exchange losses on cash and cash equivalents	**(49,327)**
Add: Net decrease in term bank deposits	**(1,888,498)**
Net increase in cash balance	**166,215**

Net cash from operating activities increased during the year; and there was an increase in the Group's expenditures on the purchase of investment properties and the redemption of fixed-term deposits at banks. Under the comprehensive influence, there was a significant decrease in net cash used in investing activities as compared to last year. In addition, there was no repurchase transaction of treasury shares during the year, and the amount of dividend payment was also lower than that of last year, leading to a decrease in net cash used in financing activities as compared with that of last year. The Company will continue to prudently assess its capital plan in light of market conditions and capital requirements to ensure maximum efficiency in the use of capital and to support its long-term development objectives.

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 2024, RMB2,683,943,000 of the net proceeds from the top-up placing had been used. As at 31 December 2024, RMB911,621,000 were unutilised. The unutilised net proceeds from the top-up placing of shares 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 2023 (approximately RMB'000)	Amount used during the year ended 31 December 2024[2] (approximately RMB'000)	Unutilised net proceeds as at 31 December 2024 (approximately RMB'000)	Expected timeframe for utilising the unutilised net proceeds[1]
Investment in newly launched product categories as well as future business investments when opportunity arises, including international business expansion[3]	40%	1,421,939	1,421,939	–	
Investment in reengineered infrastructure and further improvement of the supply chain system	30%	1,497,223	585,602	911,621	Before 31 December 2026
Development of the brand and IT system[3]	20%	407,800	407,800	–	
General working capital[3]	10%	268,602	268,602	–	
Total	**100%**	**3,595,564**	**2,683,943**	**911,621**	**Before 31 December 2026**

Notes:

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

2. The payments made for acquisitions for the year were funded by the Group's net proceeds from the top-up placing of shares and internal resources.

3. As at 31 December 2024, the net proceeds allocated for investment in newly launched product categories as well as future business investments when opportunity arises, including international business expansion, development of the brand and IT system as well as general working capital have been fully utilised.

As at 31 December 2024, the Group's banking facilities amounted to RMB13,740,000,000, 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 Renminbi. The reporting currency of the Group is Renminbi. The Group's subsidiaries in South Korea, Hong Kong, Macau and Singapore use South Korean Won, Hong Kong Dollars, Macau Pataca and Singapore Dollars, 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, Macau Pataca and Singapore Dollars. The Company pays dividends in Hong Kong Dollars, certain license 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 Renminbi may have had financial impact on the Group.

Significant Investments

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 "Company Purchaser") and a subsidiary of Henderson Land Development Company Limited ("HLD") 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, HLD and its ultimate beneficial owner were independent third parties of the Company and its connected person(s). Pursuant to the SPA, the Company Purchaser conditionally agreed to (1) acquire the entire share capital of Vansittart Investment Limited (the "Target Entity", a company incorporated in Hong Kong with limited liability), and (2) take up the assignment of the loan amount owing by the Target Entity 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 Entity 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 Entity. For details, please refer to the announcement of the Company dated 10 December 2023.

The completion of the Acquisition took place on 28 January 2024. Upon completion, the Target Entity 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. Up to the date of this announcement, the consideration for the Acquisition has been fully paid. The Acquisition was funded by the Group's net proceeds from the top-up placing of shares and internal resources.

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 at 31 December 2024, the carrying value of the Property was RMB1,939,060,000 after depreciation and impairment, representing a percentage of approximately 5.4% of the Group's total assets.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the year ended 31 December 2024, other than those mentioned under "Significant Investments", 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 experience in regard to products, sports and consumption.

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 2024, 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. The carrying value of the investment after depreciation has not exceeded 5% of the total assets of the Group as at 31 December 2024. 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 2024 and 31 December 2023, the Group had no pledged assets.

Contingent Liabilities

As at 31 December 2024, except for those matters disclosed in events after the balance sheet date, the Group had no significant contingent liabilities.

Events After The Balance Sheet Date

As announced by the Company on 31 December 2020, 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 Bank of China Investment Asset Management Company Limited ("BOCIAM") pursuant to which the Purchasers have 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 PRC 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 became an indirect wholly-owned subsidiary of the Company. The Target Company was subsequently renamed as Li Ning Communications (Hong Kong) Limited.

On 24 March 2025, the Target Company received a statutory demand (the "Statutory Demand") from one of the joint and several liquidators of Vast Gold Holdings Limited (in liquidation) ("Vast Gold") and Active Legend Limited (in liquidation) ("Active Legend"), 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 and confirmed by the Target Company and Mr. Pan Sutong on the same day. In the Statutory Demand, the liquidator further alleged that the Subject Loan still remained outstanding at a total amount of HK$1,955,338,833 (including the loan principal, interest and default interest amounts).

Before the Target Company received the Statutory Demand on 24 March 2025, the Company was not aware of the existence of the Subject Loan and any matter related thereto, and the Target Company has not received any repayment demand or other correspondence from Active Legend or Vast Gold since 28 January 2021.

The Group has sought legal advice. 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 continue to seek legal advice and will vigorously defend against the claim made in the Statutory Demand. The Company will make further announcement(s) on this matter when there is substantial development.

BUSINESS REVIEW

In 2024, the Chinese economy demonstrated remarkable resilience and potential despite a complex domestic environment. Following the rolling out of several incremental policies, the economy experienced a remarkable rebound, showing a trend of prioritizing stable development. New breakthroughs were made in high-quality development, establishing a solid foundation for future growth. Against this backdrop, the Group's annual performance was generally in line with expectations, a result of robust operational resilience and effective strategic execution. Furthermore, the Group made significant progress across various aspects of its business including product innovation, brand building, and channel optimization.

In terms of product innovation, the Group maintained its focus on the core strategy of "Single Brand, Multi-categories, Diversified Channels" to enhance product strength through continuous research and development and technological innovation. Efforts were concentrated on the six core categories of running, basketball, fitness, badminton, table tennis and sports casual. Notably, professional running shoes underwent further iterations and upgrades, with sales of core IPs exceeding 10.6 million pairs, underscoring the Group's market competitiveness and strong consumer recognition within the professional sports sector.

In terms of brand building, 2024 was a year distinguished by major sporting events. The Group launched the "In My Name" (以我為名)-themed campaign, directly linking its unique brand proposition with the product experience and deepening the connection with each consumer. This effectively strengthened brand competitiveness and user stickiness.

In terms of channel optimization, the Group actively made adjustments to its channel structure and strengthened its presence in emerging markets. The online business remained stable overall, while offline channels focused on achieving improvements in both efficiency and profitability through refined management practices.

Latest Operational Updates for the Fourth Quarter of 2024

For the fourth quarter ended 31 December 2024, the retail sell-through of LI-NING point of sale ("POS") (excluding LI-NING YOUNG) for the overall platform recorded a high-single-digit increase on a year-on-year basis. In terms of channels, offline channel (including retail and wholesale) increased by mid-single-digit, with retail (direct operation) decreasing by low-single-digit and wholesale (franchised distributors) increasing by mid-single-digit. E-commerce virtual stores business registered a mid-teens growth.

As at 31 December 2024, the total number of LI-NING POS (excluding LI-NING YOUNG) in China amounted to 6,117, representing a net decrease of 164 POS since the end of the previous quarter and a net decrease of 123 POS since the beginning of this year. Among the net decrease of 123 POS, retail channel accounted for a net decrease of 201 POS, while wholesale channel accounted for a net increase of 78 POS.

As at 31 December 2024, the total number of LI-NING YOUNG POS in China amounted to 1,468, representing a net increase of 9 POS since the end of the previous quarter and a net increase of 40 POS since the beginning of this year.

Empowering Product Strength through Technological Innovation to Solidify Brand Core Competitiveness

The Group firmly believes that technology is key to enhancing product strength. During the year, the Group continued to solidify its leading position in professional sports technology through material innovation, the integration of smart technologies, and sustainable development practices.

After years of investment and development, the Group has established a robust portfolio comprising of six unique and innovative technologies: "Carbon Core" (碳核芯), "Dual-Stage Assist Curves" (最速曲線系統), "Super Jiang" (超級弜), "GCU", "Super BOOM" (超䨻) and "Extreme Boom Fiber" (極限䨻絲). These technologies span four major platforms – midsoles, outsoles, uppers and structures – covering a wide array of sports categories. Additionally, the Group unveiled three industry-leading innovations: the "Shadow 3" (絕影3) running shoes, the premium "Dragonflight" (龍雀) racing shoes, and "dual-vent nanotechnology for rainstorm protection" (防暴雨雙透納米科技). These innovations not only bolstered the Group's competitiveness within the industry but also provided athletes and consumers with more professional and efficient sports equipment.

In 2024, the Group made multi-dimensional breakthroughs in the research and development of technologies. The launch of the new midsole technology "Super BOOM" (超䨻) showcases Group's innovative capabilities in both materials and manufacturing processes. This technology is not only lighter and more elastic but also boasts an exceptional elasticity-to-weight ratio, representing the pinnacle of performance for supercritical foaming materials. With targeted performance adjustments, "Super BOOM" (超䨻) addresses strong demand from various professional sports scenarios, enhancing the product experience and performance for athletes. Notably, the BOOM technology platform has achieved four application breakthroughs within six years, evolving from a "single technology" to "four major technologies". This progression demonstrates the Group's commitment to exploring materials and manufacturing processes and exceptional ability to deploy and broaden their application, further enhancing its ability to diversify product offerings and iterate product lines.

The Group prioritizes the deep understanding of sports needs and the pursuit of optimal sports performance. At the end of the year, the Group rolled out six new basketball and running products equipped with "Super BOOM" (超䨻) technology: the "Feidian 5 ULTRA" (飛電5 ULTRA), "Feidian 5 ELITE" (飛電5 ELITE) and "Feidian 5 CHALLENGER" (飛電5 CHALLENGER) running shoes as well as the "ULTRALIGHT 2025", "BADFIVE SNIPER 1 SUPER" (反伍遊擊1 SUPER), and "BADFIVE HUNTING 1 SUPER" (反伍追獵1 SUPER) basketball shoes. Each product reflects a deep understanding of the needs of athletes and consumers. The Group also collaborated with partners to conduct targeted research and development of materials and equipment from the ground up, transitioning from passive to active research and development. This initiative advanced the development of supercritical foaming technology in China and drove high-quality growth of the sports equipment industry through technological innovation.

At the same time, the Group continued to refine its "SOFT" series technology matrix, with the COMFOAM formula achieving enhanced lightweight performance while ensuring comfort to better meet modern sports demand. In addition, the Group actively promoted and applied metal 3D printing technology. This technology significantly improved precision and texture in product outsoles and led to the development of a rapid moulding system for midsole water pipes that increased production efficiency by 90%-100%, achieving both cost reduction and efficiency gains. This system has been certified as a national patent, further solidifying the Group's leading position in technological innovation.

The Group has consistently enhanced its product strength through continuous research and development innovation and technological breakthroughs, gradually solidifying the core competitiveness of its brand. This enables LI-NING products to maintain a favourable position in an intensely competitive market while delivering a professional, efficient, and comfortable "LI-NING's Experience Value" for consumers.

Strengthen the Strategy of "Single Brand, Multi-categories, Diversified Channels" to Comprehensively Upgrade LI-NING's Experience Value

Consolidate a professional sports image with diversified and universal marketing efforts to enhance brand value

In 2024, the Group continued to focus on the six core categories of running, basketball, fitness, badminton, table tennis and sports casual. It also actively explored emerging sports and subcategories, such as outdoor sports, golf, tennis and pickleball. The Group leveraged technological innovation capabilities to drive product upgrades underpinned by three key pillars: solidifying a professional sports mindset, showcasing sports fashion aesthetics, and inheriting Chinese cultural values. Moreover, it proactively sought to strengthen its differentiated brand advantages and enhance brand influence through diversified and comprehensive marketing campaigns.

Capitalizing on the market opportunities presented by a year distinguished major sporting events, the Group delved into the essence of its brand spirit and gained insights into the younger generation's attitudes towards sports. Through these efforts, it articulated the brand spirit of "Dare to Imagine, Create Excellence, Anything is Possible"(敢於想像，創造精彩，一切皆有可能) and launched the "In My Name"(以我為名)-themed marketing campaign, aiming to solidify LI-NING's professional image and establish a deeper emotional connection with consumers.

Running

The Group dedicated significant efforts to the field of sports technology by actively promoting the comprehensive upgrade of its professional running shoe offerings. It focused on multiple dimensions, including daily aesthetics, functionality, comfort, and durability, striving to fully meet consumer product needs across various scenarios. During the year, the Group iteratively upgraded its three core running shoe IPs: "Super Light"(超輕), "Rouge Rabbit"(赤兔) and "Feidian"(飛電). These series achieved robust sales volumes, with over 10.60 million pairs sold, reflecting strong consumer recognition and trust in product quality.

In terms of product innovation, the Group established an innovative research and development system with focus on the performance of top athletes. It launched the flagship product "Dragonflight"(龍雀) and introduced the new "Feidian 5 ULTRA"(飛電5 ULTRA) at the "Super BOOM"(超鸓) press conference, which helped athletes win championships at major marathon events, significantly boosting market attention and the professional image of the products. Additionally, the Group's professional running shoes achieved outstanding results in several marathon and cross-country races, marking a new breakthrough for Chinese brand running shoes in the "203 Era". This highlights the Group's professional expertise in running shoe products.

To meet the needs of specific market segments, the Group launched its first women's exclusive running shoe "Jinghong"(驚鴻), featuring the "Cloud LITE"(雲 LITE) midsole material. This product integrates demand-oriented design and excellent performance tailored specifically for women. It has gained popularity among a large number of female consumers and enabled the Group to stand out in the women's sports market. In terms of running apparel, the Group leveraged the "AT" clothing technology system within "SHELL" technology platform to address the needs of runners in terms of materials, blocks, and functional technology across various scenarios including marathons, daily running, and cross-country races. Notably, the Group's "Ultra-strong UV Defense"(超強防曬) and "breathable and quick-drying"(透氣速乾) products provide runners with comprehensive apparel solutions for all scenarios. The conceptual "Dragonflight Outfit"(龍雀套裝) product sparked discussions with its innovative product structure design, successfully driving store sales.

In terms of marketing, the Group maintained its comprehensive marketing efforts, strongly endorsing the excellent performance of its products by collaborating with top domestic and foreign athletes. This deepened consumer recognition of the running shoe category. In addition, the Group also launched marketing campaigns such as "In My Name"(以我為名) and "Running until your heart blooms"(跑到心花開), and collaborated with popular platforms for joint marketing. These campaigns stimulated active participation and deep interaction among the running customer base, strengthening awareness of the Group's running shoe products while achieving satisfactory sales conversion.

Basketball

The Group continued to deepen its presence in the basketball category, making significant efforts in technology application, marketing, and cultural development to promote the steady development of the category and enhance the brand's market influence and competitiveness.

In terms of professional basketball, the Group leveraged the popularity of the CBA League to increase brand exposure and drive growth. The Group introduced a new basketball series based on the "CBA Game as Evidence" (CBA 實戰為證) theme, positioning its basketball shoes based on varying sports performance to build a more refined product system. In addition, the cutting-edge "Carbon Core" (碳核芯) technology enabled the Group to optimize the performance of its basketball shoes. Notably, the "Gamma" (伽馬) basketball shoes gained immense popularity among consumers for their exceptional performance and innovative design, becoming the top basketball shoes for the year in terms of on-court performance and leading a new industry trend. For the CBA 24-25 season, the Group meticulously designed the "Speed 11" (閃擊11) basketball shoes, which were quickly favoured by consumers, and launched the "24-25 Season Classic Edition Game Jersey" (24-25賽季經典版比賽服), embodying the cultural heritage of basketball to commemorate the 30th anniversary of the CBA. These products were sought after by CBA fans and basketball consumers.

During the year, the "Way of Wade 11" (韋德之道 11) basketball shoes were launched, featuring novel design and superior performance, and receiving widespread attention in the market upon release. Capitalising on the marketing opportunity of the "Wade Bronze Statue Unveiling", the Group launched a special "Bronze Statue" colour tone for the Way of Wade series which received overwhelming support from fans and sparked a buying frenzy. The Group also launched apparel products such as the knitted jacquard woven series, basketball jacket series, and washed series, etc. to further solidify consumer perception of the high-quality Way of Wade series. Additionally, the Group created the brand-new DLO cultural shoes by leveraging the personal influence of Wade's teammate, Russell, enriching the WADE series product line, attracting young consumers and fashion enthusiasts, and expanding the consumer base. This provided strong support for the brand's long-term development in the youth market and fashion field.

Focusing on the expression of basketball culture, the "BADFIVE" series has achieved remarkable success in cultural construction and market expansion through coordinated offline and online marketing and innovative technology applications. The Badfive Street Basketball Game covered nine provinces and cities domestically, attracting a large number of participants and becoming an annual event for street basketball enthusiasts. The online "Search for New face" (尋找怒沸撕) marketing campaign garnered 440 million views on the Douyin (抖音) platform, significantly boosting the popularity and exposure of the "BADFIVE" series leveraging the synergies between offline events and online marketing. The "BADFIVE HUNTING 1 SUPER" (反伍追獵1 SUPER) and "BADFIVE SNIPER 1 SUPER" (反伍遊擊1 SUPER) basketball shoes earned strong consumer recognition with the application of the new "Super BOOM" (超䨻) technology and "TUFF OS Anti-Slip Wear-Resistant Outsole Technology". Apparel products such as waistcoats and game pants were launched to meet various on-court needs, including warm-ups, gameplay, and post-game activities. With deepened efforts to engage with China's street culture market, the "BADFIVE" series resonated strongly with consumers through regionally characteristic street culture city IPs, including "Chang An Young n Rich" (長安少年) and "Road to the Final" (問鼎中原). This attracted street culture consumer groups, infused the brand with rich cultural connotations, and enhanced its cultural charm and influence.

Fitness

The fitness category continued to undergo technological upgrades and expand its product offerings with a focus on enhancing consumer experience. By closely following the market trends, it rolled out products catering to multiple groups and diverse scenarios, providing consumers with better sports and product experiences.

During the year, the Group conducted in-depth research on the sportswear needs of female consumers and introduced functional products tailored to various scenarios such as yoga, fitness and urban light sports. While upgrading the functionality and technological appeal of the products, the Group consistently optimized female-specific cuts and colours to create differentiated women's products that combine sports functionality with a delicate touch. Notably, LI-NING's Women's Fitness, based on the "AT" technology platform, launched protective outerwear products with professional functions, high quality, and cost-effectiveness for outdoor sports scenarios. These included windproof and waterproof windbreakers featuring "DYNAMIC SHELL Protection Technology" (DYNAMIC SHELL防護科技) and three-in-one jackets and cooling sun-protection jackets utilizing "COOL SHELL Cooling Technology" (COOL SHELL涼爽科技). The protective outerwear category emerged as a new driving force for sales growth. For marketing campaigns, LI-NING's Women's Fitness conveyed its differentiated concept of "experiencing freedom" (體會自在) through in-depth collaborations with vertical platforms and sports bloggers. This led to a significant increase in search volumes and exposure on social media platforms compared to last year, resulting in dual growth in recognition and popularity among fitness enthusiasts.

For men's fitness, the Group focused on providing a multi-scenario comprehensive training experience to continuously enhance the competitiveness of its professional functional products. Based on consumer demands for fabrics, functions and suitability for different scenarios, the Group developed products for both during and after sporting activities to cater to diverse needs. This included functional pants with sales exceeding millions. Inspired by professional sports training, men's fitness emphasized multi-dimensional content dissemination around fabric science and technology, fitness-type matching, and seasonal needs. The Group collaborated with science media to create in-depth content on unique functional IPs, providing products with scientific and professional endorsements and enhancing the dissemination of product strengths. In addition, the Group leveraged athlete resources and utilized offline stores as a platform to create a three-kilometre sports circle, reaching more high-frequency, high-potential and high-demand core users. This resulted in a significant improvement in recognition of both the "professional" and "high-tech" categories.

Badminton

In 2024, the Group's badminton category maintained strong competitiveness in equipment, footwear, and apparel segments through technological innovation, product iteration and upgrades, and in-depth integration of marketing strategies.

Regarding badminton shoe products, sales of classic series such as "Blade MAX" (刀鋒 MAX), "Thunderstorm" (雷霆), "Thundercloud" (雲霆), and "Gyrfalcon" (鶻鷹) continued to perform well in the professional market. The launch of the new "Halberd 2.0" (戰戟2.0) product series led the trend of technological innovation, featuring carbon fibre fabric combined with a large area of low-extension microfiber material for the uppers for the first time, significantly improving performance and comfort. The new product "Mirage SE" (影速SE) adhered to the design philosophy of lightweight badminton shoes, incorporating numerous LI-NING technologies to further enrich product offerings for badminton footwear. In terms of apparel, the Group successfully launched several popular badminton apparel through precise market positioning and effective use of IP resources. The Group also explored opportunities in the children and female markets, launching badminton apparel tailored for these consumer groups in conjunction with events and festivals.

In terms of equipment, the Group increased investment in materials, processes and automation equipment, continuously enhancing product professionalism and quality, which led to satisfactory sales performance. During the year, the launch of the low-wind resistance racket frame "Shadow 900NEW" (鋒影900NEW) significantly improved the professionalism of speed-oriented rackets, gaining widespread market recognition. Building on years of experience of technological development in the badminton category, LI-NING's also launched professional tennis and pickleball products in the second half of the year, gaining initial market recognition.

For marketing campaigns, the Group continued with the promotional theme of "We match better with you" (羽你更合拍), improving the publicity and promotion of product launches through multiple channels, including sponsorship resources, key international sporting events, and brand campaigns cantered on professionalism. During the year, the Group successfully signed a title sponsorship contract for the 2024-2026 LI-NING Hong Kong Open Badminton Championships and collaborated with the Chinese Badminton Association to sponsor the Chinese Youth Team and several international events. The Group conducted promotional activities for its latest products that were aligned with players and events, leveraging tournament popularity and players influence to enhance product exposure and market attention. Furthermore, the Group enlisted a number of champion athletes to participate in offline consumer events, new product experiences, and online interviews, effectively improving the brand's influence and popularity.

Table Tennis

Table tennis, as a sport beloved by the public, continuously demonstrates vast market potential and commercial value. During the year, the Group has keenly grasped market trends, actively focusing on product innovation and marketing promotion. We have steadily expanded our market presence in the table tennis sector and continually infused vitality into the brand, aiming to drive both brand value and market performance growth.

In terms of product innovation, the Group upheld a professional spirit, utilising cutting-edge technology and exquisite craftsmanship to continually customise exclusive table tennis shoes for national team athletes, aiding them in showcasing their exceptional skills on the court. The Group also meticulously created the Champion Series (冠軍系列), which, upon its release, garnered widespread acclaim from professional table tennis enthusiasts and fans, highlighting the profound influence and excellent quality of the LI-NING brand in the table tennis sector. During the year, the Group launched the table tennis shoes "Qilin light 1st Generation" (麒麟 light 1代), featuring a TPU yarn upper combined with LI-NING Cloud (李寧雲) anti-tear midsole for table tennis, effectively balancing lightness with breathability, support, and tear resistance. At the same time, the Group also launched the iterative models, "Qilin 3.0" (麒麟3.0) and "Hawkeye 2.0PE" (鷹眼 2.0PE), continuously upgrading the functionality and design of professional table tennis shoes. In terms of apparel, the competition uniforms launched during the year drew inspiration from dragons, showcasing the charm of Chinese culture through storytelling. Aerospace technology yarns were used in the table tennis competition uniforms, excelling in moisture-absorbing and quick-dry properties, antibacterial performance, and cut and design. At the same time, eco-friendly yarns were used, aligning with the Company's ESG principles. The apparel product matrix is professional and comprehensive, covering all market levels. While providing professional products for the national and provincial teams, we also offered high-quality and affordable professional products for a wide range of table tennis enthusiasts, meeting the diverse needs of consumers of different ages.

In terms of marketing and promotion, the Group has continuously integrated resources, fully leveraging the strong influence of active national athletes. By combining diversified channels like event themes, cross-industry collaborations, social platforms, and a full-media matrix, we are committed to achieving extensive brand dissemination, gradually enhancing brand awareness and reputation. During the year, the table tennis Dragon Attire (龍服) launch event hosted by the Group has attracted significant attention from the media and the public. The impressive communication data further strengthened brand presence and consumer awareness. Meanwhile, the Group actively planned global events, exploring innovative models such as "Event + Retail". This not only supported the development of table tennis event culture but also embedded the professional image of our brand, continually expanding its awareness and influence.

Sports casual

The Group remains committed to "serving the public with sports spirit" in the sports casual category. While maintaining a sporty style and tone, it explored connections between products and national spirit as well as Chinese culture to provide consumers with rich, diverse, distinctive, and fashionable sports products.

In terms of the Chinese culture series, the Group continued to enrich the "Rich Everyday" (日進斗金) series with a Spring Festival theme. Inspired by traditional literature and painting, the Group launched the Chinese Colour Story series, designing cultural shirts such as Qingluan (青鸞), Ningzhi (凝脂), Yuebai (月白) and Bishan (碧山) to convey the profound accumulation of Chinese culture to consumers and demonstrate LI-NING's commitment to inheriting and innovating traditional Chinese culture.

Throughout the year distinguished by major sporting events, and in conjunction with the "In My Name" (以我為名) marketing campaigns, the Group launched a series of apparel featuring the essence of Chinese culture and modern fashion elements. This combined traditional Zhuang brocade elements with modern sportswear to illustrate the brand's core spirit of "Daring to Imagine and Relentless Pursuit for Breakthroughs" (敢於想像、不懈追求、贏得突破). While keeping pace with market trends, it also showcased a unique sense of fashion and functionality.

In addition, the sport inspiration series continued to integrate apparel trends with sports life, addressing demand for clothing for commuting, leisure, and light outdoor activities across various scenarios based on sporting needs. During the year, the Group further developed the "SOFT" series of sports casual footwear, focusing on the core selling points of "comfortable, wearable, and all-match" (舒適、好穿、百搭). The Group continued to innovate on the LI-NING technology platform and launched upgraded products to improve its product offerings. Since its launch, the "SOFT" series maintained solid sales growth for the second consecutive year, with annual sales exceeding 2.5 million pairs.

The LPL e-sports series continued to focus on League of Legends tournaments, leveraging IP-based products and marketing campaigns to capture the attention of young consumers and build brand influence among the next generation. During the year, sales of LPL team uniforms exceeded 10 million, solidifying LI-NING's leading position in the e-sports segment. Additionally, the Group also launched products aligned with e-sports culture, featuring fashion elements to cater female e-sports players.

During the year, "China LI-NING" actively engaged in cross-border and co-branding collaborations with top fashion brands, creative platforms, and renowned artists to further enhance its multi-track and multi-style footwear and apparel product offerings. By creating stories that resonate with consumers and evoke emotional value, brand influence was further boosted. In July 2024, "China LI-NING" launched a new designer platform called "Chuang" (刱). The platform aims to gather diverse creative design talent from around the world, support and promote the transformation of creative achievements, while at the same time driving Chinese aesthetics and new fashion trends forward. This is an expression of the unique sports spirit and trendy attitude of "China LI-NING" for international consumption.

"LI-NING 1990" continued to focus on its golf series, consolidating its brand positioning as a high-end fashion sports brand. It established clearer professionalism, more diverse fashion styles, and functional attributes for golf products to attract groups seeking high-end sports lifestyles among golf enthusiasts and elite groups. During the year, golf products continued to undergo technological upgrades with the application of functional fabrics, 3D fitting, and splicing structures helping golfers continuously improve their athletic performance. Additionally, the "Xuan Ji" (璿璣) retro running shoes, "Du Xing" (篤行) urban commuter running shoes, and "Shufty" (掠影) fashion running shoes launched during the year received positive market feedback, further improving our product offerings.

Outdoor Category

In 2024, the Group deepened its efforts in the "Multi-category" strategic direction, with the outdoor category embarking on a new journey. The Group worked across three key dimensions – market positioning, product research and development, and marketing and promotion – to comprehensively upgrade and expand the category.

In terms of market positioning, the Group's outdoor category precisely targeted younger consumer groups, focusing on light hiking enthusiasts, individuals who spend time outdoors, and young professionals seeking outdoor experiences. The category is positioned as a companion between urban life and the wilderness, advocating a fashionable outdoor lifestyle. By establishing a clear development framework and creating diverse product styles, it covers a wide range of scenarios to address consumers' outdoor pursuits, thereby helping to expand the brand's market share in the outdoor category.

In terms of product research and development, the Group's outdoor category emphasises the integration of technological applications and aesthetic design, launching several distinctive IP products. The "Counter Flow" (行川) hiking shoe features a "cabin-style midsole structure" (船艙式中底結構), "support system wrapping" (支撐系統包裹) and "Boom Technology" (䨻科技). The "Wanlongjia BREATH" (萬龍甲 BREATH) windbreaker jacket incorporates Chinese aesthetic elements and is equipped with "dual-vent nanotechnology for rainstorm protection" (防暴雨雙透納米科技), addressing outdoor professional needs while showcasing Chinese cultural content.

In terms of marketing and promotion, the Group rolled out a series of marketing activities to enhance brand influence and recognition in the market. During the year, the "dual-vent nanotechnology for rainstorm protection" (防暴雨雙透納米科技), developed in cooperation with national scientific research institutions, was released and applied to products like the "Wanlongjia BREATH" (萬龍甲 BREATH) windbreaker jacket, highlighting LI-NING's technological strengths once again. Subsequently, the Group held the "Reshaping Chinese Aesthetics" (溯之東方)-themed fashion show, showcasing the new outdoor fashion product line and strengthening consumer product awareness and fashionable influence of the outdoor category.

Deepen channel layout strategy to consolidate the foundation for business development

In 2024, the Group continued to focus on optimizing channel structure and improving channel efficiency, making significant progress across key areas such as high-end markets, emerging markets, store upgrades, supply chain management and logistics platforms to build a solid foundation for overall sales and support.

In terms of channels, the Group adopted a two-pronged approach: consolidate and enhance operational efficiency for high-end markets and accelerate expansion into emerging markets. In the high-end markets, the Group closely monitored store operations to ensure their healthy development with a focus on improving the efficiency of single store sales through a series of refined management processes and the orderly closure of stores with substantial losses to make the channel layout more reasonable, effectively enhancing overall channel efficiency. At the same time, the Group actively expanded its presence in emerging markets by opening new stores and penetrating into core commercial entities to develop a second marketplace. Diversified sales strategies and flexible market response capabilities enable the Group to gradually expand its market share in emerging markets. The Group also continued to promote store upgrades and innovations, building stores with category-specific characteristics. During the year, the "In My Name" (以我為名)-themed campaign was successfully launched in stores. Stores focusing on the SOFT comfortable walking shoes were also opened, supporting them with core products and driving continuous innovation and improvement in store types. The Group also successively opened campus stores and experimented with new models such as pop-up stores. Through these diverse and flexible channels, it broke the limits of traditional sales models, making the Group's products and services accessible to a wider range of consumer groups.

As of 31 December 2024, 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 7,585, representing a net decrease of 83 POS as compared to 31 December 2023. The number of distributors was 41 (including sales channels of China LI-NING stores), representing a net decrease of 5 as compared to 31 December 2023. The number of POS breakdown as of 31 December 2024 is as follows:

LI-NING Brand	31 December 2024	31 December 2023	Change
Franchised	**4,820**	4,742	**1.6%**
Directly-operated retail	**1,297**	1,498	**(13.4%)**
LI-NING YOUNG	**1,468**	1,428	**2.8%**
Total	**7,585**	7,668	**(1.1%)**

NUMBER OF LI-NING BRAND POS BY GEOGRAPHICAL LOCATION

Regions	31 December 2024			31 December 2023			
	LI-NING Core Brand	LI-NING YOUNG	Total	LI-NING Core Brand	LI-NING YOUNG	Total	Change
Northern Region *(Note 1)*	**3,076**	**856**	**3,932**	3,163	845	4,008	**(1.9%)**
Southern Region *(Note 2)*	**3,041**	**612**	**3,653**	3,077	583	3,660	**(0.2%)**
Total	**6,117**	**1,468**	**7,585**	6,240	1,428	7,668	**(1.1%)**

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 intensified efforts to promote a single-store operational model with solid profit and efficiency. It established standard profit and loss models for stores at all levels, standardizing and quantifying core store metrics to link them with management objectives across departments. This formed an efficient and coordinated management system, contributing to improved overall operational efficiency. The Group also strengthened the synergies between inventory and sales planning for single-stores and was committed to achieving improvements in both operational efficiency and supply chain management, ensuring efficient and accurate resource allocation and profitability. In addition, the Group continued to improve retail operational standards, explore efficiency improvements, and adopt project management systems to promote close collaboration between headquarters and stores. Enhanced employee training was provided to improve staff's ability to drive sales in complex market conditions, offering long-term and stable human resource support for sustained growth in single-store profitability.

In terms of new retail business, the Group continued to deepen the construction of its new retail business system, focusing on enhancing digitalization and all-channel operational capabilities. The aim is to efficiently convert private traffic and steadily improve sales performance. The Group actively explored diversified business models such as acquiring traffic through popular social media platforms like Douyin（抖音）and collaborating online with core channels to broaden sales, increase the proportion of out-of-store sales, and empower stores with new retail capabilities. During the year, the Group initially built a private domain digital management tool "Ning Shopping Guide"（寧導購）, and upgraded the O2O capabilities of its official website. It also leveraged the Customer Data Platform for precise marketing to community members, experimented with an outlet domain marketing model, and established a self-media live streaming system, providing strong support for efficiently converting all-channel traffic for stores.

In terms of e-commerce operations, facing intensified market competition and a sluggish consumption environment, the Group continued to deepen e-commerce reform and strengthened its core competitiveness in the e-commerce sector across the board. This was achieved through online and offline interaction, diversified marketing campaigns, and precise capture of major sales promotions, facilitating the steady development of the Group's other businesses. During the period, products like the "Hot Pot Down Jacket"(火鍋羽絨服), "Sharp Blade"(利刃) and "Gamma"(伽馬) achieved an outstanding performance and topped e-commerce sales lists, enhancing professional recognition and market influence. The online-exclusive product line accurately addresses online consumption demand and facilitates engagement among private communities, official apps, and offline stores through the in-depth implementation of an omni-channel strategy. This has constructed a multi-dimensional system accessible to consumers, creating a virtuous cycle of synergistic development between online and offline channels. By integrating brand characteristics with cultural elements, the Group organized a "Reshaping Chinese Aesthetics"(溯之東方)-themed fashion show, endowing the brand with distinctive cultural charm and effectively enhancing its brand image. During major e-commerce festivals such as Tmall Gathering Day, Taobao Queen's Day, Double 11 and 618 Shopping Festival, and leveraging its high-quality products, services, and deep insights into consumption, LI-NING's e-commerce business continued to grow sales and successfully improve brand influence.

In terms of supply chain, the Group remains committed to building a comprehensive supply chain ecosystem. In 2024, the Group focused on exploring and matching high-quality supply chain resources, gradually improving the supplier matrix for high-end and outdoor products to ensure precise alignment between products and supply chain resources. The Group also implemented a flexible supply chain strategy to closely monitor market demand. Initiatives to refine management and analyse digital information support interoperability and transparency, improve the level of automation, and significantly enhance inventory efficiency along the supply chain. While flexibly responding to market changes, the Group strived to achieve dual improvements in production efficiency and economic benefits. In addition, the Group actively empowered suppliers and conducted comprehensive training aligned with its brand characteristics to realise synchronized development and jointly enhance overall supply chain competitiveness. The Group adheres to sustainable development practices and is focused on the launch of green products. Waste was significantly reduced and product development cycles were shortened with the application of cutting-edge digital and metal 3D printing technologies. During the year, order volumes for environmentally friendly apparel and accessories far exceeded expectations, achieving a remarkable performance.

In 2024, the Group made remarkable achievements in logistics. Four major regional logistics centres across the country underwent comprehensive automation upgrades and began operations. The Nanning central warehouse is set to begin operations in 2025, which will improve delivery efficiency and logistics and warehousing operational capabilities in the southwest of the country. The Group is also proactively promoting refined logistics plan management across its divisions. Through the optimization of digital tools, the Group catered to the specific needs of its sales teams, improved the efficiency of goods distribution, and reduced logistics costs. In terms of cooperation with distributors, adhering to the philosophy of openness and sharing, the Group shared information on goods in transit with distributors to enhance logistics efficiency and facilitate their rapid distribution.

LI-NING YOUNG

In 2024, LI-NING YOUNG strengthened its offerings in the children's professional product segment to promote long-term healthy development of its kidswear business. The Group adopted a diversified channel strategy and efficient retail operations, aggressively launching marketing campaigns to bolster the influence of LI-NING YOUNG comprehensively.

On the product front, LI-NING YOUNG refined its youth product offerings, leveraging the core competitiveness of its clothing and accessories, particularly its leading products in the basketball category, Chinese cultural heritage designs, and speciality trousers and accessories. By establishing LI-NING children's footwear database and employing cutting-edge technologies such as "BOOM Packaging File" (䨻包膜) and "Groundable Foaming Rubber" (可接地發泡橡膠), the Group comprehensively optimized its kidswear categories according to their unique needs, aiming to achieve a high degree of compatibility between its products and consumer needs.

In terms of channel strategy, LI-NING YOUNG focused on four core strategies. Firstly, it expanded into emerging markets, improved single-store efficiency, and responded rapidly to market changes leveraging its deep market insights. Secondly, it optimized single-store efficiency by actively opening new stores in high-end markets, overhauling underperforming stores, and improving store efficiency. It also drew upon the enormous customer traffic and resources of large retail chains to drive an increase in both brand exposure and product sales. Thirdly, it strengthened the construction of clearance channels, optimized inventory management, and upgraded key outlets to effectively promote product distribution. Lastly, it explored various innovative channels, such as opening campus stores and optimizing the image of key stores, to consolidate and expand its customer base.

In terms of retail operations, LI-NING YOUNG continued to enhance operational efficiency and actively acquire and convert customers by focusing on practical benefits. To improve the professionalism of its retail teams, LI-NING YOUNG implemented a systematic training mechanism to develop retail talent. Meanwhile, the Group actively built a community marketing system to strengthen member interaction and provide exclusive benefits to strengthen member loyalty and sales conversion rates.

In terms of marketing, LI-NING YOUNG carefully planned a series of offline youth activities and cross-border collaborations, focusing on popular sports including basketball, football, running and outdoor activities to showcase the brand's diverse appeal. On the online front, LI-NING YOUNG leveraged social media platforms to increase brand awareness and influence, ensuring that its messaging reaches target audiences, drives engagement, and reinforces the concept of being a "professional youth sports brand".

Looking ahead, the Group will continue to promote the steady development of its kidswear business based on these core strategies. It will continue to drive product development and channel optimization and marketing with the aim to enhance its professional image and market share, and to establish LI-NING YOUNG as the preferred professional sports brand for children and youth in China.

HUMAN RESOURCES

In line with the Group's strategic objectives and business development needs, the Human Resources department continues to optimize its organizational structure, staffing composition, performance incentives, and core values and corporate culture in order to build an agile and efficient organization.

In terms of organizational development, the Group is proactively adjusting its organizational structure and developing synergies by continuing to integrate its online and offline operations, deepening standards set by headquarters, managing closed-loop business units, and deploying business models for wholesale and retail integration. To further enhance product capabilities, the Group has strengthened the planning and coordination of its footwear and apparel systems and improved the capabilities of its outdoor products, helping it achieve its medium-to long-term strategic goals. At the same time, the Group is strictly controlling its staffing and optimizing its workforce structure, aiming to improve per capita efficiency and organizational competitiveness.

In terms of talent cultivation and development, the Group is focused on creating a favourable environment for talent development, actively attracting outstanding talent from across the industry to inject new sources of growth into the organization to continuously strengthen the core competencies of its internal teams. The Group is building a multi-level talent development system to support the steady growth of young talents, particularly management trainees. Furthermore, the Group is improving its talent pool and assessment mechanisms to ensure its sustainable development.

In terms of performance incentive management, the Group is adopting a results-oriented approach to value distribution. With strategic objectives at the core, the Group established a strong linkage mechanism between corporate strategy and organizational performance at all levels, which further promotes the construction of a performance system and digitalisation. To manage employee costs, the Group continues to evolve its compensation and benefits system, designing and implementing differentiated incentive programmes and directing them towards high-performing employees in order to motivate them to achieve high efficiency in resource input.

Regarding culture and employee relations, the Group is focused on the construction of a corporate culture and improving employee relations, establishing a reward mechanism for values to strengthen the role of corporate culture within the organization through awards, reports and publicity, ensuring the penetration of core values of its corporate culture into employees' daily practice to foster an effective shift from conceptual understanding to actionable behaviour. In addition, the Group is actively collaborating with labour unions to organize various activities aimed at enriching employees' lives and experiences. It also collects feedback through various channels to understand employees' needs and enhance their satisfaction and sense of belonging, thereby building a highly cohesive organizational ecosystem.

As at 31 December 2024, the Group had 5,022 employees (31 December 2023: 4,845 employees), among which 4,817 employees were at the Group's headquarters, Guangxi Supply Base and retail subsidiaries (31 December 2023: 4,662 employees), and 205 employees were at other subsidiaries (31 December 2023: 183 employees).

OUTLOOK

The Central Economic Work Conference held in December 2024 highlighted "vigorously boosting consumption, improving investment efficiency and expanding domestic demand on all fronts" as its key priority, underscoring China's policy direction to promote growth and high-quality development. Looking ahead to 2025, with strong policy support, consumer spending has the potential to grow decently in China. As a company with long-term roots in Mainland China and a focus on professional products for sports, the Group is confident in its future development and will seize this opportunity to drive high-quality growth.

By adhering to its core value of "serving the public with sportsmanship", the Group is committed to becoming the most prominent and stylish sports brand from China and the preferred sports brand of Chinese consumers. LI-NING will once again partner with the Chinese Olympic Committee and the Chinese Sports Delegation from 2025 to 2028, which underscores the full trust and responsibility bestowed by the General Administration of Sport of China and the Chinese Olympic Committee and the high recognition of the Group's professionalism and innovation. This partnership presents a strategic opportunity for the Group to further enhance its brand value and market influence. The Group will leverage this partnership to drive new breakthroughs in the sports consumer market.

In the current complex and volatile environment, there are both opportunities and challenges. The Group will continue to fulfil its commitments by focusing on its core strategy of "Single Brand, Multi-categories, Diversified Channels", and ensure its effective implementation by strengthening operational systems and consolidating foundational support.

1. **Strengthen the implementation of core strategies.** By maintaining the healthy development of its core businesses, the Group will further integrate resources and leverage the LI-NING technology platform to further improve its professional product offerings in subcategories such as running, basketball, fitness, badminton, table tennis and sports casual. It will also deepen the fusion of the sporting spirit and its brand to enhance its competitiveness and influence in core business areas. Meanwhile, in addition to active efforts to optimize its product structure, the Group will expand diversified dressing scenarios with a commitment to the single-brand strategy, deeply integrate sports fashion culture, and launch sports products that combine technology and fashion. In addition, it will take the lead in laying out new pathways for sports consumption, especially in the markets for women, outdoor and youth, striving to achieve breakthrough progress in these emerging fields and drive diversified business expansion. Moreover, the Group is committed to expanding its presence in all target markets, with the aim to create business opportunities in each channel, continuously enhance brand influence, and drive sustained business growth.

2. **Optimize operational efficiency.** The Group will focus on boosting operational efficiency to ensure the effective implementation of its "Single Brand, Multi-categories, Diversified Channels" strategy. Deepened cross-departmental collaboration and streamlined business processes will empower the Group with efficient product management operations and all-channel integration and supply chain collaboration. Meanwhile, the Group will adopt refined management practices and strictly control costs and benefits, to ensure optimal allocation of resources. At the organizational level, the Group will endeavour to streamline management levels, optimize talent structure, cultivate efficient teams, and promote collaboration among organizations, in order to accelerate the decision-making process, enhance execution, and build a flexible and efficient operational structure.

3. **Reinforce underlying support.** In terms of underlying support, the Group will ensure sound operations of its financial systems, strengthen fund management and optimize capital structure, and improve financial transparency in a way that provides a solid financial foundation for long-term development. At the same time, the Group will deepen the integration of digital and smart tools by applying digital and intelligent technologies to make more scientific business decisions and adapt with agility to market changes. Through data analysis, artificial intelligence and automation tools, the Group will enhance its insight into market trends and understanding of consumer behaviour, thereby driving innovation in products and services and providing strong support for sustained development.

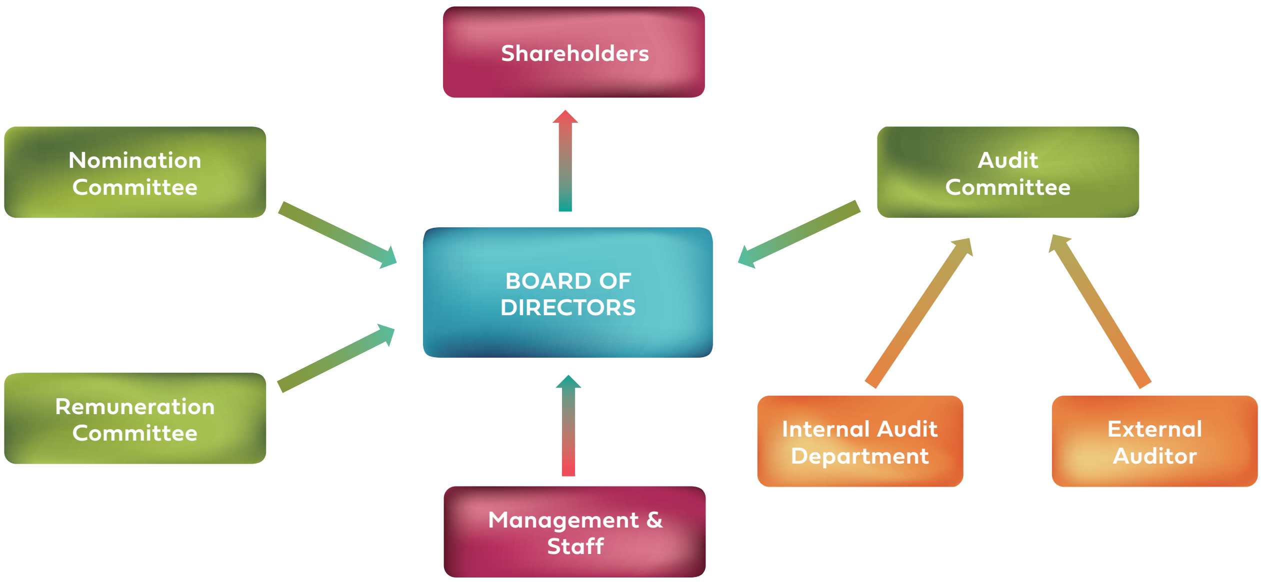
Corporate Governance Report

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

Throughout the year ended 31 December 2024, the Company has complied with the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix C1 to the Listing Rules, except for certain deviations specified with considered reasons as explained below.

CORPORATE GOVERNANCE STRUCTURE

The corporate governance structure of the Company is as follows:



The corporate governance functions are performed by the Board.

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

During the year of 2024, the Board has performed the following duties in respect of its corporate governance functions:

a. developing and reviewing the Company's policies and practices on corporate governance;

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

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

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

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

THE BOARD OF DIRECTORS

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

Composition of the Board

The Board currently comprises seven Directors, of which three are executive Directors and four are independent non-executive Directors. During the year of 2024 and up to the date of this report, the composition of the Board are as follows:

Executive Directors

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

Independent non-executive Directors

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

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

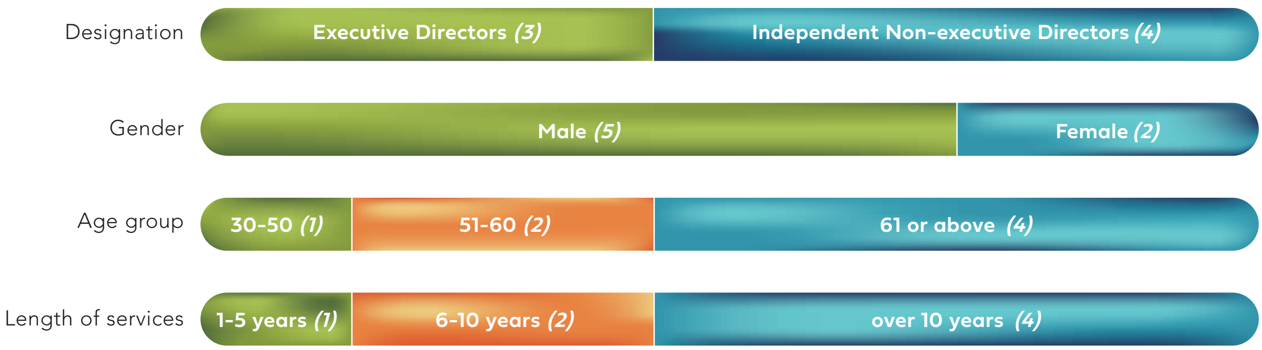
All Directors have disclosed to the Company the number and nature of offices they held in other public companies or organisations and other significant commitments, with the identity of the public companies or organisations, and an indication of the time involved. They are also reminded to notify the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

Board Diversity Policy

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

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

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



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

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

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

Nomination Policy

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

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

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

Chairman and Chief Executive Officer

According to code provision C.2.1 of the CG Code, the roles of the chairman and chief executive of a listed issuer should be separate and should not be performed by the same individual. During the year of 2024, 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.

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

Principal Responsibilities of the Board

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

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

Directors' Induction and Continuous Professional Development

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

According to the records maintained by the Company, the Directors received the following trainings and updates in 2024:

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

Independent Non-executive Directors

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

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

Directors' Appointment and Re-election

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

Directors' and Officers' Liability Insurance

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

BOARD COMMITTEES

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

Nomination Committee

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

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

The Nomination Committee currently consists of the following three Directors:

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

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

The following is a summary of the major tasks carried out by the Nomination Committee in 2024:

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

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

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

Remuneration Committee

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

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

During the year, Mr. Li Qilin ceased to be a member of the Remuneration Committee and Ms. Wang Yajuan was appointed as a member of the Remuneration Committee with effect from 12 June 2024. The Remuneration Committee currently consists of the following three Directors:

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

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

No Directors or any of their associates participated in deciding his or her own remuneration. The emoluments of each Director for the year ended 31 December 2024 are set out in note 36 to the consolidated financial statements. The remuneration of Senior Management for the year ended 31 December 2024 are set out in note 34 to the consolidated financial statements.

The following is a summary of the major tasks carried out by the Remuneration Committee in 2024:

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

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

Audit Committee

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

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

The Audit Committee currently consists of the following three Directors:

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

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

During the year of 2024, the Audit Committee held three meetings with the external auditor of the Company to discuss issues they considered necessary.

The following is a summary of the major tasks carried out by the Audit Committee in 2024:

- reviewing the external auditor's statutory audit plan and the nature and scope of audit before commencement of audit work;
- reviewing and recommending for the Board's approval for the annual results announcement and annual financial statements for the year ended 31 December 2023 and the interim results announcement and interim financial statements for the six months ended 30 June 2024 with particular focus on changes in accounting policies and practices, compliance with accounting standards, the Listing Rules and other requirements in relation to financial reporting;
- discussing with the external auditor and the management on possible accounting risks and major findings in the course of audit/review;
- reviewing the independence of the external auditor and recommending to the Board on the selection, appointment and/or re-appointment of the external auditor;
- approving the audit fees and terms of engagement of the external auditor;
- reviewing 2024 internal audit findings and recommendations and approving 2025 internal audit plan;
- reviewing the effectiveness of the Company's risk management functions and internal control system, including the financial reporting and compliance functions; and
- approving and adopting the concurrence policy/framework for non-assurance services.

BOARD AND COMMITTEE MEETINGS

The Board holds at least four regular Board meetings each year at approximately quarterly intervals and additional Board meetings are held as and when necessary. Regular Board meetings are scheduled a year ahead to achieve the maximum attendance of the Directors. Notice of at least 14 days is served for regular Board meetings. The meeting agenda is set after consulting with members of the Board so that all Directors have the opportunity to include matters in the agenda. The agenda and accompanying papers are sent to the Directors in a timely manner, so they are adequately briefed with accurate, clear, complete and reliable information before the date of the meeting in compliance with the CG Code. Directors can also seek independent professional advice in performing their duties at the Company's expense, if necessary.

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

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

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

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

Name of Directors	Number of meetings attended/ number of meetings held during the respective tenure in the financial year ended 31 December 2024			
	Board	Nomination Committee	Remuneration Committee	Audit Committee
Executive Directors				
Mr. Li Ning *(Executive Chairman and Joint CEO)*	4/4	1/1	N/A	N/A
Mr. Kosaka Takeshi *(Joint CEO)*	4/4	N/A	N/A	N/A
Mr. Li Qilin	4/4	N/A	1/1	N/A
Independent non-executive Directors				
Mr. Koo Fook Sun, Louis	4/4	N/A	N/A	3/3
Ms. Wang Ya Fei	4/4	1/1	2/2	3/3
Dr. Chan Chung Bun, Bunny, *GBM, GBS, SBS, BBS, JP*	4/4	1/1	2/2	3/3
Ms. Wang Yajuan	4/4	N/A	1/1	N/A

Notes:

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

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors, with support from the finance team, acknowledge their responsibilities for preparing the financial statements of the Group and ensure that the financial statements are prepared in accordance with statutory requirements and applicable accounting standards on a going concern basis. The Board also ensures timely publication of the financial statements of the Group.

Prior to commencement of the audit of the Company's accounts for the year of 2024, the Audit Committee had received a confirmation from the external auditor on their independence and objectivity. External audit partners are subject to periodic rotation.

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

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

External Auditor's Remuneration

PricewaterhouseCoopers has been appointed as the external auditor of the Company since the Company was listed on the Stock Exchange in 2004.

For the year ended 31 December 2024, the fees for the audit services and non-audit services provided by the external auditor are as follows:

Type of Service	2024 (RMB)	2023 (RMB)
Audit fee for the Group	**5,950,000**	6,680,000
Tax compliance and other advisory services	**2,878,000**	2,675,000
Total	**8,828,000**	9,355,000

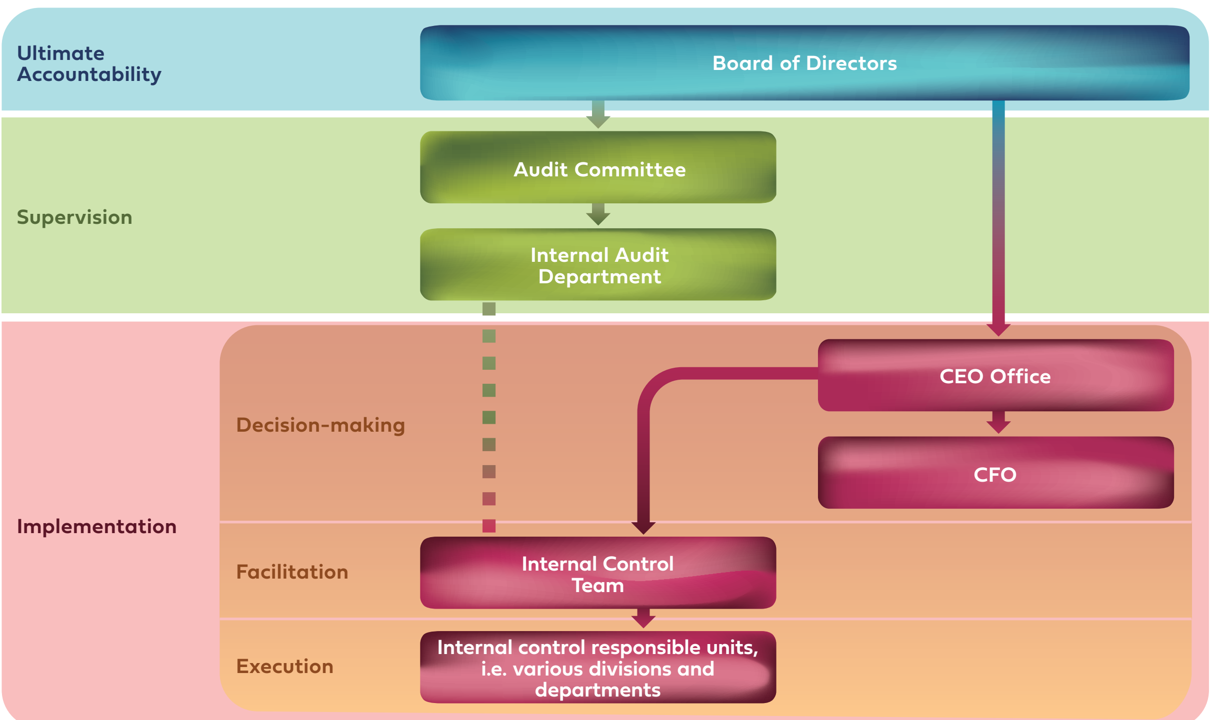
RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks that the Group is willing to take in achieving its strategic objectives and reviewing the effectiveness of the Group's risk management and internal control systems on an annual basis. In 2024, with the support of the Audit Committee, the Board has reviewed the adequacy of resources, qualifications and experience of staff in performing the accounting and financial reporting functions, and the appropriateness of their training programmes and budgets.

Risk Management and Internal Control System

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

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



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

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

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

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

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

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

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

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

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

ANNUAL REVIEW

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

A comprehensive review on the effectiveness of the Group's risk management and internal control system is conducted by the Board annually, covering all material controls including financial, operational and compliance monitoring. The review is performed internally on a self-assessment approach with a complete set of reporting forms. Persons-in-charge of each division and department are requested to fill in the self-assessment review questionnaire against key items of internal control. In 2024, the Company continued to improve methods for self-assessment. In accordance with the Company's organizational structure and business expansion, the process of self-assessment covers numerous divisions and departments. In addition, members of the Senior Management were required to assess the effectiveness of the corporate internal control system according to the outlines of the COSO internal control system, including control environment and risk assessment, information and communication. The review process has enabled the persons-in-charge to verify whether the internal control system is operated as intended, to identify deficiencies or inadequacies, and to take relevant remedial actions. The Internal Audit Department also carried out independent examination and analysis on the review process and the results, and submitted a declaration to the Audit Committee and the Board certifying the adequacy and effectiveness of the Group's risk management and internal control systems.

The results of the review for the year ended 31 December 2024 have been reported to the Audit Committee and the Board. According to the results, the Audit Committee and the Board confirm that the systems and procedures of the Group's risk management and internal control are in good order and are able to identify, control and report on significant risks involved in achieving the Group's strategic objectives. The areas of the systems and procedures pending further improvement have been identified and remedial actions have either been taken or designated to be taken. No material weaknesses have been identified by the Group so far and there are no significant areas of concern which may affect the Shareholders.

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

The Board considers that the Group's risk management and internal control system is adequate and effective and the Company has complied with the CG Code for the year ended 31 December 2024.

INTERNAL AUDIT AND INTERNAL CONTROL AND MANAGEMENT

The Internal Audit Department was established soon after the Company's listing on the Stock Exchange in 2004. The main functions of the Internal Audit Department are reviewing the operational and financial conditions of the Group to disclose potential risks, and following up with related remedial measures, with a view to continuously enhancing the operational effectiveness and efficiency of the Group. The Internal Audit Department plays an important role in the Group's internal control and risk management framework with an aim to provide the Audit Committee and the Board with objective assurance that the internal control system and risk management system are effectively maintained and operated and that the risks associated with the achievement of business objectives are being managed properly and circumvented. The Internal Audit Department reports directly to the CFO and refers matters to the Audit Committee directly if necessary. The head of the Internal Audit Department attended every meeting of the Audit Committee and maintained constructive communications with the Company's external auditor during year 2024. The Internal Audit Department also collaborates with the external auditor where appropriate.

The Internal Audit Department formulates the annual internal audit plan every year in accordance with the Group's strategic goals and risk assessment results, and engages in related tasks with the approval and support of the Audit Committee. The tasks of the Internal Audit Department include (i) regular audits and evaluation of the operational effectiveness and efficiency of various business and functional systems; and (ii) special audits in areas designated by the management and the Audit Committee based on the assessment of risks. In the year of 2024, the Internal Audit Department conducted audits on the sales system, product system, retail subsidiaries, supply chain system and non-core business systems of LI-NING brand, as well as internal control and risk management systems, and submitted the relevant audit reports to the Audit Committee and the management.

For significant audit findings and risk factors, the Internal Audit Department will notify the Audit Committee and the management of such risks in a timely manner, and will regularly follow up on the improvement progress. The Internal Audit Department submits formal work report to the Audit Committee three times a year, which enables the Board to assess control of the Group and the effectiveness of risk management. As at 31 December 2024, various audit findings and risk factors had been properly handled by the management, and there were no material irreparable audit findings and risk factors.

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

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

The Internal Control Team evaluates and optimizes the internal control system, improves the development of the systems and processes, and prompts business departments to thoroughly implement the systems based on the Group's risk assessment and warning on an annual basis. In 2024, it refined the internal control in a number of areas, including the management of sales, supply chain, non-productive procurement, IT, each business division, product full chain, new store full chain and marketing of the LI-NING brand.

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

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

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

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

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

INSIDE INFORMATION

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

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

COMPLIANCE WITH THE MODEL CODE ON SHARE DEALINGS

The Company has adopted the Model Code regarding securities transactions by the Directors. Directors are reminded regularly of their obligations under the Model Code. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2024.

Employees of the Group who are likely to be in possession of unpublished inside information of the Group are also subject to guidelines on no less exacting terms than the Model Code. No incident of non-compliance was noted by the Company in the year of 2024.

COMPANY SECRETARY

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

CHANGE IN CONSTITUTIONAL DOCUMENTS

For the year 2024, there was no change in the memorandum and articles of association of the Company.

SHAREHOLDERS' RIGHTS AND COMMUNICATIONS WITH SHAREHOLDERS

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

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

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

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

Pursuant to the Articles of Association, any one or more members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require the Board to hold an extraordinary general meeting to put forward proposals for the transaction of any business specified in such requisition. Such requisition can be deposited at the Company's principal place of business in Hong Kong at 27/F., Hong Kong Li-Ning Building, 218 Electric Road, Fortress Hill, Hong Kong for the attention of the Company Secretary, and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself or herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Proposing a Person for Election as a Director

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

Procedures for Shareholders to Send Enquiries to the Board

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

SHAREHOLDERS' MEETINGS

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

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

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

Board members (including the chairman of the Board, the chairmen/chairperson of each of the Audit Committee, the Nomination Committee and the Remuneration Committee) and the Company's external auditor were present at the annual general meeting and extraordinary general meeting of Company both held on 13 June 2024. A question-and-answer session was held for the Shareholders to raise questions (such as questions on conduct of the audit, preparation and content of the auditor' report, the accounting policies and auditor independence). The next annual general meeting of the Company will be held on 12 June 2025. Details of the 2025 AGM and necessary information on issues to be considered are set out in the circular to be despatched to the Shareholders.

The attendance records of the Directors at the Shareholders' meetings held in the year of 2024 are set out below:

Name of Directors	Number of meetings attended / number of meetings held
Executive Directors	
Mr. Li Ning *(Executive Chairman and Joint CEO)*	2/2
Mr. Kosaka Takeshi *(Joint CEO)*	2/2
Mr. Li Qilin	2/2
Independent non-executive Directors	
Mr. Koo Fook Sun, Louis	2/2
Ms. Wang Ya Fei	2/2
Dr. Chan Chung Bun, Bunny, *GBM, GBS, SBS, BBS, JP*	2/2
Ms. Wang Yajuan	2/2

WAY FORWARD

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

By order of the Board

Li Ning
Executive Chairman and Joint CEO

Hong Kong, 27 March 2025

Environmental, Social and Governance Report

PARTICULARS OF THE REPORT

Report Summary

This report is prepared to provide stakeholders with an update on the work of Li Ning Company Limited ("the Group") and its subsidiaries (collectively "the Group" "we/our" and "Li Ning") in the environmental, social and governance ("ESG") fields in 2024. This report was prepared in accordance with the *Environmental, Social and Governance Reporting Code* (the "ESG Reporting Code") which is set out in Appendix C2 to the *Listing Rules* of The Stock Exchange of Hong Kong Limited. This report should be read in conjunction with the section "Corporate Governance Report" in the 2024 Annual Report of the Group and the column "CSR" on the Group's website.

Report Period

The reporting period of this report is from 1 January 2024 to 31 December 2024. To ensure the consistency of the report, some contents are out of this period.

Report Scope

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

BOARD STATEMENT

ESG issues have always been central to the development of the Group. The Board of Directors (the "Board") of the Group is responsible for the overall supervision of ESG matters, and the ESG Management Committee and Executive Team under the Board are responsible for the specific deployment and implementation of ESG-related work. The Board regularly listens to reports from the ESG Management Committee, reviews the overall ESG strategic planning of the Group, the evaluation results of key ESG issues and the identification and management of ESG risks, and regularly checks the progress of ESG objectives.

The Group actively promotes and deepens our work in the ESG field, fully fits the business characteristics in practice, integrates sustainable development vision and strategy into the Group's development operation and overall strategic planning. The Board regularly reviews and updates these strategies to ensure continuous improvement. During the year, the Board of the Group reviewed and approved the review of environmental objectives, the results of the identification and assessment of climate change risks and opportunities, and the response strategies.

The Board pays close attention to the requirements of stakeholders, continuously participates in the identification, evaluation and management of key ESG issues, actively carries out ESG risk management, and reviews and guides the implementation of relevant risk management strategies.

In 2024, the Group adhered to the development goals in terms of employee, environment, community and innovation, and firmly promoted the achievement of relevant goals. The progress in achieving each goal is consistent with the overall planning, and breakthroughs and progress have been made in stages, which are reviewed and approved by the Board along with this report.

This report, disclosing the Group's management practices in the above work and other ESG areas, was reviewed and approved by the Board on 27 March 2025.

Reporting Principles

Materiality: The Group has identified, evaluated and ranked key ESG issues, and disclosed ESG issues based on the materiality assessment results. Refer to the section headed "Stakeholder Communication and Identification of Key Issues" for details of the key ESG issues identification and assessment process and stakeholder participation.

Quantification: This report adopts a quantified manner to measure the applicable key performance indicators and sets quantified environmental goals. Information on the criteria, methods, assumptions and/or calculation tools used for the quantification of emissions and energy consumption, as well as the sources of the conversion factors used, is disclosed in the section where appropriate.

Consistency: The preparation methods, statistical methods, measurement criteria, methods, assumptions and/or calculation tools of quantitative data used in this report remain the same as those used in previous years, and there are no changes that may affect meaningful comparison with previous reports.

I. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) MANAGEMENT SYSTEM

The Group firmly pursues and strives to realize the corporate vision and is committed to becoming "the renowned fashionable world-leading professional sports brand originated from China", with the mission of "Let Sports Light Your Passion". Based on corporate core values of "serving the public with sports spirit" "surpassing yourself to win the competition" "win-win for individuals and teams" "fairness and transparency are competition principles and enterprise principles" and "harmonious development of employees, enterprises, society and nature", the Group actively creates a cultural atmosphere and working environment that is equal and diversified, self-confident and self-improvement, accommodating and inclusive, as well as a win-win situation together. With the belief that "Anything is Possible", the Group has continuously deepened the exploration and innovative practices in China's professional sports sector and meticulously created a unique "Li Ning's experience value" centered around product experience, sports experience and purchasing experience. The Group continues to improve the ESG management system and promote the comprehensive development of the sustainable value chain, ensuring that responsible practices are integrated into every aspect of our business while promoting the public welfare and social values of sports, so as to drive the sustainable and high-quality development of the enterprise through innovation and change.

ESG Management Structure

The Group has continuously improved our ESG management structure by focusing on strengthening ESG management capabilities. It clearly defines the responsibilities, functions and process mechanisms of ESG-related work, striving to improve the quality and efficiency of ESG work to achieve a scientific and orderly implementation of ESG work.

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

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

ESG Management Structure and Flow

ESG Strategy and Management Concept

The Group is guided by the corporate strategy. In combination with the characteristics of our business model and development needs, the Group continuously strengthens management practices in the ESG field, explores innovative paths and optimizes ESG strategies and management systems to ensure alignment with sustainable development goals. In line with the strategic layout of the national "30-60 Targets" of carbon peak and carbon neutrality, we adhere to our sustainability slogan "Look Further Run Further". We actively implement green and low-carbon operational measures, deepen the assessment and management of climate change risks and opportunities, conduct climate scenario analyses and enhance sustainable management across the entire value chain. We are continuously promoting the linkage of executive assessment indicators with sustainability, steadily incorporating more ESG-related indicators into the executive assessment system by increasing the weight of ESG indicators in executive assessments to ensure high-quality and efficient sustainable development management. We firmly uphold the legal rights of employees and strongly support their career growth and development; we strengthen product quality and safety controls and establish high standards for products and services; we implement anti-corruption initiatives and practice anti-corruption work to safeguard a clean and honest corporate environment; we actively assume corporate social responsibility, adhering to the Li Ning philosophy of philanthropy and widely engaging in diverse charitable activities. In addition, we closely monitor the expectations and demands of stakeholders regarding our sustainable development efforts, striving to improve mechanisms for exchanging, sharing and co-creating sustainable development concepts, experiences and opinions. We uphold a strong sense of mission and responsibility as a corporate citizen, actively exploring and shaping paths and models for industry sustainability. Through continuous efforts and in-depth exploration in the ESG field, our MSCI ESG rating has been upgraded to BBB in 2024, reflecting our steady progress in ESG.

每一步 都向前
LOOK FURTHER RUN FURTHER

Li Ning Group's Sustainability Slogan and Logo

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

Environmental protection:

- Strictly comply with national environmental protection laws and regulations, proactively assume environmental protection responsibilities, closely monitor climate change trends, actively respond to challenges, seize transformation opportunities, and support the steady advancement of the national "dual carbon goals;
- Continuously strengthen emissions management and control, implement energy-saving and emission-reduction measures, focus on improving resource and energy efficiency, and promote low-carbon operations within the company.

Employee care:

- Strictly comply with national laws and regulations, follow the principle of "people-oriented" employment, and firmly oppose any form of illegal employment practices;
- Continuously optimize the compensation structure, benefits policies and attendance management systems, enhance humanistic care, and create an equal, harmonious and healthy work environment;
- Focus on the innovation and upgrading of the talent training system to empower employee growth through diverse and customized training programs, injecting vitality into enterprise development;
- Actively launch employee health care programs to fully protect the occupational safety and physical and mental health of our employees, and ensure that every employee can grow and thrive in a safe and healthy environment.

Supply chain management:

- Conduct comprehensive supervision of supplier access, daily management and disqualification processes, strictly standardize suppliers' social responsibility and environment-related supervision and auditing, strengthen supplier capacity building, supporting the sustainable development of the supply chain;
- Pay attention to suppliers' environmental performance, promote the research and development (R&D) of environmentally friendly products, and carry out carbon footprint measurement to create a green supply chain;
- Actively participate in industry exchanges and continue to explore sustainable development trends and industry best practices to promote the green transformation of the industrial chain;
- Encourage suppliers to pursue environmental certifications, continuously improve environmental management levels and reduce potential environmental risks in the supply chain to lay a solid foundation for the green and robust development of the supply chain.

Product liability:

- Establish and standardize product quality review and management mechanisms to strictly control product quality and provide consumers with quality products;

- Value customer feedback, strengthen customer complaint management and continuously optimize service processes to enhance customer satisfaction;

- Upgrade the information security protection technology, improve related management mechanisms and comprehensively prevent data leakage risks to effectively protect the legitimate rights and interests of consumers;

- Put responsible marketing concepts into practice, strengthen intellectual property management and brand protection, and shape and maintain a good brand image.

Anti-corruption:

- Improve the anti-corruption monitoring mechanism, strictly implement the requirements of the anti-corruption system, and establish a integrity and honesty brand image;

- Improve whistle-blowing channels for corruption, standardize the whistle-blowing handling process, address reports in a timely and fair manner, and strengthen corporate integrity building;

- Regularly organize anti-corruption training activities to enhance the employees' awareness of integrity and honesty, and create a clean and positive corporate culture.

Community investment:

- Proactively fulfill our corporate social responsibilities and participate in charitable activities, aiming to enhance the overall welfare of society;

- Integrate internal resources to provide robust support for the popularization and development of sports;

- Fully leverage the brand's advantages to actively promote sports culture and advocate for a healthy lifestyle through mass participation in sports.

Sustainable Development Action

China is actively committed to the development principles of innovation, coordination, green, openness, as well as sharing, and comprehensively promotes the implementation of the *United Nations' 2030 Agenda for Sustainable Development* and the 17 Sustainable Development Goals (SDGs). It has released *China's National Plan on Implementation of the 2030 Agenda for Sustainable Development* (the "National Plan"), which outlines China's development achievements and experiences for implementing relevant practices required by the Sustainable Development Goals.

In 2024, the Group focused on the development strategy and business operation strategy, studied and formulated action plans to respond to the sustainable development goals, and continued to expand sustainable development practices to contribute to the sustainable development of society. The following table sets forth the Group's sustainable development action and our specific plans to contribute to achieving the Sustainable Development Goals.

SDGs	China's National Plan Regarding SDGs	Actions for Sustainable Development taken by the Group in 2024
SDG1 No poverty	• Improve the social security system and implement the plan for universal participation in social insurance	• Paid full contributions to social insurance and housing funds for our employees and provided supplementary medical insurance benefits accordingly.
SDG2 Zero hunger	• Ensure that everyone has access to safe, nutritious and sufficient food throughout the year	• Established Chinese and Western style restaurants and strictly maintained food hygiene to ensure food safety. • Provided scientifically designed meal plans for employees, offering healthy and nutritious dining options.
SDG3 Good health and well-being	• Promote equity and accessibility in basic medical and healthcare services	• Provided all employees with pre-employment health checks and annual physical examinations and offered targeted health checks based on job requirements to comprehensively prevent occupational disease risks. • Set up a health consultation room to provide employees with disease-prevention medications so as to provide basic health protection for employees. • Provided employees with statutory medical insurance, supplementary medical insurance, personal accident insurance and critical illness insurance to realize comprehensive health protection for employees.
SDG4 Quality education	• Improve the operating conditions of underperforming schools and boarding schools	• Donated RMB100,000 worth of clothing supplies to the National Sports School in Baise, Guangxi in response to the Guangdong-Guangxi Assistance Project of the Qianhai Administrative Bureau of Shenzhen.

SDGs	China's National Plan Regarding SDGs	Actions for Sustainable Development taken by the Group in 2024
SDG5 Gender equality	• Adhere to the basic national policy of gender equality to eliminate all forms of discrimination and bias against women • Enhance the working and entrepreneurial capability of women by developing public childcare services	• Implemented the principle of equal employment and eliminated all gender discrimination in recruitment, promotion, training, payment of salary and benefits. • Suppliers were required to refrain from gender bias or discriminatory acts in all aspects of their work, so as to protect the legitimate rights and interests of women.
SDG6 Clean water and sanitation	• Significantly increase the compliant proportion of treated wastewater by strengthening the supervision and monitoring of major water functional zones and river outlets • Comprehensively promote the development of a water-saving society by strengthening the management of water demand and water utilization process	• Used water-saving sanitary fixtures and regularly checked the conditions of faucets and pipes to prevent water wastage from leaks. • Vigorously launched water conservation publicity and education and posted promotional signs for water conservation. • Strengthened wastewater treatment requirements by reviewing suppliers' wastewater monitoring reports and discharge permits to ensure strict control over wastewater discharges. • In 2024, the order volume from major fabric suppliers who conducted ZDHC wastewater testing accounted for over 95%, while leather suppliers accounted for over 97%.
SDG7 Affordable and clean energy	• Optimize the energy structure by enhancing the efficiency of fossil fuel use and increasing the proportion of clean energy consumption • Build a clean, low-carbon, safe and efficient modern energy system	• Made full use of the temperature-sensitive canopies to control the indoor temperature on hot days to ensure efficient electricity use. • Actively used clean energy by building photovoltaic power stations equipped with solar panels to fully harness solar energy. • Installed charging piles for electric vehicles for employee charging convenience, promoting low-carbon travel. • Optimized and upgraded equipment by introducing efficient and smart electrical devices to improve energy efficiency.
SDG8 Decent work and economic growth	• Improve the employment and entrepreneurial service system and implement a life-long vocational skills training system	• Established a sound employee development system that provides employees with diversified learning opportunities, promoted the continuous improvement of their professional skills and comprehensive abilities, and provided more possibilities for employees' career development. • Designed and conducted a wide range of training programs, including new employee induction training, business training, core values and leadership training, among others.

SDGs	China's National Plan Regarding SDGs	Actions for Sustainable Development taken by the Group in 2024
SDG9 Industry, innovation and infrastructure	• Accelerate the upgrading and transformation of traditional industries and promote low-carbon industrial energy use	• Participated in the 2024 Global Apparel Conference – High Quality and Green Development Release.
SDG10 Reduced inequality	• Attach great importance to providing equal opportunities and ensuring equal rights of participation and development for all employees • Consistently promote the growth of both resident income and the economy, as well as the growth of both salary and work productivity at the same time	• Implemented fair employment management and by applying the employment principles of equality, respect and democracy to employee recruitment, promotion and dismissal processes to ensure all employees have equal job opportunities. • Continued to optimize our remuneration policy and structure to provide employees with fair and competitive remuneration packages to help attract, motivate and retain talent.
SDG11 Sustainable cities and communities	• Strengthen the construction of natural disaster monitoring and early warning systems and engineering defense capacity, improve the social mobilization mechanism for disaster prevention and reduction, and establish smooth channels for social participation in disaster prevention and reduction	• Placed a high priority on responding to natural disasters and other public health emergencies, and actively sourced necessary supplies based on the needs of disaster-stricken areas to assist in post-disaster reconstruction. During the year, we made donations to the earthquake-stricken areas in Qinghai to help them through this difficult time.

SDGs	China's National Plan Regarding SDGs	Actions for Sustainable Development taken by the Group in 2024
SDG12 Responsible consumption and production	• Reduce the adverse impact of chemicals on human health and the environment • Significantly enhance the level of green chemical engineering technology • Strenuously develop a circular economy with a significant increase in the recycling rate of major waste materials • Comprehensively promote the extended producer responsibility system to encourage enterprises to fully integrate the concept of sustainable development into their production management	• Integrated the environmental protection requirements on suppliers into the whole supplier management process, comprehensively supervised the use of chemicals and controlled raw material quality to safeguard customer health from the outset. • Formulated the *Technical Requirements for Product Safety of Li Ning Company Limited* and required suppliers to sign documents declaring compliance with the standards to realize strict control over the use of chemicals by suppliers. • Continuously explored and expanded the application of BOOM FIBER uppers in shoe manufacturing to enrich the variety of eco-friendly products. • Eco-friendly materials GCR (lightweight non-slip rubber technology) and GCU (ground control system outsole technology) were used for the soles to ensure product performance while responding to the concept of sustainable development. • Continued to promote the use of recycled eco-friendly yarns for clothing products.
SDG13 Climate action	• Disseminate knowledge about climate change and low-carbon development concepts with guidance to the general public for active participation in actions against climate change	• Deeply integrated the concept of sustainable development into production and operation practices, raised employees' awareness of environmental protection and encouraged their active participation in climate change action. • Actively launched carbon footprint measurement, strictly controlled the carbon footprint of products and reduced the negative impact of greenhouse gas (GHG) emissions on the climate. • Focused on strengthening suppliers' awareness of energy saving and emission reduction and conducted carbon reduction projects to promote green transformation and development in the supply chain.

SDGs	China's National Plan Regarding SDGs	Actions for Sustainable Development taken by the Group in 2024
SDG15 Life on land	• Launch large-scale actions to green the country's soil, strengthen the construction of key projects in the forestry industry, improve the protection system for natural forests, completely stop commercial logging of natural forests, and protect and cultivate forest ecosystems	• Organized a public welfare activity themed "Integrating the City with Mountains and Seas: Green Movement in Shenzhen and Hong Kong", featuring a low-carbon mountain-cleaning activity while hiking, to enhance participation in ecological protection activities. • Launched a family tree planting event titled "Love the Forest, Protect the Great Wall and Embrace Low-Carbon Environmental Principles" to encourage low-carbon and environmentally friendly actions.
SDG16 Peace, Justice and strong institutions	• Implement the *Law on the Protection of Minors of the People's Republic of China* and crack down, in accordance with the laws, on unlawful and criminal acts such as the employment of child and forced labor	• Strictly enforced the verification of identity cards before the signing of labor contracts to verify the applicant's age and avoid the employment of child labor. • Arranged reasonable work and rest times based on employees' willingness to work, and any form of forced labor were firmly opposed and resisted.
SDG17 Partnerships for the goals	• Actively participate in the establishment of global partnerships to promote more balanced global partnerships for development • Actively participate in the works in relation to the establishment of mechanisms for enhancing the use of global technology	• Joined the United Nations Global Compact (UNGC).

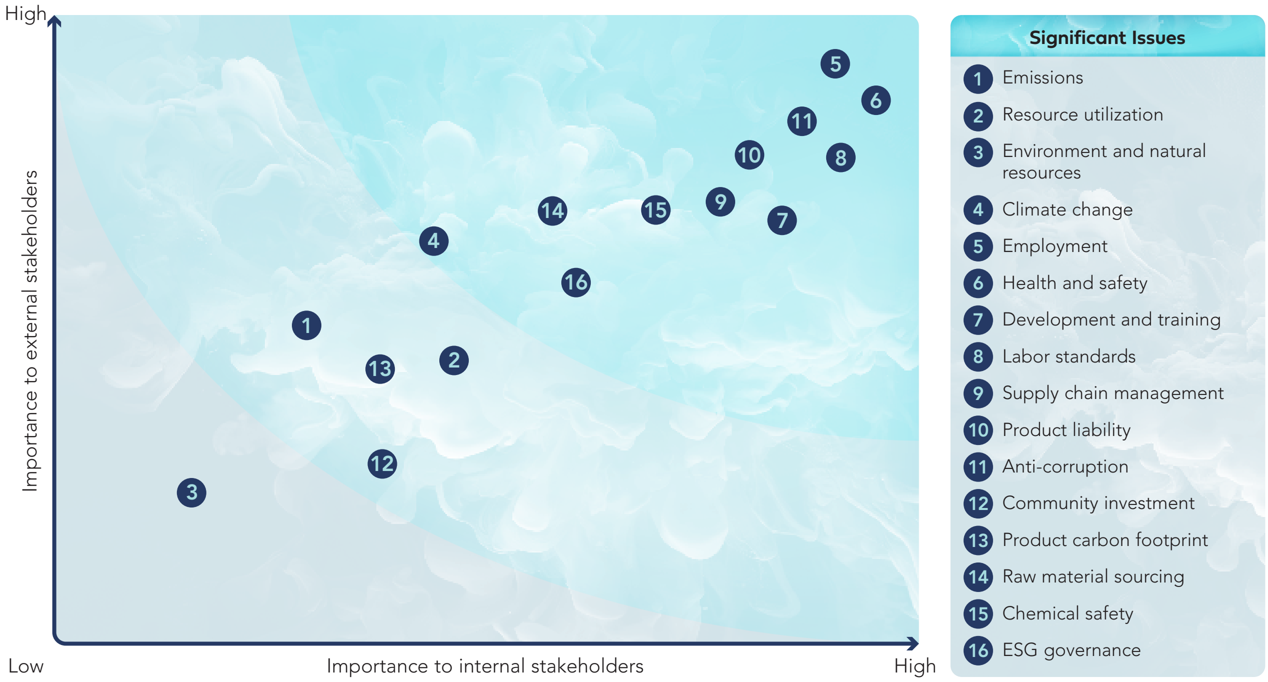
Stakeholder Communication and Identification of Key Issues

The Group's major stakeholders include government and regulatory authorities, shareholders and investors, consumers, distributors and suppliers, communities and the public, media and non-governmental organizations, senior management and employees. The Group, together with a wide range of stakeholders, has been actively practices and innovations in ESG management, continuously improving the mode of stakeholder communication and establishing diversified communication channels. We engage in close cooperation and exchanges with all parties to explore ESG concepts in depth and jointly seek practical pathways to enhance ESG management levels, while fully addressing the concerns and demands of various stakeholders in the ESG field. Through comprehensive communication and feedback assessment, we facilitate the implementation and integration of ESG management in our business operations, gradually enhancing our capacity for sustainable development.

Communication with Key Stakeholders and Response

Key stakeholders	Communication channel	Issues concerned	Response
Government and regulatory authorities	Policy guidelines Regulatory document Industry meeting On-site inspection Off-site regulation	Energy saving and emission reduction Corporate governance Compliance operation Implementation of policy	Implement regulatory policy Persist in paying tax in accordance with the law Accept supervision and assessment Carry out green operations Improve the corporate governance system
Shareholders and investors	Information disclosure General meeting Roadshow Results announcement	Operation strategy Profitability Transparency of information disclosure Environment and social management	Strengthen ESG management Maintain brand value Regularly publish results announcement Promote risk and internal control management
Consumers	Customer service hotline Satisfaction survey Marketing activity Official website	Product quality After-sales service Privacy protection	Establish and improve the quality control and management system Improve service quality Protect consumers' rights and interests Safeguard customer data security
Distributors and suppliers	Regular communication meeting Daily communication and visits Cooperation agreement Strategic negotiation	Fair cooperation Integrity and compliance Mutual development	Formulate a transparent and fair procurement system Enhance the environment and social risk awareness and improve the environment and social management level Establish a good relationship in business cooperation
Community and general public	Charity activity Volunteer action Community activity	Charity activities Community development Community relations	Regularly conduct volunteer activities Increase external donations Promote professional sports knowledge
Media and non-governmental organizations	Press Release Media platform On-site communication	Corporate influence Transparency of information disclosure Ability in public relation	Organize the open day for media Real-time news release Timely and objective information disclosure
Senior management	Management meeting Democratic communication conference Intranet mailbox Corporate activity	Labor standards Health and safety Supply chain management Product quality management	Promote the implementation of the ESG system Improve ESG workflow Promote internal communication Strengthen operational supervision
Employees	Trade union Staff representatives meeting Intranet mailbox Corporate activity	Employee remuneration and benefits Community charity Development and training Safety and protection	Enrich employees' life Care about health of employees Establish a learning platform Protect employees' rights and interests

After communicating with various stakeholders, the Group has identified 16 ESG key issues, including 4 environmental and 8 social aspects specified in the ESG Reporting Code of the Hong Kong Stock Exchange. Building upon this basis and taking into account the characteristics of our own business operations and stakeholder concerns, the Group has identified additional 4 key issues, namely, product carbon footprint, raw material sourcing, chemical safety and ESG governance. By integrating feedback from internal and external stakeholders with an analysis of the importance of these issues, we present the level of materiality of ESG key issues to the Group through the following materiality matrix:



Matrix of Importance of ESG Issues

II. ENVIRONMENTAL MANAGEMENT

Environmental Management Policy

The Group strictly abides by the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste*, the *Administrative Measures for Urban Living Garbage*, the *Energy Conservation Law of the People's Republic of China* and the *Renewable Energy Law of the People's Republic of China*, among other environmental laws and regulations, thereby fulfilling the Group's corporate environmental responsibilities. We are committed to building a green operational management system, continuously improving our environmental management policies, and strictly implementing various environmental protection measures to promote innovation and expansion in green practices while actively addressing the challenges posed by climate change. In 2024, the Group did not identify any matters that caused serious pollution or material adverse impact on the environment during production and operation.

Environmental Management System and Measures

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

In 2024, we upgraded our ESG intelligent management platform and continuously optimized processes and supervisory decision-making mechanisms in line with business scenarios, which led to more standardized data management processes while progressively enhancing our information monitoring capabilities. At the operational level, we further optimized the data collection system for self-operated stores to improve data accuracy. Moreover, on the system function level, we integrated more scope 3 GHG data. For instance, by connecting with the logistics system, we automatically obtain logistics documentation from upstream and downstream and automatically calculate fuel consumption and carbon emission data based on vehicle type and travel distance. We also actively collaborated with third-party platforms, such as developing an employee travel tracking platform, to collaboratively advance carbon emission data accounting.

Green Operations

The Group adheres to the concept of green operations, continuously strengthening the management of waste disposal and resource and energy consumption. We actively expand the application of clean energy and implement diverse environmental protection measures, such as waste reduction, emission reduction, energy saving and water conservation, to minimize the negative impact of daily office and operational activities on the environment and promote low-carbon and environmentally friendly development.

Appropriate waste disposal

- **Hazardous Waste Disposal:** We collect in a centralized manner and separately store hazardous waste generated from offices, such as discarded fluorescent tubes, and hand it over to the qualified third party for recycling and disposal. The Guangxi Li Ning Factory classifies and stores hazardous waste in a hazardous waste warehouse, labels it with safety and category information, provides protective equipment and assigns dedicated personnel for supervision and management. This factory signs agreements with qualified third parties for quarterly removal. The Guangxi Ning Tai Factory treats hazardous waste containing chemicals through neutralization, microbial decomposition and sedimentation. Retail stores hand over waste electronic equipment to professional recycling agencies for disposal or participate in recycling programs provided by manufacturers, cooperating in the recovery of valuable components and materials while ensuring proper handling of hazardous substances. Regarding used toner cartridges, on one hand, for those without physical damage, they are recycled and reused after chip replacement and toner refilling, on the other hand, a safe disassembly method is used to recover materials like metals and plastics from the cartridges for reuse.
- **Non-Hazardous Waste Disposal:** We strictly enforce waste sorting, with the specialized company handling recycling and disposal, while also conducting regular awareness and educational activities about waste sorting. The Guangxi Ning Tai Factory and Guangxi Li Ning Factory sort scraps and send the recyclable materials to the professional recycling agency, including repurposing them into products like rubber track granules, construction materials and fillers. Non-recyclable waste is collected regularly by the third-party company and compressed into blocks for use as fuel in production.
- **Air emission treatment:** The Guangxi Li Ning Factory adopts UV photolysis and activated carbon adsorption devices to treat non-methane total hydrocarbon emissions, ensuring safe air emission disposal.

	• **Wastewater Treatment:** The Guangxi Li Ning Factory has established an integrated wastewater treatment station to ensure compliance with treatment standards before discharging into the sewage treatment plant. The Guangxi Ning Zhan Factory has established clear processes for handling industrial and domestic wastewater. Primary treatment involves the removal of large suspended solids and sand particles through screening, sedimentation tanks and primary settling tanks. Secondary treatment removes organic matter and conducts disinfection before discharge. Finally, all wastewater is uniformly treated by the sewage treatment plant.
Adopt low-carbon logistics transportation	• Collaborate with third parties to promote the use of new energy vehicles in logistics, reducing fossil fuel usage and lowering carbon emissions. • Enhance the logistics management system by optimizing vehicle algorithms, logistics nodes, transportation routes and other aspects, while developing and promoting a consolidated model system to improve logistics loading capacity and decrease fuel consumption. • Create a detailed vehicle pickup schedule and reasonable planning of transportation time to avoid wasting vehicle resources and enhance transportation efficiency. • Broaden the application scenarios for electronic signatures across shipping, receiving and transfer processes, with a plan to replace at least 75% of paper documents by 2025, which is expected to save 3.69 million sheets of paper.
Promote green commuting	• Employees are encouraged to prioritize public transportation for their commutes and offer transportation subsidies. The Beijing Li Ning Center has established shuttle services to offer convenient and green commuting options for employees. • Employees are encouraged to adopt low-carbon business travel by promoting low-carbon travel through the Li Ning travel platform, where employees can view carbon emission data when booking their trips, and rewards will be given to the top 10 employees who engage in low-carbon travel. • The Beijing Li Ning Center has installed electric vehicle charging stations to make it easier for employees with eco-friendly electric cars to charge their vehicles. • The Guangxi Li Ning Factory has established a vehicle management system, strictly following vehicle dispatch and entry standards, which reduced gasoline consumption by 23% in 2024.
Promote Intelligent Office and Operations	• The Beijing Li Ning Center has set up a building automation system that activates smart electricity controls at scheduled times. It implements energy-saving operations for the central air conditioning by strictly managing operating hours, adjusting the temperature in real-time and automatically shutting down the air conditioning half an hour before the end of the workday to reduce energy consumption. Temperature-sensitive skylights have been installed on the roofs of buildings and venues, which automatically open during hot weather to help cool indoor temperatures instantly, thus reducing air conditioning energy consumption. • The Nanning Li Ning Center has installed intelligent electricity and water meters and established a data monitoring platform to monitor and alert for abnormal water and electricity consumption in real time, allowing for the timely identification of energy resource waste. • Some retail stores have adopted an intelligent lighting control system that automatically adjusts light brightness and switch status based on the store's actual needs to reduce unnecessary energy consumption. An intelligent temperature control system is introduced to automatically adjust air conditioning temperatures based on customer flow and the outdoor temperature. • The automation system is widely promoted and applied in warehouses, where a dark factory model is adopted in the automated operation area to reduce energy consumption. • A comprehensive budgeting system has been introduced, reducing manual work and improving efficiency through cross-system collaboration and automatic data integration.

Promote the Use of Clean Energy	• The Beijing Li Ning Center has built a 1.16MW photovoltaic power station equipped with over 5,000 solar panels and it conducts annual cleaning of the panels to maintain optimal energy production efficiency. In 2024, the photovoltaic power station generated an average of 121,000 kWh of electricity per month, with self-generated electricity accounting for approximately 25% of total electricity consumption. • The Jingmen Li Ning Center plans to build a 13MW photovoltaic power station, with construction scheduled to begin in 2025. • The Nanning Li Ning Center plans the second phase of the distributed photovoltaic power station project, with an expected installed capacity of 2.92MW and a minimum estimated power generation of 2,117,400 kWh in the first year. • The Group actively supports green industry initiatives. In 2024, we made an investment in the Green Deposit initiative by China Merchants Bank to support the construction and operation of wind power facilities, resulting in an annual carbon reduction of 6,797 tons of CO_2, thereby enhancing environmental benefits.
Strengthen Water Management	• The Beijing Li Ning Center has posted water-saving promotional signs to raise awareness about water conservation. Daily inspections are conducted on faucets and valves in areas such as the pantry and restrooms to ensure they are shut off. The internal water supply system is inspected regularly, and any necessary repairs to water tanks, faucets, and other supply facilities are made promptly to prevent waste of water resources. • The Shanghai Li Ning Center organizes environmental protection presentations for employees, promoting safe water use in the office and reminding employees to use water wisely to enhance water conservation awareness. • The Jingmen Li Ning Center implements water resource management based on a responsibility area system. Any identified waste will be reported, and those responsible will be held accountable. • The Guangxi Ning Zhan Factory has established the *Water Conservation System* to raise employees' awareness of water conservation. Daily inspections are conducted by the personnel responsible, and any issues found are timely addressed, with water-saving conditions documented in the shift handover records.
Strengthen Energy Consumption Management	• The Beijing Li Ning Center has completed a full replacement of lighting fixtures, achieving 100% use of LED energy-efficient lighting fixtures. • The Jingmen Li Ning Center has carried out energy-saving renovations in certain storage areas by using energy-efficient lighting that is expected to save 127,000 kWh of electricity annually. Energy management is conducted based on a responsibility area system. Any identified waste will be reported, and those responsible will be held accountable.

- The Guangxi Ning Zhan Factory has innovatively revamped the steam system to capture waste heat from the small foaming process, which is then used to heat the soles of footwear products. This innovation saves approximately 20 tons of steam energy each day and reduces coal consumption.
- Retail stores regularly evaluate and analyze energy consumption to identify key areas and causes of energy loss. They implement targeted energy-saving strategies, such as adjusting lighting brightness and equipment numbers based on business hours and customer flow, turning off unnecessary lights during non-business hours and setting reasonable air conditioning temperatures to optimize electricity use. Energy-saving training is provided for new employees, covering the basic operating procedures and daily energy-saving practices for energy facilities such as lighting systems, air conditioning and refrigeration equipment.

Advocate for Paper Conservation

- Fully embrace paperless office practices by implementing double-sided printing and setting up recycling bins for waste paper in the office to recycle single-sided printed sheets.
- Implement electronic scanning payments at the store checkout, allowing consumers to choose electronic receipts, which reduces the need for paper receipts and conserves paper resources.
- The Li Ning business travel platform provides employees with a one-stop booking service, allowing for centralized settlement through the Group, effectively reducing the use of paper documents and achieving a paperless travel process.

Packaging Material Management

- Strictly approve the monthly procurement plan for packaging materials, with the purchase and usage of cartons integrated into the logistics information management system.
- Advocate for the use of reusable packaging. If customers choose not to take a shoe box when purchasing products, the retail store will keep it for future recycling and reuse.
- Centrally collect and recycle cardboard packaging generated by warehouses and stores and hand it over to a professional agency for 100% recycling and reuse.
- Continue to use environmentally friendly packaging materials, with FSC-certified shoeboxes accounting for approximately 80% in 2024, saving a total of 6,672 kg of ink, 1,127 tons of water and 220,085 kWh of electricity, thereby reducing carbon emissions by approximately 118 tons; actively promote the use of environmentally friendly packaging bags made from 100% recycled polyethylene, accounting for 99.8% of the total, which can reduce carbon emissions by approximately 1,973 tons compared to using virgin plastic packaging.

Case Study: Green Production Management in the Badminton Factory

The badminton factory is committed to green production management, strictly adhering to laws and regulations related to emissions. It has adopted various eco-friendly initiatives to foster an environmentally friendly production environment:

– Environmental Data Monitoring: Organized emissions data is monitored annually, while unorganized emissions data is monitored every six months. Water and noise levels are monitored quarterly to strengthen environmental data oversight.

– Hazardous Waste Management: A hazardous chemicals warehouse is established and managed by dedicated personnel, ensuring the separate storage and management of hazardous chemicals. Hazardous solid waste is entrusted to a qualified professional agency for disposal.

– Non-Hazardous Waste Management: Domestic waste is collected and disposed of in a unified manner. Various scraps are sold to relevant manufacturers for resource utilization, and metal sludge is collected and re-refined by raw material suppliers.

– Air Emission Management: The processing workshop uses a water spray system to reduce dust emissions. Air emission generated during painting in the painting workshop is captured and settled through a water curtain, then directed to the rooftop and treated through an activated carbon filtration system before being released into the atmosphere.

– Energy Conservation Management: Each workshop conducts a monthly analysis of electricity consumption. The employee dormitory implements a quota system for electricity usage management, and any excess will be charged according to established rates.

– Water Conservation Management: Water used in production equipment is recycled, and water treatment facilities are installed to enhance the efficiency of water resource usage. The employee dormitory implements a quota system for water usage management, and any excess will be charged according to established rates.

– Automation Equipment Management: In 2024, 19 automated devices were introduced, including fully automated six-axis robotic polishing equipment, visual detection equipment for through-holes and six-axis robotic automatic painting equipment, which were used in various production processes to enhance production efficiency and ensure product quality.

Case Study: Nanning Li Ning Center Develops a Smart Park

Since 2019, we have been planning the construction of the Nanning Li Ning Center, which integrates R&D innovation, smart manufacturing, modern logistics, industrial tourism, sports experiences and leisure activities. In 2024, the first phase of the Nanning Li Ning Center project was fully completed and put into production, covering multiple units such as a shoe factory, clothing factory, canteen, employee dormitory and raw materials warehouse, laying a solid foundation for the center's diverse functional system.

– Production Efficiency Improvement: In 2024, the Guangxi Li Ning Factory upgraded the existing equipment by introducing smart production machinery and intelligent logistics systems. For instance, insulation measures were added to certain assembly line equipment to reduce heat loss. The traditional hydraulic system in equipment such as the back heel machine was replaced with the pneumatic system, thus improving production efficiency while lowering energy consumption. It is expected to save 67,176 kWh of electricity each year.

– Energy Efficiency Enhancement Initiative: Efforts were made to the ongoing promotion of intelligent operation and maintenance for HVAC systems. Through status quo analysis and identification, upgrades and renovations were planned for equipment such as chillers, pumps and cooling towers, incorporating intelligent temperature control, variable frequency drives and optimal start-up quantity, with a target for full completion by 2025.

– Automation Level Enhancement: The Guangxi Ning Tai Factory has installed 12 overhead conveyor lines to achieve comprehensive control through the production and manufacturing system. By using a matrix model, it interconnected all workstations, allowing for flexible adjustments to the production mode based on order demands, thereby maximizing production efficiency. In addition, the overhead conveyor workstations were equipped with standardized areas for storing semi-finished products, with 30% of tasks performed directly on the hangers. Defect information can be relayed to employees instantly, effectively improving work efficiency.

Nanning Li Ning Center

Case Study: Shenzhen Li Ning Center Continues to Promote Green and Low-Carbon Practices

The Shenzhen Li Ning Center actively responded to the call for sustainable development by implementing a range of environmental activities and dedicating to low-carbon and eco-friendly practices:

– Energy Management: The Shenzhen Li Ning Center has replaced old air conditioning units and has improved their efficiency by regularly cleaning and maintaining the filters to ensure optimal cooling performance. In 2024, it saved 409,000 kWh of electricity. A virtual power plant has been launched, effective May 2024, using targeted analysis for precise energy supply. In total, there were 31 response actions in 2024, resulting in an effective savings of 10,199.19 kWh of electricity. Moreover, 344 sets of LED energy-saving lights have been replaced, which can save approximately 11,520 kWh of electricity annually. The Yanziling Apartment continued to use a reservation system for common areas, conducting regular power checks on common area outlets to avoid unnecessary energy consumption and enhance energy efficiency. Furthermore, the lighting in the underground parking lot has been upgraded to sensor lights for on-demand illumination.

– Resource Use: The Yanziling Apartment has installed locking faucets in common areas to ensure the rational use of water resources. In addition, the frequency of courtyard cleaning has been reasonably reduced to minimize water consumption. An "Item Exchange Market" was held to promote resource recycling and reduce waste, along with the establishment of the "Yanziling Store – Idle Items Group" to facilitate the exchange of items.

– Environmental Promotion: The Shenzhen Li Ning Center actively responded to the Earth Hour initiative by turning off all lights and electrical equipment, except for safety lighting, including computers and monitors. During regular office hours, environmental protection and energy-saving promotional videos are displayed on public screens in the office area to allow employees to learn about energy conservation and emission reduction. The Yanziling Apartment actively conducted waste sorting activities to enhance public awareness of environmental protection.

Shenzhen Li Ning Center

Certificate of "Excellent Enterprise of Shenzhen Virtual Power Plant for Precise Response"

Waste Sorting Promotion Activity

Earth Hour Initiative

Case Study: Green Operations Practices at Li Ning Retail Stores

Li Ning deeply integrates the concept of green operations and environmental protection into the daily operations of our retail stores to promote energy conservation and reduction in operations. In 2024, through smart store management, air conditioning optimization and lighting upgrades, it was expected to save 168,000 kWh of electricity annually.

The Shanghai Li Ning Center flagship store, as one of the Group's low-carbon stores, features smart technology terminals and integrated power management cabinets, resulting in more efficient and energy-saving operations compared to traditional retail stores, with a daily carbon reduction effect of over 9.1%. Notably, the smart store management platform is one of the highlights of the smart terminals, which supports various operating modes such as business and closing modes, allowing for refined management of the energy consumption, environmental parameters and carbon emissions of the retail store, with an annual carbon reduction of 13.5 tons.

In 2024, we upgraded the central air conditioning systems for our newly opened retail stores by adopting high-capacity, high-pressure chamber DC inverter jet technology to improve heat exchange efficiency. We carried out energy-saving renovations on the air conditioning systems of 20 retail stores using multi-split systems, installing point controls for setting indoor temperatures and operating hours for precise management of air conditioning systems. Following the upgrades, the energy-saving efficiency was measured at 21.1% in summer and 27.6% in winter.

In addition, we installed smart control systems for lighting and other electrical equipment in our pilot stores, equipping them with control devices like motion sensors and light-sensitive testers. Based on the testing data from the control panel, we developed smart control logic to achieve energy-saving adjustments and controls for electrical equipment in small stores, with expected energy savings of 10%~15% per store.


Illustrations of Lighting and Air Conditioning of Retail Stores

Case Study: Hong Kong Li-Ning Building – Committed to Becoming a Model of Green Operations

The Hong Kong Li-Ning Building emphasizes green and environmentally friendly operations and has implemented a variety of energy-saving measures. In 2024, it upgraded the lighting in common areas by replacing approximately 100 fluorescent tubes with LED tubes, reducing energy consumption while improving lighting quality. During non-office hours, it turned off some lighting in common areas, effect lights and exterior advertising boards to reduce energy waste. It switched to more eco-friendly materials for paper towels in restrooms to reduce wood usage.

The Hong Kong Li-Ning Building actively promotes environmental awareness and organizes or participates in various environmental activities. It has set up three-color recycling bins and battery recycling boxes for the collection of paper, plastic, metal and used batteries, making it easier for tenants to sort and recycle waste. During the Mid-Autumn Festival, a mooncake box recycling event was held to encourage tenants to recycle and reuse. It also participated in a natural Christmas tree recycling program, sending wilted Christmas trees to a landscaping waste recycling center to be repurposed into useful materials, thereby reducing landfill disposal and related carbon emissions.

The Hong Kong Li-Ning Building was awarded the LEED Platinum Certification (Core & Shell), WELL Building Standard Gold Level Pre-certification (Core & Shell) and BEAM Plus (New Buildings) Platinum Rating, as well as the Hong Kong Green Building Council Green Building Award 2016 Merit Award (New Buildings Category), the 2nd APIGBA Awards Competition Gold Award (Design Category) and other awards.

Hong Kong Li-Ning Building


Mooncake box recycling bin

Environmental Goals

The Group has set comprehensive environmental goals in reducing GHG emissions, waste generation and energy consumption and saving water resources, effectively guiding the development of green and low-carbon operations and promoting the implementation of ESG management measures. We reviewed the results and progress of environmental goals management for the year as follows:

Type of target	Content	Progress towards targets
Carbon emission	By the end of 2040, the Beijing Li Ning Center[1] will achieve carbon neutrality. By the end of 2040, the Shanghai Li Ning Center will achieve carbon neutrality.	Through emission reduction measures, the purchase and cancellation of certified emission reduction units (CERs) and renewable energy certificates, the Beijing Li Ning Center achieved carbon neutrality for 2021, 2022 and 2023 and obtained a third-party carbon neutrality certificate. Efforts towards carbon neutrality certification for 2024 are currently in progress.
Waste	By the end of 2022, waste sorting is fully implemented across the Group. The waste generated from Li Ning centers across various regions is processed exclusively (100%) by a qualified professional agency.	Waste sorting is strictly enforced in daily operations, with office waste and food waste being sorted for disposal, all of which are processed by qualified third-party agencies.
Energy use	By the end of 2024, all lighting in the Beijing Li Ning Center is 100% LED energy-efficient. Since 2022, the annual average electricity consumption of purchased power per square meter of gross floor area in the Beijing Li Ning Center is no more than 66.5 kWh/m^2. Since 2025, the annual average electricity consumption per square meter of gross floor area in the Shanghai Li Ning Center is no more than 90 kWh/m^2. In 2025, Li Ning's self-operated facilities will implement at least one energy efficiency upgrade project.	In 2024, the Beijing Li Ning Center completed the full replacement of lighting fixtures, achieving 100% use of LED energy-saving lights. In 2024, the annual average electricity consumption per square meter of gross floor area in the Beijing Li Ning Center was 63.07 kWh/m^2.
Water resources use	Since 2022, the annual average daily water consumption per square meter of gross floor area in the Beijing Li Ning Center is not higher than 0.62 tons/m^2. Since 2025, the annual average daily water consumption per square meter of gross floor area in the Shanghai Li Ning Center is not higher than 0.30 tons/m^2.	In 2024, the annual average daily water consumption per square meter of gross floor area in the Beijing Li Ning Center was 0.38 tons/m^2.

2024 Environmental Performance

Unless otherwise stated, the statistical basis of environmental performance herein covers the Group's headquarters[2] and major operating premises of principal subsidiaries in the PRC. We are in the process of conducting carbon emission sorting and analysis and will expand the statistical scope as and when appropriate in the future.

1 In 2024, Li Ning standardized the names of various office locations, renaming the Li Ning Center Park as the Beijing Li Ning Center.
2 Include the Beijing Li Ning Center, the Shanghai Li Ning Center, Shenzhen Li Ning Center and the Hong Kong Li-Ning Building.

1. EMISSIONS[1]

Indicator	Performance
Total GHG emissions (Scope 1, Scope 2 and Scope 3) (ton)[2]	17,099.47
GHG emissions per square meter of gross floor area (Scope 1, Scope 2 and Scope 3) (ton/m^2)	0.05
Direct emission (Scope 1) (ton)	1,913.21
Company vehicle fuel consumption	21.20
Natural gas	995.42
Refrigerant	896.58
Indirect emission (Scope 2) (ton)	15,098.56
Purchased electricity	15,098.56
Indirect emission (Scope 3) (ton)	87.70
Company bus fuel consumption	87.70
Total amount of hazardous waste (ton)[3]	0.72
Weight of hazardous waste per square meter of gross floor area (ton/m^2)	0.000003
Total amount of non-hazardous waste (ton)[4]	805.52
Weight of non-hazardous waste per square meter of gross floor area (ton/m^2)	0.0031

Notes:

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

2. GHG includes carbon dioxide, methane and nitrous oxide, mainly originating from purchased electricity, fuels, and refrigerants. GHG emissions data is presented in carbon dioxide equivalents and is computed with reference to the National Average Carbon Emission Factor for Electricity published in the *2022 Announcement on the Release of Carbon Dioxide Emission Factors for Electricity* issued by the Ministry of Ecology and Environment of the People's Republic of China and the *2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories* issued by the Intergovernmental Panel on Climate Change (IPCC). GHG emissions from purchased electricity in retail stores situated in the core business districts of major cities have been added for the year.

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

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

2. ENERGY AND RESOURCE CONSUMPTION

Indicator	Performance
Total energy consumption (MWh)[1]	34,616.16
Energy consumption per square meter of gross floor area (MWh/m^2)	0.10
Direct energy consumption (MWh)	6,478.70
Gasoline	86.60
Natural gas	5,090.74
Solar energy	1,301.36
Indirect energy consumption (MWh)	28,137.46
Purchased electricity	28,137.46
Daily water consumption (ton)[2]	71,789.28
Daily water consumption per square meter of gross floor area (ton/m^2)	0.28
Total amount of paper used (ton)[3]	17.18
Total amount of packaging material used for finished products (ton)[4]	46,590.02
Amount of packaging material for finished products consumed per million RMB revenue (ton/million RMB)[5]	1.62

Notes:

1. Energy consumption data, including purchased electricity, solar energy, natural gas and company vehicle fuel consumption, is computed according to the relevant conversion factors provided under the *General Rules for Calculation of the Comprehensive Energy Consumption* (GB/T 2589-2020), the national standard of the People's Republic of China. Statistics on the purchased electricity data for self-operated stores in the core business districts of major cities have been added for the year.

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

3. Copy paper includes both A4 and A3 sizes.

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

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

Climate Change Risk Management

The Group continuously improves management practices related to climate change, focusing on corporate operations and business development. We enhance climate change risk management and capitalize on opportunities to actively address the concerns of the capital market and investors regarding climate change issues.

The Board is ultimately responsible for reviewing and making decisions on climate change risks and strategies. The ESG Committee follows up on the results of the actions taken by the corresponding departments in accordance with the strategies and indicators set to ensure the management and implementation of the climate change risk strategy of the Group. The ESG executive team is responsible for the implementation of the strategy on the ground.

In 2024, we established a professional climate scenario analysis model by referencing the first two ISSB standards issued by the International Sustainability Standards Board (ISSB), the *Basic Guidelines for Corporate Sustainability Disclosure Code (Trial)* issued by the Ministry of Finance and other nine ministries commissions and the relevant requirements of the *Listing Rules and Guidance* of the Hong Kong Stock Exchange. We updated and assessed potential effects and response strategies for short-, medium- and long-term climate change risks. The Group also conducted the preliminary analysis and assessment of the current and anticipated financial effects of applicable climate-related risks and opportunities, and did not identify climate-related risk issues with significant effects. In the future, we will further optimize the ability to quantify climate-related financial effects. In addition, we further improved the accounting of GHG emissions for Scope 1, Scope 2 and Scope 3 within the Group, thoroughly reviewing the twelve applicable categories of Scope 3 GHG emissions, gradually disclosing to the public. Furthermore, we referred to carbon reduction methodologies, including those from the Science Based Targets initiative (SBTi), to gradually develop our own carbon reduction targets both within our operations and among our suppliers.

Selected Climate Scenario	Risk/ Opportunity	Overview	Specific Description	Basis for Assessment Analysis	Response Strategy	Period[3] Short-term	Medium-term	Long-term
Take into full account the IPCC SSP1-1.9[4] scenario and key national policies and regulatory requirements (e.g. the *Action Plan for Carbon Dioxide Peaking Before 2030* issued by the National Development and Reform Commission and the *Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy* issued by the State Council, etc.).	Transition risk	In light of the global trend towards low-carbon emissions reduction, China has established mandatory requirements and regulations for reducing GHG emissions.	1. The national carbon peak action plan mandates a 6% annual reduction in carbon emissions per unit during the period from 2025 to 2030; carbon neutrality is to be achieved by 2060. During these periods, companies are expected to promote low-carbon practices and emissions reduction practices both within their own operations and in collaboration with supply chain partners, which will lead to increased operating costs associated with low-carbon and emissions reduction efforts. 2. Domestic and international industry consensus, peer practice, such as commitments and practices of emission reduction requirements of SBTi.	The Group's carbon emissions primarily come from Scope 3, particularly from suppliers heavily reliant on electricity consumption. It is necessary to manage carbon emission data in detail and establish Scope 3 data based on product dimensions, taking into account the low-carbon reduction costs over different time periods. This will help in deciding the best strategies applicable to each time period, such as evaluating short- and medium-term low-carbon initiatives, including green power procurement and the deployment of renewable energy projects, as well as planning and assessing the feasibility and potential plans for long-term cooperation or investment in carbon capture and storage projects.	1. Actively drawing on the methods and requirements of relevant domestic and international action organizations, we steadily advance our own low-carbon reduction initiatives under the premise of ensuring the accuracy and reliability of the information collected, as well as the practicality and feasibility of energy-saving and carbon reduction plans. We set goals that align with our long-term operational conditions and develop specific implementation plans for different time periods. 2. Optimize the online data platform for energy and environmental data of suppliers, self-operated factories, logistics centers and self-operated retail stores to accurately track carbon emission data for the assessment and planning of carbon reduction measures. 3. Improve the supplier performance management system by providing specialized training and collaborative projects to elevate the energy and carbon management level of key suppliers. 4. Promote emission reduction plans based on lifecycle analysis for key products. 5. Actively seek cooperation or investment with developers of professional carbon reduction projects (e.g., carbon capture and storage).	Low	Low	Medium

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

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

Selected Climate Scenario	Risk/ Opportunity	Overview	Specific Description	Basis for Assessment Analysis	Response Strategy	Period[3]		
						Short-term	Medium-term	Long-term
Take into full account the IPCC SSP1-1.9 scenario and key national policies and regulatory requirements (e.g. the *Action Plan for Carbon Dioxide Peaking Before 2030* issued by the National Development and Reform Commission and the *Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy* issued by the State Council, etc.)	Transition risk	Requirements for mandatory information disclosure regarding carbon emissions.	Regulatory bodies have tightened the requirements for climate information disclosure by listed companies, and listed companies need to disclose more comprehensive and complete carbon emission information.	Currently, some upstream suppliers are key energy consumption management units in their respective provinces and cities and are required to regularly report carbon emission information, but have not yet been included in the national or local carbon markets for compliance purposes. In the medium to long term, as regulations on carbon information disclosure improve and the carbon trading market develops steadily, stricter information disclosure and compliance requirements may be imposed on the Group's operations and partners within the value chain.	1. Proactively track and stay informed about the trends and latest requirements for climate information disclosure both domestically and internationally. 2. Continuously optimize the Group's carbon emission information disclosure and management level, actively responding to stakeholder feedback. 3. Maintain ongoing attention to the developments and relevant requirements of China's mandatory carbon market and voluntary carbon trading market.	Low	Low	Medium
Take into full account the IPCC SSP1-1.9 scenario and expert energy transition databases and credible research.	Transition risk	Rising costs of energy for production.	In the short to medium term, the costs associated with the installation and R&D of new energy projects will increase, and the gradual replacement of production machinery and equipment that use traditional energy sources (e.g. coal and oil) will result in certain operational costs. In the long term, as new energy technologies become more advanced, R&D costs will decrease, and the development of decarbonization solutions and models around value chain partners may incur certain operational costs.	Currently, the Chinese government is making steady progress in implementing dual carbon goals, and in the future, China's energy structure will increasingly shift towards greener and cleaner energy. Through internal assessments and research, suppliers within the value chain have the potential and feasibility to adopt and promote new energy projects. Research from authoritative organizations such as the International Energy Agency (IEA[5]) indicates that electricity is expected to remain the primary energy source for industrial production and manufacturing in the medium to long term. One of the key areas of focus will be the use of cost-effective green electricity.	1. Strengthen specialized training and gradually encourage suppliers to use low-consumption equipment, as well as add cost-effective new energy projects and facilities. 2. Collaborate with key suppliers that have high carbon reduction potential to evaluate and develop new energy projects or implement models for sourcing green electricity, including Power Purchase Agreements (PPA[6]). 3. Actively seek collaboration with academic institutions and suppliers to promote the widespread use of low-carbon innovative raw materials and production and energy technologies.	Low	Low	Medium

5 International Energy Agency, IEA.
6 Power Purchase Agreement, PPA.

Selected Climate Scenario	Risk/ Opportunity	Overview	Specific Description	Basis for Assessment Analysis	Response Strategy	Period[3] Short-term	Medium-term	Long-term
Take into full account the IPCC SSP1-1.9 scenario and expert energy transition databases and credible research.	Transition risk	Rising costs of labor for production.	Higher temperatures can impact production activities, leading to potential increases in high-temperature work subsidies in some regions, while labor efficiency and quality may decrease.	The International Labour Organization (ILO[7]) and other authoritative organizations indicate that climate change is expected to result in a 2.2% decrease in global working hours by 2030, and for every 1 degree increase in temperature, the labor force will decrease by 2%.	1. Continuously promote measures to enhance ventilation and cooling in our factories and those of our suppliers to improve the working environment. For example, the Shenzhen Li Ning Center, the Nanning Li Ning Center and various retail stores have invested in upgrading their air conditioning systems, which can effectively control temperature changes. 2. Integrate changes in supply chain carbon emission data with the development and implementation of the Group's carbon reduction targets, paying attention to the dynamics of automation technology applications and advocating for the adoption of mature and viable automation technologies.	Low	Low	Low
Take into full account the IPCC SSP1-1.9 scenario and expert energy transition databases and credible research.	Transition risk	Increase in raw material costs.	Extreme weather events can lead to a higher frequency of reduced production for raw materials that rely on agricultural sources (e.g. cotton, rubber, down and leather), resulting in price increases.	At present, there are few instances of fluctuations in the supply and prices of raw materials due to extreme weather or related policies, and there is no clear trend indicating that this risk will increase in the medium to long term.	Through communication with suppliers, we gain insights into changes in the market conditions of raw materials, maintain open information flow and take relevant measures to hedge risks.	Low	Low	Low
IPCC SSP5-8.5 scenario[8]	Physical risk Physical risk Physical risk	Typhoon Extreme Rainfall Flood	Extreme weather events resulting from climate change are occurring more frequently, raising the chances that our facilities will face such extreme weather events[9].	Reduce risks to a controllable level through various disaster prevention and response plans and equipment, along with measures such as purchasing insurance.	Continuously assess and ensure that our facilities in areas prone to physical risks comply with local flood prevention and drainage design requirements.	Low	Low	Low

7 International Labour Organization, ILO.

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

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

Selected Climate Scenario	Risk/ Opportunity	Overview	Specific Description	Basis for Assessment Analysis	Response Strategy	Period[3] Short-term	Medium-term	Long-term
Take into full account the IPCC SSP1-1.9 scenario and key national policies and regulatory requirements (e.g. the *Action Plan for Carbon Dioxide Peaking Before 2030* issued by the National Development and Reform Commission and the *Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy* issued by the State Council, etc.).	Opportunity	Adopt more efficient models for production, distribution and transportation.	Green technologies related to textiles and footwear are being more widely promoted and used, such as automation, 3D printing, and low-temperature materials.	Stay informed about the trends in green technology R&D within the domestic and international textile industry, while steadily advancing the Group's related R&D and deployment and actively sharing experiences and ideas across the industry.	1. The Group's operations and development department continues to promote and implement automation and lean production technologies, such as the automated production line in the Nanning Li Ning Center. 2. Continuously increase the use of new green materials and technologies, such as using lighter supercritical foam materials for shoe soles and promoting recycling practices among suppliers.	–	–	–
	Opportunity	Changes in consumer attitudes and demands in the end consumer market.	As temperatures rise, the demand for high-comfort sports goods increases.	Pay attention to the evolving trends in consumer demand, consumption habits and consumer behavior, incorporating new materials or textile technologies into the design, manufacturing, packaging and transportation processes of products to meet the demand for green concepts in products from the end consumer market.	Continuously provide sports products that meet athletic requirements and include climate adaptation features (e.g. high breathability, cool/warm sensation, and UV protection).	–	–	–
	Opportunity	Development of low-carbon innovative products and services.	As temperatures rise, sports activities may shift to indoors and at home, leading to further growth in the market for sports equipment designed for indoor environments.	Focus on the development of indoor and home sports activities, actively meeting the demand for these activities from the end consumer market.	Continuously offer products made from functional, comfortable and eco-friendly materials for indoor sports.	–	–	–

III. EMPLOYMENT MANAGEMENT

The Group strictly complies with relevant laws and regulations such as the *Labor Law of the People's Republic of China*, the *Law of the People's Republic of China on Labor Contracts*, the *Law of the People's Republic of China on Employment Promotion* and the *Law of the People's Republic of China on Social Insurance*, and has formulated the *Staff Handbook* and other relevant systems to safeguard the lawful rights and interests of the employees in various aspects such as recruitment, promotion, termination, compensation and welfare, equality, diversity and anti-discrimination. We have built a fair and inclusive working environment, strictly implemented the principle of fairness in employment management, and actively promoted diversified development to ensure fairness and diversity in employment stewardship; optimized the compensation and welfare system to safeguard the legitimate rights and interests of employees; enhanced efforts in the cultivation and development of talents to lay a solid talent foundation for the Group's sustained high-quality development; organized diversified employee care activities to create a harmonious and united working atmosphere and to promote the mutual growth and win-win development of the Group and employees. At the end of the reporting period, the Group had a total of 5,022 employees, of which 4,817 were employed by the Group's headquarters and retail subsidiaries (including Nanning Li Ning center), and 205 by other subsidiaries.

In 2024, the Group continued to improve the construction of human resources management system, endeavored to create a good employer image, and was awarded a series of employer brand-related honors.

Honor	Awarding Body
Top 100 Happy Enterprises in 2024	Co-sponsored by Economic Observer and FESCO
Beijing Outstanding Employer in 2024	Liepin
China's Employers of the New Generation in 2024 (Top 100 Employers of the Year)	58Tongcheng (58.com)
Employer Branding Excellence Award in 2024	Yonyou Dayee

Lawful Employment to Safeguard Rights and Interests

The Group adheres to the principles of "openness, equality, competition and merit-based" in managing employment. We have formulated comprehensive and reasonable management regulations to standardize decision-making processes related to hiring, promotion or termination of employment relationships, safeguard the rights and interests of our employees and build an orderly employment management mechanism, thereby fostering an equal, diversified, harmonious and united talent team.

The Group's recruitment channels cover online channels, internal referrals, headhunter/RPO recruitment and other types of channels. We adhere to the principle of "openness, transparency, fairness and equity" and have formulated the *Recruitment Practice Manual* to guide the actual recruitment work. We are committed to the provision of equal employment opportunities and firmly prohibit discrimination on the basis of gender, ethnicity, race, age and nationality. For employees who have seriously violated laws and regulations or the Group's rules and systems, or whose personal abilities do not meet the requirements of their positions, we will uphold the principles of fairness, impartiality, and reasonableness, and will communicate and confirm with the employees based on a full investigation of the facts, and will carry out the relevant termination work in accordance with the law.

The Group is committed to promoting anti-discrimination and equal opportunities in all human resources and employment decisions, fostering a fair, mutually respectful and diverse work environment, encouraging employees to report any incidents involving discrimination to the Group, conducting thorough investigations into such incidents and taking necessary management actions.

We strictly comply with national and local laws and regulations regarding the age of employment, and clearly emphasize in the *Staff Handbook* that recruits must be of the age required by law. At the same time, in order to ensure that our recruiters fully understand and comply with the requirements of the relevant rules and regulations, we have arranged for all human resources related personnel to participate in specialized anti-forced labor training, and to seriously learn and master the relevant contents. We strictly enforce identity verification in the recruitment process and require applicants to provide valid identity documents before confirming employment to eliminate child labor.

We clearly describe job duties to employees during recruitment, sign labor contracts with employees in accordance with legal requirements, protect employees' legal rights and interests regarding working hours and leave, and strictly eliminate forced labor. In the event of child labor or forced labor, we will conduct timely investigations and take measures such as communicating with the guardians of child laborers and understanding the work wishes of the employees who are subjected to forced labor, etc. Based on the investigation results, we will take measures such as adjusting the work, terminating the employment, and pursuing responsibilities, etc. In 2024, the Group did not find any cases of child labor or forced labor.

Adhering to the concept of open communication and the principles of open channels, transparent methods and smooth processes, the Group has continued to improve the employee feedback communication mechanism by providing employees with designated, formal and open channels of communication, and actively listening to their views and suggestions through various means of communication such as labor unions, suggestion boxes and face-to-face communication, and by opening up the employee feedback mechanism. At the same time, the Group has set up a specialized commercial insurance survey to collect employees' views and suggestions on the Group's policies, processes and environment through regular questionnaire surveys. Regular employee meetings, team building activities and training courses are also held to provide an open communication platform to promote effective communication among employees and between employees and the management. Besides, we have entered into collective agreement with employees to actively safeguard their rights and interests, with a collective agreement coverage rate of 32%.

The Group has rationalized promotion rules and channels, giving priority to employees who meet the job requirements and have outstanding performance in selection and promotion. At the same time, we have opened up internal recruitment competitions to provide equal opportunities and fair treatment to all employees. In order to promote the continuous growth of employees with different qualities and to give full play to each individual's strengths, we have set up a dual channel of management and professional sequence, so that employees can choose the direction of development and promotion channel that suits them according to their personal development wishes. In addition, in order to more effectively promote the development of store staff, mobilize the initiative of store staff, we set up sales consultant, foreman, store manager, warehouse manager and other positions, to provide staff with multiple development paths in the store.

Employee Employment[10]

Indicator		As of 31 December 2024
By gender	Male employees (person)	1,403
	Female employees (person)	1,570
By employee type	Full-time employees (person)	2,973
	Part-time employees (person)	0
By age	Employees under 30 years old (person)	636
	Employees aged 30 (inclusive) to 50 (exclusive) (person)	2,265
	Employees aged 50 (inclusive) or above (person)	72
By region	Employees in Mainland China (person)	2,803
	Employees in Hong Kong, Macau and Taiwan (person)	151
	Overseas employees (person)	19

Employee Turnover Rate[11]

Indicator		As of 31 December 2024
Employee turnover rate (%)		23.97
By gender	Male employees turnover rate (%)	22.82
	Female employees turnover rate (%)	24.99
By age	Turnover rate of employees under 30 years old (%)	46.51
	Turnover rate of employees aged 30 (inclusive) to 50 (exclusive) (%)	17.15
	Turnover rate of employees over 50 years old (inclusive) (%)	17.78
By region	Employee turnover rate in Mainland China (%)	22.18
	Employee turnover rate in Hong Kong, Macau and Taiwan (%)	59.04
	Overseas employee turnover rate (%)	56

10 The statistical coverage includes the headquarters and retail subsidiaries, and excludes Nanning LI Ning center.

11 The statistical coverage includes the headquarters and retail subsidiaries, and excludes Nanning LI Ning center.

Creating Harmony through Humanistic Spirit

The Group has continued to improve the staff compensation and benefits protection system. The Group has set internally up a compensation and welfare management department to monitor changes in relevant regulations in real-time, continuously optimize the staff compensation management system, formulate compensation strategy that matches market competitiveness, and regularly adjust compensation policy and structure to attract, motivate and retain outstanding talents. The Group conducts performance appraisals on a regular basis to scientifically assess the performance of employees, continues to improve the incentive mechanism to stimulate the motivation and initiative of employees by reward methods including sales bonuses, sales commissions, annual bonuses, share options and share incentives, etc.

As an enterprise with a strong sense of responsibility, we are always committed to building a healthy and sustainable welfare system and realizing the continuous innovation of the care system. The Group has adopted a flexible welfare system to create a diversified flexible welfare platform, and follows a differentiated welfare strategy to meet the individualized needs of staff and enhance their happiness and satisfaction. We pay in full social insurance and housing provident fund for our employees according to the laws, and on the basis of the relevant regulations of the national and local governments, we provide additional benefits such as supplemental medical insurance, as well as catering allowance, transportation allowance, communication allowance, cloth purchase fees, expatriate allowance, the Spring Festival and holiday benefits, wedding and childbirth gratuities, and funeral allowance, with a coverage rate of 100%. For our senior employees, we provide them with seniority souvenirs and organize farewell ceremonies for our retired employees.

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

The Group continues to optimize and innovate in caring for the children of employees. Take the family child protection program as an example, we have set up Li Ning Oriental Cambridge Kindergarten in our working parks, which provides top-notch faculty to help "Li Ning Second Generation" achieve all-round development in terms of ethics, intellect, physicality, aesthetics and labor, while facilitating the pick-up and drop-off of children by the employees. In addition, the Group has set up an "Employee Home Care Center" to provide free care for employees' children during summer and winter vacations or in extreme weather conditions to ensure that employees can work with peace of mind. We are eager to help employees in difficulty, and actively create a warm, harmonious, united and upward corporate atmosphere, and constantly strengthen the team's centripetal force.

➢ Celebration Activity

In 2024, the Group organized a variety of celebration activities to actively disseminate positive energy and values of the Group and enhance the sense of belonging and team cohesion of the employees. All employees and their families are cordially invited for garden party, competition, fun games, DIY craft activities, and an evening gala. A special area for children's activities was also set up to enhance the sense of experience and engagement level of the activities. In 2024, a total of 1,858 people from various centers within the Group participated in the "Ningju – Family Carnival (寧聚 • 家年華)".

Celebration Activities

➢ Cultural and sports activities

The Group organizes diversified cultural and sports activities for employees, encourages their active participations and enhances their experience by designing a variety of activities to fully demonstrate humanistic care:

- We organized hiking and low-carbon cleaning mountain charity activities under the theme of "Mountains and Seas Connecting Cities, Greening Shenzhen and Hong Kong"(山海連城 • 綠動深圳、香港), and carried out marine protection campaigns of picking up garbage in Shenzhen Bay, to practice natural home protection and contribute to the cities' ecology.

- We arranged the tree-planting activity on the family day of "Planting trees to protect the Great Wall, carrying forward low-carbon and environment protection concepts"(植樹愛林,保護長城,傳承低碳環保理念) to advocate low-carbon and environmental-protection awareness.

- We held a "LI-NING" concert, with performances covering classical music, popular hits and energetic sports-themed music to enrich the cultural life of employees.

- We launched a DIY glass painting activity on the Women's Day and invited professional teachers to lead female employees in glass painting, creating a relaxed and pleasant atmosphere and promoting the improvement of their artistic literacy.

- We organized the "Healthy and Joyful Dragon Boat Festival, Enjoying the Fragrance of Zongzi"(端午安康,寧享棕香) activity, involving DIY Zongzi sachets and DIY wormwood pendants, to strengthen employees' understanding of traditional culture and sense of cultural identity.

- We held National Day and Mid-Autumn Festival celebrations, to convey the Group's warm holiday greetings to employees through creative activities such as Snowskin mooncake making and Mid-Autumn lantern DIY workshops.

- We arranged the "Fresh Things for the New Year · Lantern Festival Celebration"(新年萬象新 • 元宵喜樂會)to create a festive atmosphere with colorful activities such as guessing lantern riddles with Chinese-styled festive lanterns, and spend a warm reunion moment together.

- We launched the "Safe Christmas • Happy New Year" (平安聖誕 • 喜迎元旦) event, at which activities including fun crafts and mini games were organized and exquisite souvenirs were distributed, to help our employees look back on the achievements and look forward to the new year.

"Safe Christmas • Happy New Year" Event

Women's Day Event

National Day and Mid-Autumn Festival Celebrations

"LI-NING" Concert Event

➢ Help employees in need

The Group has continued to deepen efforts to help employees in need by setting up a trade union committee and establishing a mutual assistance fund to help employees who have difficulties in their living due to accidents or major illnesses, in an aim to alleviate their financial pressure. During the 2024 Spring Festival, we organized a sympathy activity to send warm consolation subsidies to employees in need in the New Year, demonstrating the humanistic care of the Group.

Safety Security and Health

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

Care for Staff Health

We attach great importance to the protection of physical and mental health of our employees, and we have launched a variety of management initiatives to create a comfortable and safe working environment and to safeguard the occupational health and safety of our employees.

➢ Health protection

The Group provides each employee with different types of induction and annual medical physical examination according to the needs of the position in order to reduce the risk of occupational diseases. The Group also organizes health knowledge seminars from time to time and informs the employees by email to encourage their active participation, which effectively serves as a reminder and warning to the employees on the prevention of occupational diseases. We have in place a health consultation room in Beijing Li Ning Center, which provides basic medication for disease prevention on a daily basis, providing basic protection for the health of employees.

➢ Health and exercise

To support employees in strengthening their physical fitness and relaxing their minds, the Group has set up sports clubs for table tennis, badminton, basketball, tennis, football, swimming, running, frisbee, rope skipping, fitness and pickleball, and regularly conducts a wide range of events and activities. The Group also organizes other thematic activities tailored to local characteristics to enrich employees' spare time life. For example, the fitness club rotates different courses each week, such as physical fitness class, exercise class, yoga class, Pilates class and meditation class, which help employees alleviate fatigue and enhance work efficiency, while fostering a health-conscious mindset, and promoting interpersonal communication. The table tennis club participated in the 24th Foreign Enterprises Cup Table Tennis Friendly Competition organized by the Foreign Enterprises Trade Union in 2024, achieving commendable ranking. The employees of the Group participated in the "Healthy Dongcheng, Energetic Run"（健康東城，活力健跑）event at Liuyin Park in Beijing, and won the championship.

Employees Participate in Yoga Classes

"Healthy Dongcheng, Energetic Run" Event

Case: "In My Name" Shenzhen Li-Ning Building Climbing Event

In July 2024, Shenzhen Li-Ning Center hosted the "In My Name" Shenzhen Li-Ning Building Climbing Event, where hundreds of enthusiastic participants gathered to take on the challenge of reaching the highest point of the building together. The event was open to the public and adopted both individual and team competitions. Participants started from the north lobby on the 1st floor and ascended the west staircase to the 24th floor viewing platform. During the competition, the participants, driven by unwavering determination and mutual encouragement, sprinted step by step towards the destination and completed the challenge. Through this event, the athletic enthusiasm of the participants was ignited, the Shenzhen Li Ning brand cultural sports IP and the city's new business card were created. It showcased a healthy, energetic and positive lifestyle, thereby contributing to the development of the surrounding communities and cities.

"In My Name" Shenzhen Li-Ning Building Climbing Charity Event

➢ Healthy diet

The Group has set up Chinese and Western restaurants, strictly safeguard the hygiene of the restaurants for employees and fully ensure food safety, and has established a scientific dietary system for employees to provide healthy and nutritious dietary choices.

➢ Supplementary medical insurance

We provide comprehensive commercial insurance for our employees, including supplemental medical insurance, personal accident insurance and critical illness insurance, etc. to realize comprehensive protection for their health. Commercial insurance provides financial support for employees exposed to sudden accidents or major illnesses, reducing their medical expenses and effectively alleviating personal financial burdens. At the same time, in order to address the concerns of employees, we cooperate with insurance companies to provide supplementary medical insurance services for their families, providing employees and their families with more comprehensive protection.

➢ Popularization of health knowledge

In order to raise employees' awareness of self-care, we regularly conduct health knowledge popularization to raise awareness of the prevention and treatment of occupational diseases and common diseases. Beijing Li-Ning Center has organized AED practical training for employees, enabling them to acquire first aid knowledge through hands-on practice and bolstering their ability to prevent health and safety risks. Shenzhen Li Ning Center has held the "First Aid Pioneer" event to popularize first aid skills and enhance the ability to respond to emergencies. The badminton factory has conducted safety training and occupational health management training for all employees to improve their safety awareness and occupational health protection capabilities. Factories in Guangxi has provided occupational health and position-specific training for new employees to popularize the hazards and prevention measures of occupational diseases, and conduct monthly training on occupational disease health and safety for employees.

Strict Observance of Fire Safety

The Group continues to strengthen fire safety management and practices. The Group has formulated and implemented a series of regulations and emergency plans, such as the *Emergency Evacuation Plan of Li Ning Center*, *Fire and Electricity Safety Management Regulations*, *Fire Patrol and Inspection System* and *Safety Evacuation Management Regulations*, in order to establish a comprehensive fire safety emergency response mechanism in strict accordance with fire safety standards. Meanwhile, we have been actively raising the fire safety awareness of our staff, and have continued to carry out training on firefighting facilities, firefighting emergency drills and publicity activities on fire safety knowledge in our office premises.

- Beijing Li Ning Center conducts regular fire safety training for new employees, property management personnel, and kitchen staff to enhance their fire safety awareness. Meanwhile, Beijing Li Ning Center has set up a micro fire station, which conducts monthly drills on the use of firefighting equipment, demonstrates the donning of firefighting suits and the operation of fire hydrants, so as to enhance the emergency response capability of staff.

- Shenzhen Li Ning Center has organized two fire drills to implement rescue and evacuation work, and reviews the feasibility and effectiveness of emergency plans, to provide favorable protection for fire safety.

- Jingmen Li Ning Center holds first aid knowledge training, regularly maintains and inspects fire-fighting equipment, conducts quarterly emergency fire evacuation drills, annually tests the condition of building firefighting facilities and conducts a large-scale all-staff firefighting drill to strengthen fire safety awareness and help employees improve their self-rescue, escape, and mutual-rescue abilities.

- Every factory arranges regular fire safety drills on a yearly basis, regularly inspects and replaces expired fire-fighting facilities, actively investigates potential fire safety hazards, holds knowledge competitions for employees to popularize fire safety knowledge and enhance risk prevention awareness, thereby effectively ensuring fire safety.

Fire Safety Knowledge Competition at Guangxi Ning Zhan Factory

Fire Drill at Shenzhen Li Ning Center

Occupational Health and Safety[12]

Indicator	Data
Number of work-related deaths	0
– Number of work-related deaths in 2022 (person)	0
– Number of work-related deaths in 2023 (person)	0
– Number of work-related deaths in 2024 (person)	0
Proportion of work-related deaths	0
– Proportion of work-related deaths in 2022 (%)	0
– Proportion of work-related deaths in 2023 (%)	0
– Proportion of work-related deaths in 2024 (%)	0
Loss of working time (day) due to work-related injuries	22

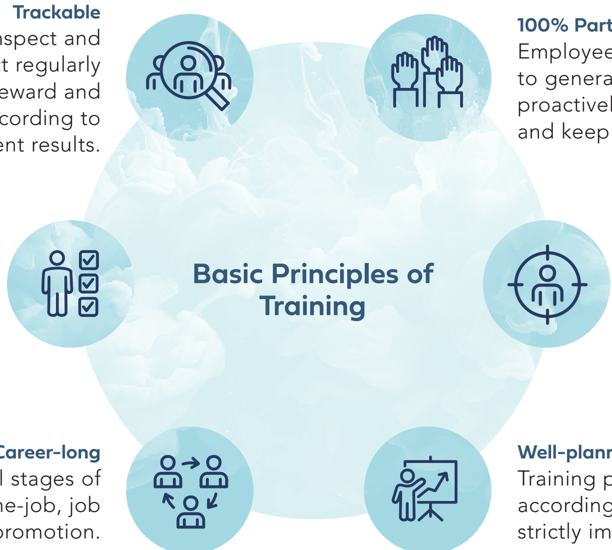
Talent Training and Value Creation

The Group abides by the talent-oriented principle, promotes talent training and development strategy, and continues to intensify efforts to provide strong support for the long-term development of talents. In order to build a high-level talent team, we not only arrange rich and diverse learning activities for our employees, but also continuously optimize our staff development mechanism, in a commitment to comprehensively improving their professional qualities and comprehensive abilities. The Group adheres to the following basic principles in the implementation of staff training:

Trackable
After the training, we inspect and evaluate the training effect regularly and timely, and take reward and punishment measures according to the assessment results.

100% Participation
Employees from the management to general staff are required to proactively participate in training and keep learning.

Comprehensive
We combine basic training, quality training and skills training through lectures, discussion, site-visit, observation and commissioned training, etc.



Target-oriented
Training is provided based on actual needs.

Career-long
Training is available for all stages of career from pre-job, on-the-job, job transfer and promotion.

Well-planned
Training plans are developed according to training needs and strictly implemented.

Basic Principles of Li Ning in Employee Training

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

In conjunction with the basic principles of talent cultivation, the Group has formulated the "721 rule" (i.e. 70% learn from experience, 20% learn from others and 10% learn from formal training) for talent cultivation, and has continued to intensify efforts in talent cultivation to enhance the team-wide capabilities and cope with the increasingly complex market competition. We have perfected the multi-level training systems and provided diversified training support and learning opportunities for our employees according to their different functions and job requirements:

- **New employee training:** New Employee Induction Training adopts online and offline hybrid teaching mode to build an all-round and three-dimensional newcomer cultivation path to provide comprehensive training for new employees, helping them quickly learn the Group's system, management and *Staff Handbook* behavioral regulations and other related contents. In addition, we have formulated store and non-store training programs for new employees, relying on actual workplace scenarios and linking business knowledge to help newcomers quickly grasp the logic of the business and to meet the growth needs of new employees in different workplace scenarios. In 2024, the training achieved 100% coverage of new employees across the Group.

- **Business capability training:** We have rolled out the "LI-NING Good Lecturer" (李寧好講師) project to promote the accumulation of internal professional courses and lecturers, and conducted various forms of teaching internally. At the same time, we carried out business thematic training such as business thematic workshops and bidding and procurement training, to enhance the competency of employees in relevant professional positions through the cultivation of internal lecturers and the introduction of external resources.

- **General core competence training:** Focusing on the core competence requirements of staff at Li Ning, we carried out projects pertaining to improvement in organizational coordination, problem analysis and problem solving capabilities, and adopted online and offline flipped classroom training methods to learn methods and techniques to solve practical issues.

- **Training for management trainees:** We have set up a stage-by-stage training covering the whole development cycle of management trainees, which achieved 100% learning coverage at each stage, and configuring a dual-mentor system and an independent operation mechanism to guarantee the growth of management trainees.

- **Leadership training:** We have established a management training system covering multiple levels and multiple forms, including new management, various on-the-job management, senior management training and comprehensive team building and development. New management training focuses on "management transformation" and customizes training programs based on management scenarios; various types of on-the-job management training focuses on practical experience in specific management issues; senior management training focuses on innovation, strategy, and business, and promotes competency upgrading through external inputs and internal co-innovation; at the same time, targeted team building activities are arranged on the individual shortcomings of the core backbone team of the business, to improve team cohesion.

2024 National Retail Manager Training Camp

Case: 2024 Skills Competition at Li Ning Center Laboratory

Li Ning Center Laboratory provides decision-making basis for the quality management of the Group's products through professional, rigorous, meticulous and excelsior testing work, thus guaranteeing the quality of the Group's products. On 14 November 2024, the Li Ning Center Laboratory held 2024 Annual Skills Competition. The Competition is based on CNAS system knowledge, laboratory testing standards and practical techniques, covering competition items such as written tests on laboratory testing knowledge, multiple practical skills assessments and knowledge quizzes. Experts from third-party testing agencies are invited to conduct pre-competition training on footwear and apparel knowledge and skills and serve as judges to ensure the fairness, transparency and professionalism of the Competition. The Competition acts as a platform for laboratory talents to showcase themselves and exchange ideas, motivating technical personnel to improve their skills and abilities, and is of great significance to strengthening the construction of a team of skilled talents. In the future, the Center Laboratory will continue to refine the testing technology, and boost the team's practical and professional knowledge, thus contributing to the healthy advancement of the Group's quality management.

2024 Skills Competition-Skills Training

Staff Training

Indicator		Percentage of training (%)	Average training time (hour)[13]
By gender	Male employees	100	14.3
	Female employees	100	17.8
By type	Management employees	100	21.7
	Non-management employees	100	14.8

13 The statistical coverage includes the headquarters and retail subsidiaries, and excludes the Nanning Li Ning Center.

IV. *WIN-WIN MANAGEMENT*

The Group has been committed to optimizing supply chain management and strengthening the construction of a socially responsible supply chain management system by formulating the *Supplier Management Policy, Guidelines on Socially Responsible Behavior of Suppliers*, the Group's internal restricted substances (RSL) standard – Q/LNB 71001-2021 *Li Ning Product Safety Technical Requirements, Supplier Social Responsibility Management Manual, Guidelines on the Execution of Social Responsibility by Suppliers, Management Commitment on Anti-forced Labor, Internal Risk Management Procedure for Anti-forced Labor in Supply Chain of Li Ning Company Limited, Productive Supplier Management System of Li Ning Company Limited* and other internal systems and procedures. In 2024, taking comprehensive consideration of the requirements of prevailing laws and regulations, industry development trend and stakeholder concerns, we have formulated and released the *Environmental Management Manual of Li Ning Company Limited and the Chemical Management Framework of Li Ning Company Limited* in combination with years of experience in supplier environmental management and chemical management, so as to continuously improve supplier management standards.

In 2024, while remaining committed to the concept of sustainable development, the Group made endeavors to upgrade and optimize the supplier management system, promote the digitalization of supplier management processes, and exert strict control in key aspects of the introduction, evaluation, optimization and elimination of suppliers. In addition, the Group further improved the management mechanism of suppliers' social responsibility, and strengthened the stewardship of environmental and social risks of suppliers. We actively built a green supply chain and product system, and cemented communication and exchanges with industry partners, in an aim to promote the high-quality development of a sustainable supply chain together. As of the end of the reporting period, the Group has a total of 209 suppliers.

Number and Distribution of Suppliers

Indicator	As of 31 December 2024
Number of suppliers in Mainland China	209
Number of suppliers in overseas, Hong Kong, Macao and Taiwan Region	0
Number of primary suppliers[14]	157
Number of secondary suppliers[15]	52

Introduction of Suppliers

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

In terms of supplier introduction review, the department of demand initiates the supplier cooperation application through the supply chain system, and all relevant departments cooperate to carry out the document audit and on-the-spot audit of the target supplier, and upload the audit opinions to the supplier management system. After that the Supplier Management Department will judge whether the target supplier meets the introduction requirements according to the opinions. For those qualified target suppliers, the introduction evaluation results must be approved by the senior management leaders, and finally approved by the CEO so as to complete the introduction process.

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

15 Secondary suppliers are material factories. The material factory is the factory that processes the materials needed to form finished or semi-finished products.

In terms of supplier introduction assessment, the Group has established various assessment methods, including document evaluation, on-site visits, staff interviews and management interviews, etc. On the basis of our own standards, we fully refer to national laws and regulations as well as international standards such as GB/T 36000-2015[16], ISO 26000, OECD standards[17], ILO[18] guidelines, SA8000[19], ETI[20] standards, Disney ILS[21], Intertek WCA[22], Sedex[23], SMETA[24], BSCI[25], SLCP[26], RBA[27], IETP[28], WRAP[29], and ICS[30], in a commitment to ensuring the fairness of the assessment criteria. On the one hand, we require production factory suppliers to be equipped with complete production capabilities and review their basic information such as qualifications, scale requirements, quality system and production technology. On the other hand, we also request production factory suppliers to establish management mechanisms for social compliance aspects of labor, occupational health, fire protection, chemical management and environmental protection, and conduct social compliance audits. If zero tolerance items such as commercial bribery, child labor or forced labor, and illegal discharge of sewage are found, the introduction will be terminated. In case of other major environmental and social risks, the introduction will be suspended, and restarted after the supplier completes systematic rectification. In 2024, a total of 21 formal suppliers entered the social compliance audit in the introduction stage, and 100% passed the introduction evaluation after first review and second review, and submit of compliance documents in relation to the employment, fire protection, and environment.

Supplier Management

The Group continues to improve supplier audit and assessment management. Through quarterly and annual audits, as well as ad hoc assessments and random inspections from time to time, the Group comprehensively and systematically identifies environmental and social risk in the supply chain, while urging and supervising suppliers to carry out rectification and improvement.

The Supplier Management Department, in conjunction with the Production, R&D, Development, Supply Chain, and Quality & Sustainability teams, also conducts quarterly comprehensive assessments of supplier cooperation, which systematically and rigorously evaluates various dimensions such as business ethics, labor and employment, working hours, wages and benefits, occupational health, energy and environmental performance, chemical management, and safety and business continuity. The specific evaluation process includes:

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

– Conduct rigorous review on information submitted by suppliers, communicate the optimization and improvement requirements for the new quarter to suppliers, so as to promote them to continuously improve their management level.

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

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16 GB/T 36000-2015: *The Social Responsibility Guidelines*, promulgated by the State Standardization Administration Committee and the General Administration of Quality Supervision, Inspection and Quarantine.
17 OECD Guidelines: OECD Guidelines for the Testing of Chemicals.
18 ILO: International Labor organization.
19 SA8000: Social Accountability 8000.
20 ETI: Ethical Trading Initiative.
21 Disney ILS: Disney International Labor Standards.
22 WCA: Workplace Conditions Assessment.
23 Sedex: Supplier Ethical Data Exchange.
24 SMETA: Sedex Members Ethical Trade Audit.
25 BSCI: Business Social Compliance Initiative.
26 SLCP: Social & Labor Convergence Program.
27 RBA: Responsible Business Alliance.
28 IETP: ICTI Ethical Toy Program.
29 WRAP: Worldwide Responsible Accredited Production.
30 ICS: Initiative for Compliance and Sustainability.

Every year, the Group implements an audit for the new year based on the cooperation situation and the assessment result of the previous year, which includes the management of social responsibility, environmental management, chemical management and carbon emission management. The Group formulates rectification plan for the problems identified during the audit, with dedicated staff tracking the progress of rectification and the result of rectification.

➢ Social compliance audit

In 2024, the Group conducted social responsibility audits on major factories of finished and semi-finished products, involving a total of 140 factories, all of which were third-party on-site audits, covering approximately 89% of the suppliers of finished and semi-finished products. The audit standards of the Group's supplier social responsibility report include but are not limited to BSCI, SMETA, SLCP, WCA, WRAP, ICS, SA8000 and other international standards. The score results of Li Ning Group were given in a uniform manner. The audit results were shown in the form of green cards, blue cards, yellow cards and red cards, among which red cards represent unqualified[31]. We developed personalized treatment measures for suppliers with different audit results. For green and blue card suppliers, we appropriately started the non-notice audit to monitor their real-time situation; for red card suppliers, we explicitly require them to make rectifications, and if they are rated as red suppliers twice, we will start the disqualification process; for other types of suppliers, they also need to solve related problems in time according to the audit results. We require all suppliers to complete rectification for the problems found in the audit within 3 months, continuously follow up the rectification, and carry out the second on-site audit or document audit. In 2024, in conjunction with the assessment results, low-score suppliers were audited and given deadlines for rectification mainly in the areas of labor and employment, working hours, wages and benefits, occupational health, chemical management, as well as safety and business continuity, and there were no zero-tolerance items for any of the issues, which were all minor ones, such as, in terms of health and safety, inadequate water pressure in some eyewash equipment, failure of some employees to strictly adhere to the requirements of wearing personal protective equipment, and the absence of soap, toilet paper, and hand-drying facilities in some restrooms. Based on the rectification results, there were 140 green and blue cards suppliers, and no yellow and red cards suppliers. In addition, 4 on-site audits were conducted without notification.

During the audit process, we have set up zero tolerance items including false records and documents, commercial bribery, employment and use of child labor, forced labor and inhumane treatment, remuneration below the legal minimum wage, and occupational health and safety. For suppliers that violate any of the zero-tolerance items, we will terminate the relationship or stop the supplier introduction process in order to encourage suppliers to strengthen their own social responsibility management.

➢ Environmental audit

In 2024, a third-party auditing body entrusted by the Group conducted quarterly desktop audit and evaluation of environmental compliance for 60 semi-finished products factories, process factories and material factories whose orders accounted for more than 1%, and conducted on-site environmental audits for 15 of them. The assessment dimensions of the environmental audit mainly cover environmental permits, environmental management, water resource usage and management, pollutant discharge and control, chemical management, environmental emergency management, energy management and other aspects. In light of the results of the 2024 on-site environmental audits, solid waste management and chemical management were more challenging across all assessment dimensions, as were wastewater management and energy management. Through the combined efforts of on-site environmental audits and quarterly assessments, we continue to provide training and technical capability output to suppliers, so as to help them improve their problem-solving capabilities. Ultimately, all suppliers participating in environmental audits receive a green or blue card rating.

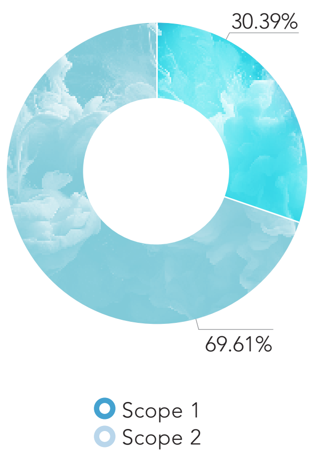
31 Site audit rating requirements: Green: score >= 85, Blue: 85 > score >= 70, Yellow: 70 > score >= 60, Red: score < 60.

Supply chain carbon emission management

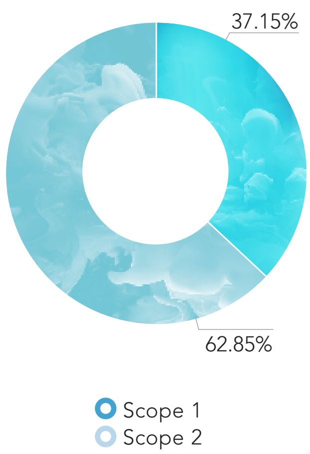
The Group has cooperated with third parties in carbon inventory inspection of major suppliers since 2020. We summarized and audited the energy consumption and carbon emission data of 40 factories in the past three years, and comprehensively investigated the current state of energy consumption and carbon emission management capabilities within the supply chain, laying a sound foundation for the subsequent disclosure of Scope 3 carbon emissions and the formulation of carbon footprint reduction plans for suppliers and products. In 2024, based on the progress of the supplier carbon inventory inspection project in the past three years, we selected near 10 suppliers to carry out energy assessment projects. The project was designed to assist suppliers in identifying energy categories, gathering and verifying energy usage data, evaluating the effectiveness of their energy management systems and energy use efficiency, guiding suppliers to accurately collect energy usage data, conducting energy statistics and analysis, and thereby improving their energy management capabilities. Meanwhile, a carbon management tool has been developed to assist suppliers in establishing their own emission reduction targets and defining pathways in accordance with international standards and requirements. Currently, each supplier has established specific emission reduction goals and pathways, with detailed measures including increasing solar photovoltaics, replacing older motor equipment, and improving boiler efficiency. Taking 2022 as the baseline year, each supplier has set a target to reduce emissions by at least 20%.

In 2024, we further expanded the scope of suppliers carbon emission data collection through the ESG information system, covering finished products, semi-finished products and process factories that account for more than 90% of orders, including both apparel and footwear levels. According to the results thereof, the carbon emissions from finished products, semi-finished products and process factories in 2024 amounted to approximately 269,987 tons, of which 30.39% of the carbon emissions originated from Scope 1and 69.61% derived from Scope 2. For detailed distribution of carbon emissions, please refer to the chart below.

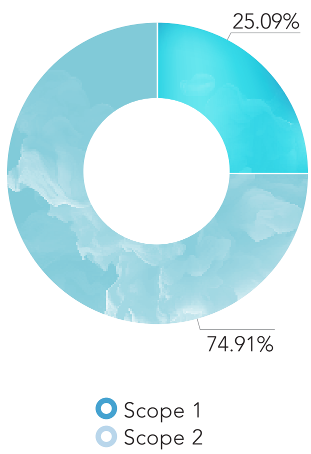
Total Carbon Emissions from Footwear and Apparel Suppliers



Total Carbon Emissions from Footwear Suppliers



Total Carbon Emissions from Apparel Suppliers



Chemical management of suppliers

The Group continues to improve the chemical use management in the supply chain by developing the brand's own restricted substances list and engaging in international cooperation. Based on the domestic and international attention to high-risk chemicals and relevant laws and regulations, we prepared the *Technical Requirements for Health and Safety of Clothing, Shoes and Accessories* in 2012, which specifies the requirements for restricted chemical substances. After ongoing updating and improvement, Q/LNB 71001-2021 *Li Ning Product Safety Technical Requirements*, a brand restricted substances (RSL) standard, was developed in 2021, including 25 categories of restricted substances and their testing specifications. All suppliers are required to sign declarations of compliance with this standard. In the production process, suppliers are required to monitor the compliance of the use of chemicals in the whole process. Meanwhile, we also conduct random testing on a regular basis to ensure the compliance of restricted substances.

Case: Popularizing chemical safety knowledge

As a responsible enterprise, the Group strictly manages and utilizes chemicals and places a strong emphasis on chemical safety management to safeguard consumer health. Meanwhile, we are committed to popularizing chemical knowledge to consumers. In 2024, we published a tweet titled *Li-Ning ESG Chemical Safety Guide – Formaldehyde: Unveiling and Protection* on our WeChat official account. The tweet popularizes chemical safety knowledge such as the nature, potential risks and corresponding protective measures of formaldehyde through a professional perspective and easy-to-understand expressions, so as to improve public awareness of and attention to chemical safety, and work with consumers to take effective protective measures to safeguard the safety of textiles.

Li-Ning ESG Chemical Safety Guide – Formaldehyde: Unveiling and Protection

As one of the founding brands of Zero Discharge of Hazardous Chemicals (ZDHC) Foundation, we continue to keep up with industry development trends, and strive to promote zero emission of hazardous substances. In 2024, leveraging on the chemical assessment projects carried out over the years, the Group formulated and published the *Chemical Management Framework of Li Ning Company Limited* in an effort to minimize the impact of chemicals used in the product production process on the environment and humans, after taking comprehensive consideration of regulatory requirements in relation to the use of chemicals at home and abroad, and with reference to the existing good practice initiatives and standards for chemical management, such as a series of documents on chemical management of the ZDHC Foundation.

In 2024, we conducted further cooperation with professional third-party test companies in on-site chemical assessment projects. Pursuant to the requirements under the *Chemical Management Framework of Li Ning Company Limited*, we focused on defects and difficulties of chemical management identified in the assessment projects over the past three years, and selected 5 core suppliers for in-depth counseling and improvement. Through on-site visits, training, experience sharing and exchanges, the chemical performance of all involved suppliers have been significantly improved. Among them, the assessment results of 4 suppliers have been upgraded from the "qualified" level to the "good" level, and the assessment result of 1supplier has been upgraded from the "qualified" level to the "excellent" level.

In 2024, we drove suppliers to carry out ZDHC wastewater detection. The order volume covered by major suppliers of clothing materials subject to ZDHC wastewater detection was more than 95%, and the compliance rate of MRSL reached 77%. In addition, leather suppliers accounting for more than 97% of the orders underwent ZDHC wastewater detection, and the result was that all of them were compliant.

In addition, the Group also encourages suppliers to carry out other certifications under appropriate circumstances. In 2024, Li Ning Group's major leather suppliers participated in the ZDHC's "Supplier to Zero" and obtained the Fundamental Level certificate. The proportion of artificial leather supplied by these suppliers is more than 50%. At the same time, our major leather suppliers won the gold medal certification of the Leather Working Group (LWG).

In 2024, more than 68% of glues used in shoe production obtained Blue Sign, OEKO-TEX STANDARD 100 or ZDHC chemical certification.

➢ Supplier capacity building

In 2024, the Group continued to actively empower suppliers through diversified supplier training and exchange activities, to drive suppliers to enhance their sustainable development management capabilities.

– In December 2024, TÜV Rheinland was invited to host the "Health, Safety and Environmental Management Training". Approximately 160 representatives from major suppliers participated in the training, which lasted a total of 6 hours. The training mainly covered: fire safety, chemical safety management, mechanical safety protection, occupational disease prevention, environmental management, etc., aiming to enrich the knowledge reserves in health, safety and environment, and improve daily management capability.

– In November 2024, TÜV Rheinland was invited to host the "Human Rights Training". More than 200 representatives from major suppliers, distributors and relevant departments of the Group participated in the training, which lasted a total of 8 hours. The training principally involved: social responsibility management system, prohibition of child labor, protection of underage employees; anti-forced labor; equal employment, anti-discrimination, anti-harassment, protection of women's rights; working hours, wages and welfare management. The training further deepened our understanding of various rights and interests of labor, and contributed to standardizing daily management practices.

– In June 2024, in conjunction with Midea Building Technologies, we invited key suppliers to visit the heat pump production plant of Midea Group in Chongqing to study the industrial technology of high-temperature steam heat pumps, exchanged views on issues and potential solutions to the practical application in the industry, with an expectation to promote upstream suppliers to increase the proportion of electricity use, which would be adopted as a practical path to emission reduction.

– In June 2024, Bureau Veritas (BV) was invited to organize a 2-hour special training on "Forced Labor", which involved approximately 120 representatives from major suppliers. The training content includes an introduction to social responsibility, the definition of forced labor, 11 forced labor indicators of the International Labor Organization, the legal and regulatory requirements related to forced labor, sharing of common non-compliance cases and corporate compliance management. The training aims to enhance awareness of forced labor and help prevent the occurrence in management.

– In March 2024, we held the supplier conference entitled "Common Aspirations Crossing Mountains and Seas, Gathering Together to Move Forward" (《志合越山海，寧聚共前行》), which comprehensively summarized the suppliers' social responsibility and environmental assessments in 2024, clearly publicized relevant regulatory requirements, and actively advocated suppliers to take more energy-saving and emission reduction measures to promote sustainable development.

Supplier Disqualification

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

Supplier Sustainability Assessment

The Group continues to implement the supplier sustainability project plus mechanism, and provides corresponding training support based on the assessment of suppliers' energy and carbon management, water resources, waste, hazardous substances and chemicals management as well as sustainable operation management, to help suppliers continuously improve their environmental management level. In 2024, a total of approximately 100 factories participated in the sustainability project plus assessment, of which 87 factories were granted plus points to varying degrees. For example, 11 factories obtained ISO 50001 certification, 15 factories achieved a 10% reduction in carbon emissions, and 18 factories decreased water consumption by 10%.

The Group encourages suppliers to comply with domestic and international sustainability standards, obtain certificates related to responsible production, and attach importance to social management, environmental protection and animal welfare. Since 2014, all of the down factories we cooperate with have obtained Responsible Down Standard (RDS) certification, ensuring that the down and feathers come from animals that have not been unnecessarily harmed.

Building a Green Supply Chain

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

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

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

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

In 2024, we made active efforts to expand the application scope of environmentally friendly materials, strove to develop diversified environmentally friendly products, and continuously promoted the carbon footprint measurement of raw materials and products, with a commitment to advancing the consistent and steady development of the green supply chain.

➢ Product carbon footprint measurement

The Group remains committed to reducing the carbon footprint of products and creating full life cycle green and low carbon products. In 2024, we carried out carbon emission accounting of the raw material manufacturing and production of GCR (lightweight non-slip rubber technology), GCU (ground control system outsole technology) and Boom and Super Boom technology. According to the accounting results, compared with the traditional rubber outsole and EVA (ethylene vinyl acetate copolymer) foam midsole materials, the GCR used in 2024 realized a carbon reduction of approximately 1,060 tons, the GCU used realized a carbon reduction of approximately 560 tons. In addition, with adoption of new equipment and supercritical fluid recycling process, Boom technology supplier reduced the unit energy consumption of foaming process by 69% as compared to the previous year, while achieving a carbon dioxide recovery rate of over 90% during the preparation process, thereby achieving a carbon reduction of approximately 29,751 tons through the application of the Boom and Super Boom technology. These new materials provide excellent performance in terms of comfort and functionality, and are also of outstanding environmental protection through the use of lightweight materials combined with advanced production processes.

In addition, we worked with a professional third party to measure the carbon footprint of waterless coloring pullover sweater, table tennis competition tops, and Feidian (飛電) 5 challenger running shoes, and obtained ISO 14067 certification. The certification is based on the European Product Environmental Footprint Category Rules (PEFCR), covering Scope 1, 2 and 3 carbon emissions throughout the product life cycle (raw materials, principal materials and finished product production, transportation, packaging, use and waste disposal). The carbon footprint of the waterless coloring pullover sweater (total weight including packaging is 894.14 grams), the table tennis competition top (total weight including packaging is 310.44 grams) and the Feidian 5 challenger (total weight including packaging is 773.3 grams) is 16.38 kg CO_2-e/set, 6.22 kg CO_2-e/set and 12.84 kg CO_2-e/pair, respectively. The acquisition of such certification not only improves the transparency of the carbon emission of the Group's products, but also promotes progress in product research and development, supplier carbon emissions inventory system, and the construction and integration of a carbon database for production system materials.

➢ Diversified environmental-friendly products

The Group is dedicated to the research and development and production of environmentally-friendly products, and proactively exploring and applying advanced environmental-friendly technologies and materials. The Group makes active response to the "carbon peak and carbon neutrality" goals with practical actions, to firmly advance the implementation of the green and low-carbon development strategy. In 2024, the Group's order volume of environmental-friendly products accounted for 21.33%, of which 19.26% was footwear and 22.63% was apparel and accessories.

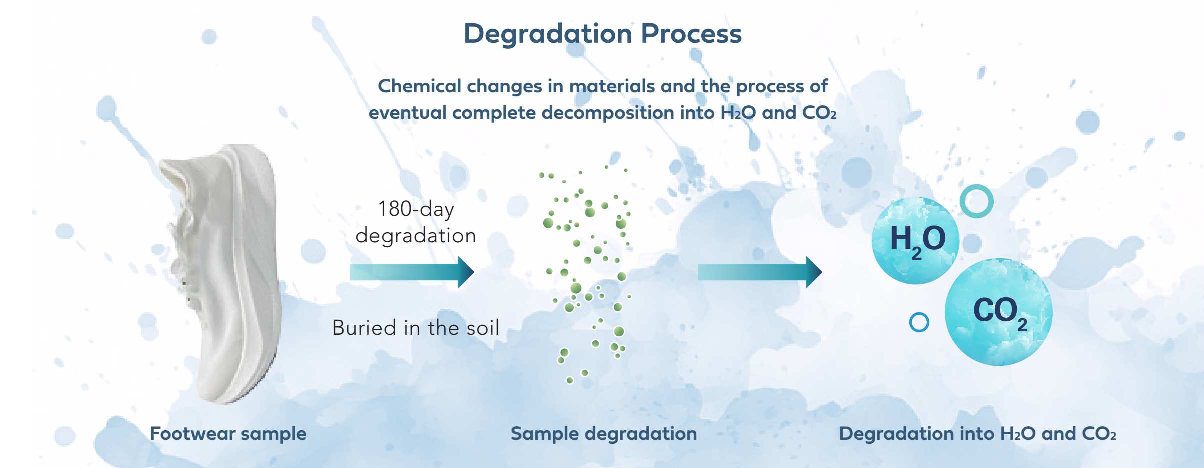
➢ Footwear products

The Group continues to promote and apply environmentally friendly materials in footwear products, expands the application of Boom Fiber (䨻絲), Boom and Super Boom, GCR and GCU, to enrich the product range and realize low-carbon and green development. In 2024, the use of Boom Fiber, Boom and Super Boom technology, and GCR/GCU in running and basketball shoes accounted for 38.3%, 75.7%, and 57.4%, respectively.

Boom Fiber	• Boom Fiber is a new type of thermoplastic elastomer, and through advanced spinning technology, it can be made into lightweight "Boom Fiber", which has better flexibility, elasticity and durability than ordinary fibers, and is very comfortable to the touch. By combining "Boom Fiber" with advanced knitting technology, we can obtain a lightweight, breathable and comfortable shoes upper, which is not easy to deform and has a longer service life. • In 2024, we further launched "Extreme Boom Fiber" (極限䨻絲). Its strength has been improved by 700% and durability is increased by 240% by adding special fibers to Boom Fiber, and further integrating the characteristics of "cut resistance, high strength and ultra-durability" on the basis of "lightness, breathability and toughness", which can provide athletes with more exceptional performance in complex sports scenarios.
Boom and Super Boom Technology	• The self-developed midsole material adopts a supercritical foaming process, using carbon dioxide and nitrogen as foaming agents to ensure that all raw materials are recyclable thermoplastic elastomers. • Compared with traditional materials, it significantly improves the resilience and durability of the shoe material while reducing its weight. • It avoids the use of chemical foaming agents, effectively reduces VOC emissions, and realizes zero discharge of industrial wastewater. • The application of carbon core and poly core shortens the processing of midsole assembly and reduces the consumption of glue of treatment agent. • Super Boom: Li Ning's Super Boom technology has been further upgraded in terms of lightweight and appearance. With innovative techniques on production and preparation, the weight of the midsole is further significantly reduced, while the froth cell is more delicate and uniform, and the appearance texture is smoother and more creamy.
GCR	• It is a transparent outsole rubber material for injection molding with low density and high abrasion resistance. It features stable process, high production efficiency, and excellent appearance quality. • Its low density makes the sole lighter than traditional materials, providing consumers with a better comfort experience while realizing green environment.
GCU	• The cast polyurethane outsole material for soles of sports shoes and athletic shoes is equipped with excellent abrasion resistance, anti-slip performance, low temperature resistance and aging resistance. It also features extensive applicability and can enhance the wearer's sports experience. • It does not contain harmful elements, and has no organic VOC emission, which not only improves the product performance, but also complies with the concept of dual-carbon strategic development.

Case: Launch of the first fully degradable shoe

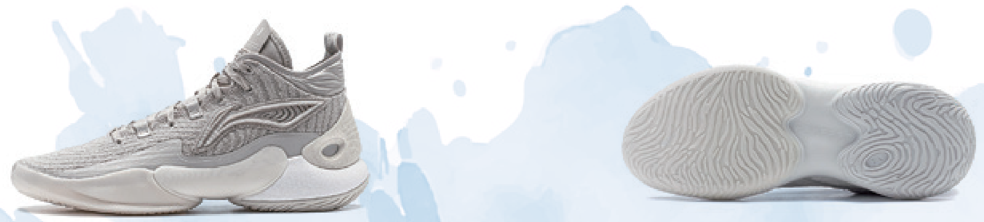
In conjunction with relevant national associations and relevant national standardization committees, the Group developed the product standard of *Evaluation on Footwear Biodegradability*, which was officially released in January 2024. In May 2024, we displayed the first fully degradable shoe at the technology show. The shoe adopts the latest developed degradable materials. Upon samples were tested by authoritative institutions, the degradation rate of the shoe exceeded 80%, meeting the full degradation standard. Li Ning has become the first sports brand in China that achieves full degradation in the field of professional sports shoes, making an innovative breakthrough.



Degradation process of fully degradable shoes

Case: The "Yushuai 18" (馭帥 18) Basketball Shoes – A good mix of innovation and sustainability

The midsole of the "Yushuai 18" (馭帥 18) basketball shoes adopts Li Ning's self-developed lightweight elasticity technology. More than 86% of the sole material is eco-friendly supercritical foam midsole material, and the outsole uses an environmentally friendly material, GCU, which not only reduces the weight of the midsole, but also dramatically improves the rebound performance and anti-slip function, providing excellent cushioning and stabilization for the basketball players. The upper utilizes recycled TPU material, which accounts for more than 20% of the total weight of the upper material, and adopts the NO-SEW seamless process to reduce the environmental impact in the manufacturing process. In addition, over 80% of the soles, outsoles and upper composite are made of water-based glue, further minimizing the environmental impact. The innovative design and eco-friendly concept of the "Yushuai 18" not only enhances the athletes' performance on the field, but also demonstrates Li Ning's unremitting efforts to promote the sustainable development of sports equipment.



Li Ning "Yushuai 18" basketball professional shoes

Case: "Rouge Rabbit 7PRO"（赤兔7PRO）- Innovative technology, low-carbon running

The upper of "Rouge Rabbit 7PRO" adopts bio-based materials including recycled nylon, of which environmentally friendly ingredients accounts for 30%, which not only improves the breathability and wrapping of the upper, but also embodies the concept of environmental protection. The sole partly utilizes the GCU ground control system, which achieves excellent ground control with its high strength, good abrasion resistance and flexural resistance. In addition, the sole is made of Li Ning supercritical foam midsole material, which accounts for more than 33% of the total weight of the sole, and its lightweight and energy recovery performance are superior to that of traditional EVA materials. In the assembly process of the sole, Li Ning "Rouge Rabbit 7PRO" uses more than 80% water-based glue and adopts the NO-SEW seamless process, which guarantees operators' health and safety while ensuring environmental friendliness. This innovation effectively reduces environmental pollution, and realizes the environmental goal of being non-toxic and easy to clean.

Li Ning "Rouge Rabbit 7PRO" running shoes

Case: "Shadow 3"（絕影3）Running Shoes – Cross-border integration, leading the new trend of environmental protection and innovation

The upper of the "Shadow 3" adopts the original Boom Fiber upper technology, using stranded Boom Fiber bio-based materials, of which Boom Fiber accounts for 8%, which not only improves the breathability and wrapping of the upper, but also realizes the environmental protection. The sole partly utilizes the GCU ground control system and new cast polyurethane material, which provides excellent ground control with its high strength, good abrasion resistance and flexural resistance. In addition, the sole is made of Li Ning supercritical foam midsole material, which accounts for more than 55% of the total weight of the sole, and its lightweight and energy recovery performance are superior to that of traditional EVA materials. In the assembly process of the sole, Li Ning "Shadow 3" uses more than 80% water-based glue, ensuring environmental friendly and operators' health and safety. This innovation not only reduces pollution to the environment, but also realizes the environmental goal of being non-toxic and easy to clean.

Li Ning "Shadow 3" shock-absorbing elastic running shoes

➢ Apparel

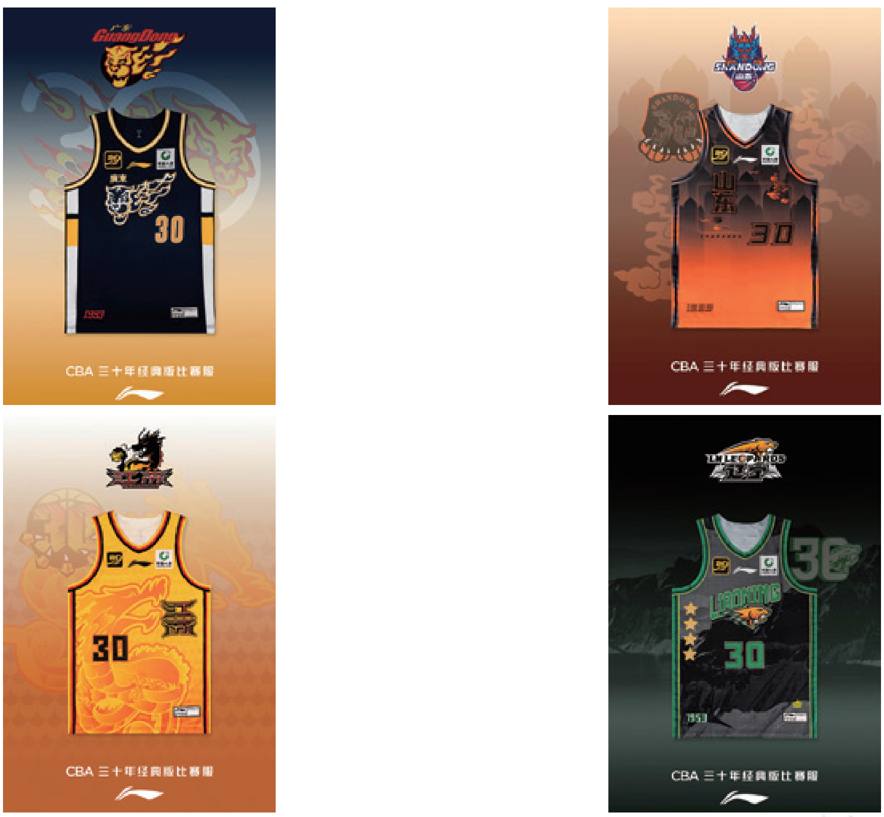
In terms of eco-friendly apparel, we use a large amount of sustainable cellulose fibers and recycled polyester yarns. In 2024, 2,024 tons of recycled polyester yarns were used, accounting for 12.04% of the total polyester yarns used, with a carbon reduction of 2,283 tons as compared to using virgin polyester. Meanwhile, 597 tons of cellulose fibers were used, with a carbon reduction of 2,236 tons as compared to using traditional material. The recycled polyester yarns have been certified by the Global Recycling Standard (GRS).

– **B2T Recycled Polyester Yarn Production Process:** The waste polyester materials are sorted, cleaned, crushed, dried, granulated and used as raw materials for direct melt spinning.

Case: Environmental protection professional uniform production

Li Ning and the China Men's Basketball Association (CBA) are committed to continuously integrating the concept of environmental protection into professional sports by cooperating in the 2024-2025 season. Through the use of recycled plastic bottles to produce uniforms with recycled yarn, a total of 6,400 uniforms will be produced for the entire season, with about 26 plastic bottles recycled for each set of uniforms. A total of more than 166,400 bottles of mineral water will be recycled, weighing 3,808 kgs, which is a strong fulfillment of our commitment to environmental protection.

In addition, we further strengthen the use of recycled yarns in our professional apparel, including professional apparel for domestic and international teams and players such as the China Table Tennis Team, the China Junior Badminton Team, the Indonesian National Badminton Team and the Singapore National Badminton Team. In 2024, through the use of recycled yarn, 938,294 plastic bottles were recycled for table tennis professional apparel and 402,890 plastic bottles were recycled for badminton professional apparel.



China Men's Basketball Association (CBA) 2024-2025 season uniforms

China Table Tennis Team Uniforms

Badminton Youth Team Competition Uniform

Badminton International Team Competition Uniform

Badminton International Player Competition Uniform

– **T2T Recycled Yarn Production Process:** The waste textiles that are difficult to degrade are recycled, and the polymer materials containing polyester PET components are depolymerized into polymerization monomers or polymerization intermediates. These substances then undergo purification and separation processes, followed by repolymerization and melt spinning.

Case: Recycling leftover materials to produce recycled yarn

Li Ning makes full use of leftover materials of apparel product, establishes a circulation process from recycling leftover materials of apparel product to producing recycled yarns to continuously optimize the process, thereby initially developing a commercial operation model from leftover materials to recycled yarns. In May 2024, a pilot project for polyester leftover materials was initiated, whereby the leftover materials are sorted, baled, stored, transported, and recycled yarns are produced in accordance with the requirements through partner factories. Currently, we have completed the systematization and initial establishment of the entire process for recycling leftover materials of apparel and producing recycled yarn, and we have produced 11 tons of recycled yarn.

Case: Promoting the use of sustainable cellulose fibers

We actively promote the application of sustainable cellulose fibers in apparel. For example, Lenzing's TENCEL™[32] modal fiber is sourced from controlled or certified wood sources, such as those certified by FSC®[33] and PEFC[34]. All residues are used to produce bioenergy and are biodegradable and compostable in industrial, household, soil, freshwater and marine environments, allowing them to fully return to nature. Meanwhile, compared to conventional modal, TENCEL™ modal fibers reduce carbon emissions and water consumption by at least 50%. TENCEL™ modal standard fibers have obtained Class 1 certification of OEKO-TEX STANDARD 100, meeting the highest standards for infant apparel, and have also been awarded the EU Ecolabel for textiles (Ecolabel).

32 TENCEL ™ and TENCEL™ are trademarks of Lenzing AG.
33 FSC®：Forest Stewardship Council®
34 PEFC：Programme for the Endorsement of Forest Certification

Enhance External Exchanges and Cooperation

The Group takes actively participations in industry sustainability exchange exercises to gain an in-depth understanding of sustainability trends and hotspots, and strives to continuously enhance and optimize our own sustainable development management capabilities and practices. The Group fulfills corporate social responsibilities through practical actions, and contributes to the building of a greener and more sustainable future. During the year, our sustainability management practices have received multiple recognitions, including ranking 15th on the "2024 Kantar BrandZ Top 50 Sustainable Brands" list, which is the top among peers; being shortlisted as an ESG governance benchmark enterprise at the "2024 CIFTIS China International Economic Management Technology Forum", and the Responsible Product Award on Huxiu's "2024 Sustainable Brand Exemplars List"; receiving the Green Consumption Award for Outstanding Green Development Cases from the Beijing News Zero Carbon Research Institute in 2024; and being recognized as an ESG Value Enterprise by Blue Whale News in 2024.

ESG Governance Benchmark Enterprise

Responsible Product Award on
"2024 Sustainable Brand Exemplars List"

2024 ESG Value Enterprise

2024 Green Consumption Award for Outstanding
Green Development Cases

Case: Participation in the "2024 Global Apparel Conference – Archroma Sustainability Forum" event

On 22 November 2024, "2024 Global Apparel Conference – Archroma Sustainability Forum" was held in Humen, Guangdong Province. Focusing on cutting-edge theories and practices of sustainable development in the textile industry, the event attracted experts, corporate representatives and stakeholders from upstream and downstream of the global fashion industry chain to explore the strategy of globally accelerating the promotion and application of circular fashion. The Group shared the efforts and achievements in sustainable development by highlighting the vision of steadily advancing sustainability and jointly promoting the stable growth of the industry.

Case: Participation in PwC ESG Seminar

In 2024, Li Ning shared the practices in the field of sustainable development at PwC ESG seminar. As a practitioner within the industry, Li Ning actively fulfills responsible operations by extensive application of renewable energy, energy-saving and emission-reduction upgrades and renovations, and establishment of a responsible supply chain system. Meanwhile, Li Ning is committed to creating environmentally friendly products, exploring the use of new green and low-carbon footwear materials, and widely applying recycled materials. Li Ning also stresses that we will make further efforts to uphold the concept of sustainable development, constantly innovate, and actively respond to challenges, to provide consumers with more green products, and promote sustainable development together with industry partners.

Case: Participation in the ZDHC Solutions Conference

In 2024, ZDHC Solutions Conference focused on the theme of "Leading the Trend: Innovative Chemical Solutions for Sustainable Practices in the Fashion Industry," sharing advanced practices in sustainable chemical management, supply chain and wastewater management, as well as the ZDHC Gateway and Supplier Platform. Li Ning actively engaged in understanding industry-leading practices, continuously promoted the close integration and innovative development of the fashion industry and sustainable development, and while enhancing our own sustainable development management, collaborated with industry partners to jointly build a sustainable future for the fashion industry.

Case: Participation in Drafting Chinese Textile Industry Standards

In 2024, Li Ning actively participated in the drafting of two group standards, the *Technical Specifications for Carbon Neutral Textile Evaluation*（《碳中和紡織品評價技術規範》）and the *Technical Specifications for Textile Carbon Labeling*（《紡織品碳標簽技術規範》）, which fills the gap of relevant standards in the textile industry. Among them, the *Technical Specifications for Carbon Neutral Textile Evaluation* helps enterprises deal with carbon reduction throughout the product lifecycle, several needs such as building carbon-neutral factories by linked enterprises and disclosing product carbon footprints, and establishes mutual references with related standards. The *Technical Specifications for Textile Carbon Labeling* provides a systematic carbon labeling data framework for textile enterprises to promote the green and low-carbon transformation of the industry.

V. PRODUCT LIABILITY MANAGEMENT

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

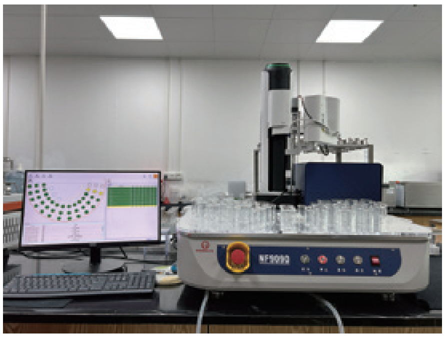
Product Quality Control

According to the national GB/T 19001-2016 Quality Management System, ISO 9001 Quality Management system requirements and technical specifications for shoes, clothing and accessories, and referring to relevant industry standards, the Group systematically sorted out the control process requirements for each node, and revised the *Li Ning Shoes Product Physical Properties Standard Manual, the General Technical Specifications for Footwear Functionality, the General Technical Requirements for Functional Clothing, the Washed Down Feathers, the Executive Standard Number, Size, Grade, Safety Category and Shelf Life of Adult Clothing, the Executive Standard Number, Size, Grade, Safety Category and Shelf Life of Infant and Child Clothing, the Clothing Size Changes and Appearance Assessment after Washing and Drying* and other internal standards, constantly regulating the Group's products quality management standards and improving product quality system.

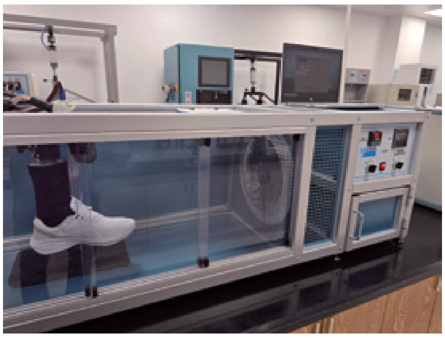
The Group strictly implements the quality supervision throughout the whole process of production, and continuously strengthens relevant quality control at the stages of product research and development, production and launch to ensure product quality.

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

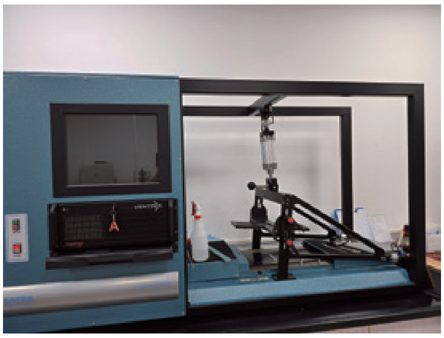
The Group strives to strengthen the product testing management mechanism, and actively participates in the construction of industry standards, to promote the standardized and high-quality development of the industry. In terms of the management of product testing, the Li Ning Center Laboratory is equipped with 292 sets of advanced devices and equipment, including automatic pH testing system, breathability and thermal testing machine of ready-made shoes, computer system for anti-slip testing machine of ready-made shoes, high-temperature DIN abrasion testing machine, servo-controlled tensile testing machine, etc. The devices and equipment comprehensively cover multi-dimensional index testing such as physical properties, safety, function, comfort and applicability, and exert strict quality control on various materials. In addition, the Li Ning Center Laboratory has initiated information-based and automation-oriented management upgrades, and the first phase of the Laboratory Information Management System (LIMS) has been put into trial operation. In terms of the construction of industry standards, in 2024, the Group participated in solicitation of opinions for a total of 11 national and industry standards and 4 group criteria to improve the standardization level of industry standards.



Automatic pH Testing System



Breathability and Thermal Testing Machine of Ready-made Shoes



Computer System for Anti-slip Testing Machine of Ready-made Shoes

Case: Li Ning Footwear Standards and Methods Seminar

In April 2024, the Li Ning Center Laboratory and the shoe quality management department held a seminar on Li Ning footwear standards and methods. At this seminar, approximately 100 relevant personnel of the Group and from cooperating shoe factories and material factories discussed the quality standards and testing methods for Li Ning footwear, to promote the continuous optimization and upgrading of the quality standards for Li Ning footwear, and improve the level of product quality control.

Li Ning Footwear Standards and Methods Seminar

Product Identification and Recall

The Group adheres to the quality-first principle, strictly controls product quality and establishes a comprehensive recall management process for defective products, in an aim to protecting the rights and interests of consumers. In 2024, the Group did not have any incidents of product recalls for safety and health reasons.

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

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

In response to the above recall scenarios, the Group has formulated comprehensive treatment measures to protect the legitimate rights and interests of consumers:

- QA Department has the right to request the suspension of sales of product concerned, so as to prevent the potential risks from further expanding, and immediately carry out investigation in conjunction with other relevant departments to track the causes of problems;

- QA Department informs the manufacturer of product quality information in time, so that the manufacturer can take actions to deal with possible losses, establish effective communication channels with suppliers and third parties, and actively seek solutions to reduce losses caused by product defects;

- QA Department decides to implement the recall plan according to the quality inspection report, infringement appraisal report or market feedback, and formulates the treatment plan for recalled products to minimize the impact on consumers.

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

Customer Complaints and Protection

The Group always adheres to the principle of "customer first and professional service". In compliance with the requirements of relevant laws and regulations, we have formulated the *Management Requirements for Customer Service Telephone and Online Support, Guidelines for the Management of Knowledge in Customer Service* and *Daily Management Standards of Customer Service Hotline*, which clearly stipulate the processing flow and relevant requirements for customer complaints. Meanwhile, we constantly review and check the risk points, update the relevant systems of the Group in a timely manner and fully implement them pursuant to the developments or adjustment of the relevant laws and regulations. We proactively listen to customer opinions and improve the quality of customer service. During the current year, we continued to strengthen the customer communication mechanism and enhance our customer service level:

Diversified communication channels	• We established we-media such as Weibo (@Li Ning Official Weibo), Li Ning CLUB WeChat official account and WeChat Mini Program, and set up customer connection channels such as "400 Customer Care Hotline" (400-610-0011), public email (ccc.support@li-ning.com.cn) and voice message, realizing 24/7 hours full support.
Efficient response to customer complaint	• In response to consumer complaints, our customer complaints specialists follow up and timely call back to consumers about their complaints and requirements. With the principle of "first-ask-responsibility", the specialist promptly contact the relevant stores or departments, and negotiate with customers to return goods, exchange goods, or make compensation, etc., timely follow up and call back. In addition, we summarize and review the complaints in a timely manner to improve our management.
Intelligent service technology	• We have built an all-round integrated information system for business flows of after-sales and front-end store to achieve real-time sharing of order information, customer feedback, after-sales progress and other data. Once receiving complaints, customer service staff can quickly retrieve information on the entire process, accurately locate the root cause of the problem, and improve processing efficiency; • We apply intelligent technology to support customer service operations and use technical means to successfully resolve nearly 20% of customer inquiries, which have effectively alleviated the pressure on customer service, and made complaint handling more timely and efficient, and improved customer experience in an all-round way.
Consumer satisfaction survey	• We continued to strengthen communication with consumers, and push online survey questionnaires exclusively to members, covering shopping experience, product quality, logistics and delivery, etc. Offline stores invite customers to scan codes to leave comments, ensuring that different consumption scenarios are covered, and promptly escalate consumer feedback to relevant departments of the Group.

In 2024, the total number of valid consumer complaints received by the Group's headquarters and complaints received by the Market Supervision and Administration Bureau was 2,534. Our e-commerce platform received 233 consumer complaints through the Market Supervisory Authority. Upon receipt of complaints, the Group analyzed the product problems together with the consumer complaints and the feedback from the Market Supervisory Authority. Based on the analysis results, we appropriately deal with consumers' requirements and actively follow up with the relevant feedback from the Market Supervisory Authority. During the current year, our customer complaint settlement rate reached 100%.

Customer Information Protection

The Group strictly complies with the requirements of relevant laws and regulations such as *Personal Information Protection Law of the People's Republic of China*, the *Cyber Security Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Measures for the Administration of Information Security Level Protection*, the *Measures for Security Assessment for Data Outbound Transfer*, the *Civil Code of the People's Republic of China*, etc. We continue to improve the data compliance management system and work processes, enhance data security management, improve the full life cycle management system of data collection, processing, storage and destruction, optimize data classification standards and formulate corresponding protection measures. We also organize information security training and publicity activities to enhance employees' sense of responsibility. In 2024, the Group had no incidents of customer information and data leakage.

During the current year, to enhance the management quality and efficiency of data and information security, we developed comprehensive information security management initiatives:

- **System optimization and improvement:** We updated the daily information security requirements and norm of conduct for staff, improved the information security protection system in the process of information technology system construction and maintenance, which included *Specification for the Safe Use of the Email System of Li Ning, Specification for the Safe Use of Terminal Equipment of Li Ning, Baseline Requirements for the Security of the Construction of the IT System* and *Security Standards for the Launch of the IT System*, etc., to ensure that the applets currently used by the Group complete the registration work on time, and make integration plan for applets with similar functions.

- **Establishment of management structure:** We set up the Group's data security governance team jointly with the Supervision and Audit Department and the Human Resources Department to analyze the risks of internal and external data leakage of the Group, evaluate the impact of information security incidents on the Group's business, conduct special governance on terminal security control and data leakage prevention in compliance with laws, and complete the security reinforcement of the email system, archiving of key business data, and disaster recovery and backup of core systems.

- **Improvement of agreement terms:** Data protection-related terms are added to the contract template, which stipulate that: the data receiver shall not publicly disclose or re-transfer the data without the authorization of the data sender; the lawful period for the data receiver to use and retain the data, and the handling measures to be taken by the data receiver after exceeding the lawful period; the security responsibilities and obligations of the data receiver to cooperate with the data sender, etc. and simultaneously update the privacy clauses of APP and applets involving consumers' personal information.

- **Response to cross-border risks:** We take full consideration of the cross-border risks of personal information during information interaction between Singaporean and mainland systems, and formulate privacy policies and user agreements for Singapore membership based on the compliance requirement of Singapore. For registered members in Singapore, we provide localized membership management system and marketing activities tailored specifically to the Singapore region, and the relevant data of local member registration and operations are stored separately in the membership system and retail POS system deployed overseas.

In addition, we continue to strictly ensure information security in the management through "new technical means + encrypted transmission + log storage" to prevent data risks in all aspects. For example, by implementing technologies such as next-generation firewalls, DLP leakage prevention, and threat traffic monitoring, data security risks in business systems and employee office networks are fully identified and monitored; a single piece of information is encrypted in the system for transmission, such as coding key words of the contact information for member information query in the retail store terminal; customer service staff are unable to obtain consumer's personal information in bulk; all customer service personnel operating records are stored in the system log.

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

- We organize lectures on data security-related laws and regulations and compliance lecture on the protection of personal privacy information. Meanwhile, we conduct specialized information security training to clarify the classification of the Group's data confidentiality, standard software list, and standardized use.

- We promote security awareness through WeCom and the Group's email, including personal account and password protection measures, spam identification and prevention methods, anti-phishing and anti-fraud case sharing.

- We carry out centralized training for customer service personnel upon joining the Group to enhance their ability to identify sensitive information. We conduct regular training on the protection of consumer information and privacy in daily work to standardize business docking processes, and strengthen the publicity and warning of information security education.

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

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

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

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

Intellectual Property Rights and Brand Protection

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

In respect of intellectual property protection, the Group has formulated internal systems and regulations such as *Intellectual Property Rights Management System, Trademark Management Measures, Patent Management Measures*, requiring each business department to strictly implement the intellectual property audit process, prevent and investigate potential infringement risks, and formulate an intellectual property early warning mechanism in order to improve the quality and efficiency of intellectual property management. In 2024, the Group submitted a total of 91 trademark applications, 98 patent applications and 33 copyright registrations.

- **Product design risk control**: The Legal Department participates in the audit of the Group's design products and external publicity materials, promptly audits and identifies potential infringing products during the product selection and ordering process, and communicates and adjusts the product solutions in order to avoid intellectual property risks in advance. Furthermore, the Legal Department conducts intellectual property compliance reviews on design drafts uploaded to the system by designers to control the intellectual property risks related to product design.

- **Intellectual property training**: We conduct regular training on intellectual property protection for employees, including routine legal updates, internal intellectual property protection system promotion and sharing of intellectual property case, to continuously enhance employees' awareness of intellectual property rights and their self-regulatory capacity to avoid infringing activities.

- **Intellectual property default liability**: We set up declaration clauses in the *Materials Cooperation Agreement, Product Processing and Ordering Agreement* and other agreements, to clarify the intellectual property default liability, and require suppliers to undertake and guarantee that the products and materials they supply will not infringe on the intellectual property rights and legitimate rights and interests of any third party. In case of infringement, we will immediately start legal proceedings to protect our rights.

- **Confirmation and Protection of intellectual property rights**: With regard to our own intellectual property, we promptly identify the ownership and scope of authority over the intellectual property results in order to protect the Group's intellectual property assets.

In respect of advertising compliance, the Group has stipulated that external publicity shall strictly comply with the rules and regulations of the Group; fulfill the corresponding brand material review and approval procedures; the contents and data reflected in the publicity and promotion should be in line with the facts; and no false advertisements should be published. We actively implement intelligent advertising audits and continuously enhance the quality and efficiency of audit processes to ensure the compliance of marketing materials and avoid the risks associated with false advertising.

In order to enhance awareness of marketing compliance and risk prevention, the Group promotes and popularizes relevant laws and regulations from time to time, such as explaining the contents and notes of the Regulations on the *Implementation of the Law on the Protection of Consumer Rights and Interests of the People's Republic of China*, the *Interim Provisions on Anti-Unfair Competition on the Internet* and the *Live Streaming Sales Compliance Guidelines of Beijing*. At the same time, the Group has formulated and issued guidelines for marketing compliance and legal risk control, such as the *Compliance Guidelines for Prize-giving Sales Activities*, the *Compliance Guidelines for Member SMS and Telephone Marketing*, the *Compliance Guidelines for Marketing to Minors*, and the *Legal Risk Control Guidelines for Event Operations* to promote the standardized management of the Group's marketing exercises and improve employees' awareness of marketing compliance.

In terms of brand protection, we have formulated the *Li Ning Logo Use Specification* to strengthen the segmented management of brand logos. In case of any necessity to use the trademark in our related business or products, it is required to submit relevant applications and pass the examination process to ensure that the trademark is used in a standardized manner. In order to further enhance brand protection, the Group has adopted a number of management measures:

- We regularly monitor the trademark and key technology squatting on a monthly basis, and strictly implement the management on defending rights and combating counterfeits;

- We strengthen the crackdown on counterfeits of e-commerce brands and cooperate with e-commerce platforms to manage the situation. For counterfeits detected by the e-commerce platforms or complained by consumers, we make a complaint to the platform and remove them from the shelves;

- We proactively collect evidence on relevant clues of counterfeit sales, and safeguard the legitimate rights and interests of the brand through civil lawsuits, industrial and commercial complaints, criminal and other means of defense.

VI. ANTI-CORRUPTION MANAGEMENT

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

The Group constantly improves anti-corruption internal management standards, and has formulated systems and measures, such as the *Anti-Corruption and Anti-Bribery System of Li Ning Group,* the *Complaint Reporting Procedure,* the *Retail Store Operation Management Manual,* the *Financial Management and Punishment Standards,* the *Cash Expenditure System,* the *Employee Handbook,* the *Non-productive Procurement Management System* and the *Tendering and Bidding Management Measures*, which clearly stipulate the anti-corruption management processes and punishment standards, and cement the guarantee of anti-corruption management system. In 2024, the Group had two corruption lawsuits, both of which have been concluded and handled in a standardized manner.

The Group is determined to crackdown corruption, favoritism and malpractice and standardize management and supervision mechanisms to continuously strengthen internal control, audit and supervision on business. Our audit and supervision efforts involve matters related to professional ethics. By combining key audits with effective internal control inspections, we ensure that all departments of the Group are subject to the audit of professional ethics every three years, which covers but not limited to the revision, update and implementation of relevant policies and systems, the effectiveness of daily work procedures and system support, etc., so as to continuously strengthen the supervision and management of employees' behaviors and professional ethics.

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

- **In terms of reporting channels:** we set up reporting mailboxes, senior management complaint mailboxes, HR system complaints and employees' independent reporting to ensure that reporting channels are unobstructed.

- **In terms of report handling process:** in light of the information on complaints and reports, we strictly verify the information authenticity, and investigate and handle based on relevant evidence and materials, in an aim to resolutely crack down on violations of regulations and disciplines.

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

The Group strictly implements the anti-corruption management mechanism for suppliers and partners by requiring all suppliers to sign the *Commitment Letter of Anti-corruption and Anti-bribery*, which specifies the "zero tolerance" attitude and "resolutely ban" approach towards corruption. We conduct relevant investigations on suppliers in the form of completing anti-corruption and anti-bribery periodic surveys every six months. Suppliers are encouraged to report any corruption and provide verifiable information and clues, enhancing their initiative and engagement in anti-corruption.

The Group has actively launched anti-corruption training and strengthened anti-corruption capacity building to promote a clean culture and enhance employees' awareness of anti-corruption. In 2024, the Group carried out anti-corruption training for all employees, with a total of 14,219 times of participation. The details of the training are as follows:

- The Board and senior management of the Group were arranged to watch and learn from the series of anti-corruption educational videos entitled "Continuous efforts, in-depth advancement" (《持續發力 縱深推進》), to enhance the awareness of anti-corruption and anti-bribery and establish a clean and upright atmosphere by focusing on political supervision and guarantee, improved conduct and enforced discipline, and the integrated promotion of the "three non-corruption".

- All employees were guided to learn the internal anti-corruption and anti-bribery system, with efforts to strengthen their anti-corruption awareness and integrity and self-discipline awareness through various forms such as special training, notifications, and tips.

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

VII. COMMUNITY INVESTMENT MANAGEMENT

Staying committed to the original aspiration, the Group has actively fulfilled social responsibilities by launching various public welfare activities, caring for distressed women and children, and assisting the growth of young people in poverty-stricken areas. It also organized public welfare activities to promote sports culture, thus contributing to the harmonious development of society.

Charity Donation for Supporting Public Welfare

The Group keeps close attention to public welfare, actively participates in charity activities and assist people in difficulty in a way that practices responsibilities of a corporate citizen.

Convey care and warmth – joining hands with the China Women's Development Foundation to donate charitable materials

As an important strategic partner of the China Women's Development Foundation, the Group has actively participated in public welfare programs such as "Mother's Parcel Post" "Emergency Disaster Relief and Preparedness" "Super Moms" and "The Genius Mom" since 2012. In 2024, we continued to work with the China Women's Development Foundation to support the series of charity activities entitled "Taking Love Home in 2024".

- On 11 January, the "2024 Taking Love Home-Guangxi Charity Travel" event was held in Longzhou County, Chongzuo City, Guangxi Zhuang Autonomous Region. The Group donated charitable materials of RMB1 million to the Guangxi Zhuang Autonomous Region through the CWDF to provide support and sympathy to grassroots workers such as medical care personnel, sanitation workers in Chongzuo City, Nanning City and Laibin City, as well as women, families and students in difficulty.

- On 15 January, at the "2024 Taking Love Home" donation event held in Jingmen City, Hubei Province, the Group donated charitable materials of RMB1 million to Hubei through the CWDF for supporting and comforting female community workers, female medical workers, female sanitation workers and local distressed women and children in Jingmen City.

Participate in the "2024 Taking Love Home" Themed Charity Donation Event

Deliver warmth – Targeted donation of clothing and supplies

In active responses to the needs of all sectors of society, the Group extensively carries out material donation activities, playing a leading role of an enterprise. In 2024, the Group rolled out various targeted donation activities:

- In January 2024, in response to the needs of the China Development Research Foundation, the Group made a targeted donation to a designated kindergarten in the earthquake-stricken area of Qinghai, providing 200 down jackets for children involved.
- In January 2024, the Group participated in the "Ning Lighting up, Delivering Warmth with Clothes" (「愚」Ning點亮，「衣」起暖心」) event held by the Party Working Committee of Jiangsu Road Street in Changning District, Shanghai, and donated 1,000 pieces of winter clothes to community volunteers, new-era city builders and other groups before the Spring Festival.
- In September 2024, the Group responded to the Guangdong-Guangxi assistance and cooperation project initiated by Shenzhen Qianhai Administration Bureau by targeted donation of clothing and supplies of RMB100,000 to the Baise National Sports School in Guangxi.

Participate in the "Ning Lighting up, Delivering Warmth with Clothes"
Charitable Clothing Donation Event

Educational support and youth talent development

The Group attaches great importance to supporting the holistic development of young people. In August 2024, the Group donated HK$8 million to the Hong Kong Association of Youth Development and HK$5 million to the Hong Kong Army Cadets Association respectively to support the provision of opportunities and appropriate environments for youth development, cultivating holistic growth and nurturing vital qualities in the new generation, including self-reliance, self-discipline, self-confidence, sense of responsibility, leadership capabilities, and commitment to service through diversified activities.

Cultivate people with sports, create the future

The Group adheres to the concept of "serving the public with the spirit of sports" (以體育精神服務大眾), firmly supports the development of youth sports, and promotes the development of diversified sports charity activities in a way that contributes to building a leading sports nation.

Support for construction – providing sports equipment for the Youth Football Invitational Tournament in the Central and Western Regions

In response to the call of the nation, the Group takes the promotion of youth sports as the original aspiration to help the development of campus football in the central and western regions in combination with public welfares. In 2024, we became the sports equipment provider for the Youth Football Invitational Tournament in the Central and Western Regions, supporting the youth football cause in the Central and Western Regions, thus gathering more strength to promote the popularization of youth campus football and the vigorous development of rural revitalization in the central and western regions.

Linked support – helping the development of youth sports

On 19 August 2024, Jimmy Butler, an international basketball player signed by the Group, started his 2024 China Tour. During the tour, the proceeds from the auction of Butler's signature basketball shoes were donated for the construction of basketball court in Taijiang County, Qiandongnan Prefecture, Guizhou Province. In addition, Butler also participated in the Li Ning TOP24 Basketball League and the Yao foundation charity competition to further contribute to the development of youth sports.

On 24 August 2024, the Li Ning TOP24 Basketball League kicked off in Shanghai. 24 youth elite players showed their strength to numerous well-known coaches, scouts and a broad audience. Jimmy Butler made a surprise appearance and coached the two teams in person. Three outstanding youth players were selected for the Li Ning TOP24 "Elite Player Program" for further cultivation. In the future, Li Ning will create more training and development platforms as well as overseas special training opportunities for them.

The Li-Ning TOP24 Basketball League is a professional sports event created by the Li-Ning Basketball Academy for Chinese teenagers, which aims to connect schools and professional events, discover youth basketball elite crowd, spread basketball culture, and provide a high-quality training, competition and communication platform for youth basketball, thus boosting the development of Chinese youth basketball. With five years' efforts, it has successfully cultivated a number of talents for Chinese basketball.

Li-Ning TOP24 Basketball League

At the 12th Yao Foundation Charity Competition, stars including Butler actively interacted with outstanding young players from the "Yao Foundation Hope Primary School Basketball Season" and the Hong Kong and Macao Youth Team, encouraging the young players to keep fighting for higher-level games and stages.

As the "Equipment Partner of the 2024 Yao Foundation Charity Competition", the Group has provided professional sports equipment support to domestic and overseas basketball stars, young player representatives and participants for two consecutive years. It practices the concept of "cultivating people with sports", to create a healthier and better tomorrow for the development of youth sports in China.

The 12th Yao Foundation Charity Competition

ESG INDICATORS INDEX

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

Aspect	Content	Section
A. Environmental		
Aspect A1 Emissions	General disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non–hazardous waste. *Note: Exhaust air emissions include NOx, Sox, and other pollutants regulated under national laws and regulations.* *Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydro fluorocarbons, perfluorocarbons and sculpture hexafluoride.* *Hazardous wastes are those defined by national regulations.*	Environmental Management
	A1.1 The types of emissions and respective emissions data.	2024 Environmental Performance
	A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2024 Environmental Performance
	A1.3 Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2024 Environmental Performance
	A1.4 Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2024 Environmental Performance
	A1.5 Description of emissions target(s) set and steps taken to achieve them.	Environmental Goals, Environmental Management System and Measures
	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Goals, Environmental Management System and Measures

Aspect	Content	Section
Aspect A2 Use of Resources	General disclosure Policies on the efficient use of resources, including energy, water and other raw materials. *Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.*	Environmental Management
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	2024 Environmental Performance
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	2024 Environmental Performance
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Goals, Environmental Management System and Measures
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Goals, Environmental Management System and Measures, 2024 Environmental Performance
	A2.5 Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	2024 Environmental Performance
Aspect A3 Environment and Natural Resources	General disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Management
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Management
Aspect A4 Climate Change	General disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change Risk Management
	A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change Risk Management

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

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

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

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

Investor Relations Report

In 2024, amid a complex and changing international economic environment, China's economy remained generally stable and steadily recovered while the sports products market continued to experience intense competition. This year marked a great year of sports, providing a favorable environment for the development of the industry. By actively capitalizing on market opportunities, the Group executed its strategy of "Single Brand, Multi-categories, Diversified Channels" with a focus on six core categories and intensified efforts in product technology R&D and innovation to continuously optimize the consumer experience. At the same time, it integrated online and offline marketing resources, strengthened the competitiveness and influence of the brand, and continuously improved operational efficiency, in order to further cement the brand's leading position in the sports industry. During the year, the Group recorded a steady performance and solid overall operating conditions, laying a solid foundation for its long-term sustainable development.

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

• *COMMUNICATION AND DISCOVERY*

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

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

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

• *TRANSMISSION AND RECOMMENDATION*

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

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

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

Type of activities	2024	2023	2022
Roadshows (including reverse roadshows)	**4 (173 meetings in total)**	4 (180 meetings in total)	2 (137 meetings in total)
Forum	**16 (71 meetings in total)**	18 (75 meetings in total)	11 (67 meetings in total)
Meeting/online conference	**352**	340	306

Looking ahead to 2025, in line with the Company's development strategy, the Investor Relations Department of the Company will continue to focus on the core working principle of "Communication and Discovery, Transmission and Recommendation", and strengthen communication and exchanges with the investment community, striving to convey the Company's development dynamics in a timely and accurate manner. It will also actively respond to investor questions and demands, and seek to win broader support for the Group in capital markets in a way that contributes to the long-term development goals of the Company.

INFORMATION FOR INVESTORS

Share Information

Listing: Main Board of the Hong Kong Stock Exchange on 28 June 2004
Stock code: 2331 (HKD counter) and 82331 (RMB counter)
Board lot: 500 Shares
No. of issued Shares as at 31 December 2024: 2,584,797,906 Shares
Market capitalisation as at 31 December 2024: approximately HK$42,545,773,533

Dividend for 2024

Interim dividend: RMB37.75 cents per Share
Final dividend: RMB20.73 cents per Share

Financial Calendar

Announcement of annual results: 27 March 2025
Annual General Meeting: 12 June 2025

Corporate Websites

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

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Investor Relations Department, Li Ning Company Limited

Telephone: +852 3541 6000
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Email: investor@li-ning.com.cn

Directors and Senior Management

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

EXECUTIVE DIRECTORS

Mr. Li Ning, aged 62, is the founder of the LI-NING brand and the Group's Executive Chairman, Joint Chief Executive Officer and an executive Director, he is also the chairman of the nomination committee of the Company. Mr. Li served as an Interim Chief Executive Officer of the Company from 18 March 2015 to 1 September 2019, and has been re-designated as the Joint Chief Executive Officer of the Company with effect from 2 September 2019 with his focus on the overall control and strategic planning of the Group. Mr. Li is one of the most outstanding athletes in the 20th century. In the 6th World Cup Gymnastics Competition in 1982, Mr. Li unprecedentedly won six gold medals in men's artistic gymnastics events and was named the "Prince of Gymnastics"(體操王子)in the PRC. In the 23rd Los Angeles Olympic Games in 1984, Mr. Li won three gold, two silver and one bronze medals, making him the athlete winning the most medals of that Olympic Games. In 1987, Mr. Li became the member of the Athlete's Commission of the International Olympic Committee. From 1993 to 2000, Mr. Li served as a member of the Men's Artistic Gymnastics Technical Committee of the Federation Internationale De Gymnastique. He is currently an honorary member of the Federation Internationale De Gymnastique. In 1999, Mr. Li was voted one of the "World's Most Excellent Athletes in the 20th Century" by the World Sports Correspondent Association. After retiring from his athlete career in 1989, Mr. Li initiated the idea of LI-NING brand with the goal of creating the first national sports goods brand in the PRC. He has dedicated the past over 34 years to the development of the Group's business, making great contribution to the development of the sporting goods industry in China. Mr. Li also serves as chairman, chief executive officer, executive director, chairman of the nomination committee and the chairman of the executive committee of Viva Goods Company Limited, a company which is listed on the Main Board of the Hong Kong Stock Exchange and is a substantial shareholder of the Company. Mr. Li is the non-executive chairman of LionRock Capital GP Limited and a director of The Hong Kong Research Institute of Textiles and Apparel Limited. Mr. Li holds a bachelor's degree in law from School of Law of Peking University(北京大學), an executive M.B.A. degree from Guanghua School of Management of Peking University(北京大學光華管理學院), a technical honorary doctorate from Loughborough University in the United Kingdom and a degree of Doctor of Humanities honoris causa of The Hong Kong Polytechnic University. In June 2010, Mr. Li was also conferred honorary fellowship from The Hong Kong University of Science and Technology. Mr. Li has also been actively involved in charities via his "Li Ning Foundation"(李寧基金)and has supported educational development in impoverished and remote areas in China. In October 2009, Mr. Li was appointed by The United Nations World Food Programme (WFP) as "WFP Goodwill Ambassador against Hunger". Mr. Li is an honorary president of the Hong Kong Association of Youth Development and a life member of The Chinese General Chamber of Commerce, Hong Kong. Mr. Li is the uncle of Mr. Li Qilin, an executive Director of the Company, and he is also the brother of Mr. Li Chun, a substantial shareholder of the Company as defined in the SFO.

Mr. Kosaka Takeshi, aged 54, a Japanese-Chinese whose former Chinese name was Qian Wei (錢煒), is an executive Director and the Joint Chief Executive Officer of the Company. Mr. Kosaka joined the Group in September 2019 and focus on the operations of the Group. Mr. Kosaka graduated from Kwansei Gakuin University in Japan. Prior to joining the Company, he was the chief executive officer of South Korea Uniqlo. Mr. Kosaka joined Fast Retailing Co., Limited ("Fast Retailing") in 1996 and worked in various divisions and Asian regions gaining extensive experience in supply chain, products and merchandising as well as retail management. Fast Retailing is the holding company of Uniqlo and its securities are secondary listed as depositary receipts on the Hong Kong Stock Exchange (Stock Code: 6288). He served as the vice general manager and the chief operating officer of the PRC Uniqlo in 2001 and 2005 respectively. Mr. Kosaka has over 21 years' experience in the development and management of the PRC market.

Mr. Li Qilin, aged 38, is an executive Director. Mr. Li joined the Group in December 2017 as a non-executive Director and re-designated as an executive Director in June 2018. He has considerable experience in financial services industry and was an analyst of Persistent Asset Management Limited during the period from January 2010 to July 2013. Mr. Li serves as an executive director and a member of the executive committee of Viva Goods Company Limited, a company which is listed on the Main Board of the Hong Kong Stock Exchange and is a substantial shareholder of the Company. Mr. Li also serves as a director of The Hong Kong General Chamber of Textiles Limited from October 2022. Mr. Li is the nephew of Mr. Li Ning, the Executive Chairman and Joint Chief Executive Officer of the Company, and he is also the son of Mr. Li Chun, a substantial shareholder of the Company as defined in the SFO.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Koo Fook Sun, Louis, aged 68, is an independent non-executive Director and chairman of the audit committee of the Company. Mr. Koo joined the Group in June 2004, and has many years of experience in corporate finance and professional accounting. Mr. Koo served as the managing director and the head of corporate finance department of a major international bank, and a director and chief executive officer of a company listed on the Main Board of the Hong Kong Stock Exchange. Mr. Koo serves as an independent non-executive director of Xingda International Holdings Limited and Winfull Group Holdings Limited, both of which are listed on the Main Board of the Hong Kong Stock Exchange. Mr. Koo graduated with a bachelor's degree in business administration from the University of California at Berkeley in the United States.

Ms. Wang Ya Fei, aged 69, is an independent non-executive Director, chairperson of the remuneration committee, a member of the audit committee and the nomination committee of the Company. Ms. Wang joined the Group in January 2003, she has over 31 years of experience in management and corporate investment and finance matters. Ms. Wang served as a chairperson of Caelum Asset Management Company from 2011 to 2020. She served as a director of Xueda Education from 2006 to 2010, and an independent director of Xueda Education Group, a company listed on the New York Stock Exchange, from 2010 to 2016, and was the partner, director and deputy general manager of Beijing Investment Consultants Inc. from 1996 to September 2011, and was a professor and dean assistant in Guanghua School of Management of Peking University (北京大學光華管理學院) from 1995 to September 2011. Ms. Wang holds a bachelor's degree in international politics from Fudan University (復旦大學) in Shanghai and was an exchange scholar in Maryland University, College Park in the United States. Ms. Wang also holds a M.B.A. degree from University of Lancaster in the United Kingdom.

Directors and
Senior Management

Dr. Chan Chung Bun, Bunny, *GBM, GBS, SBS, BBS, JP*, aged 67, is an independent non-executive Director, a member of the audit committee, the remuneration committee and the nomination committee of the Company. Dr. Chan joined the Group in June 2004, he has over 38 years of experience in the garment industry and is currently the chairman of Prospectful Holdings Ltd. Dr. Chan serves as an independent non-executive director of Glorious Sun Enterprises Limited and MTR Corporation Limited, both of which are listed on the Main Board of the Hong Kong Stock Exchange. He also served as an independent non-executive director of Speedy Global Holdings Limited from December 2012 to January 2023, and as an independent non-executive director of Great Harvest Maeta Holdings Limited (formerly known as Great Harvest Maeta Group Holdings Limited) from September 2010 to August 2024 respectively, both companies are listed on the Main Board of the Hong Kong Stock Exchange. Dr. Chan is active in community affairs in Hong Kong. He is a member of the Court of Hong Kong Metropolitan University whose former name was The Open University of Hong Kong from 2012. Dr. Chan was appointed as Justice of Peace in 2002 and was awarded the Bronze Bauhinia Star medal in 2004, Silver Bauhinia Star medal in 2009, Gold Bauhinia Star medal in 2014 and Grand Bauhinia Medal in July 2021 by the Government of the Hong Kong Special Administrative Region. In December 2013, Dr. Chan was conferred Doctor of Business Administration, honoris causa, by Hong Kong Metropolitan University.

Ms. Wang Yajuan, aged 55, is an independent non-executive Director and a member of remuneration committee of the Company. Ms. Wang joined the Group in December 2022, she has over 22 years of experience in business administration and is currently the chief marketing officer of Xingyin Information Technology (Shanghai) Co., Ltd. (行吟信息科技（上海）有限公司) ("Xingyin"), which operates Xiaohongshu (小紅書), a social media and e-commerce platform in the People's Republic of China. Prior to joining Xingyin, she served as a senior vice president of Weibo (a company listed on NASDAQ) from February 2014 to March 2020. Ms. Wang holds a bachelor's degree in science (Library and Information Science) and an executive master degree in business administration from Peking University.

SENIOR MANAGEMENT

Mr. Zhao Dong Sheng, aged 53, vice president and chief financial officer of the Group, joined the Group in August 2022, and is responsible for financial and treasury functions of the Company as well as investor relations. Mr. Zhao has over 26 years of experience in the fast-moving consumer goods industry. He has worked for Swire Coca-Cola (China) Co., Ltd. as the finance general manager. Mr. Zhao is a Senior Accountant of the People's Republic of China, a fellow member of Certified Practising Accountant in Australia, a Chartered Global Management Accountant and a fellow member of the Chartered Institute of Management Accountants. Mr. Zhao holds a master degree in accounting from Jiangxi University of Finance and Economics and a master degree in business administration from China Europe International Business School.

Mr. Hong Yu Ru, aged 59, vice president and chief sports officer of the Group, joined the Group in March 1990, and is responsible for sports science research of the Group. Mr. Hong has 9 years of experience as a professional badminton athlete before joining the Group. After joining the Group, he served as a chief product officer and a chief product and marketing officer of the Group for 10 years from 2014 to 2024, responsible for the Group's product design, planning, launching and marketing.

Mr. Jin Zhai Xuan, aged 47, vice president and chief operating officer of the Group, joined the Group in April 2020, and is responsible for the Group's general management, such as store sales & operation, merchandise planning, logistics and supply chain. Mr. Jin has over 22 years of general retail management experience in household and apparel industry. Mr. Jin held senior retail management position in several well-known multinational and domestic enterprises throughout his career. Mr. Jin holds a master degree from University of Science and Technology of China.

Mr. Wang Nan, aged 42, vice president of the Group, joined the Group in October 2021, and is responsible for wholesale business of the Group. Mr. Wang has over 19 years of working experience in sales of fast-moving consumer goods and sports products. He has worked at internationally renowned sports goods brand enterprises. In his career, Mr. Wang held senior management positions in well-known multinational enterprises. Mr. Wang holds a bachelor's degree from Beijing University of Technology and a master degree from NEOMA Business School in France.

Mr. Feng Ye, aged 45, vice president of the Group, joined the Group in August 2008, and is responsible for the e-commerce, new retail business and outdoor products planning, design and management of the Group. Mr. Fung has over 21 years of experience in the areas of Internet and e-commerce. He has worked at a number of well-known internet companies. He holds a bachelor's degree in electronic information engineering from Shanghai Maritime College (now known as Shanghai Maritime University).

Mr. Song Chun Tao, aged 47, vice president and chief human resources officer of the Group, joined the Group in April 2023, and is responsible for the Group's human resources, administration and legal affairs. Mr. Song has over 26 years of experience in human resource management in the consumer goods and apparel retail industries and successively held senior management positions in well-known multinational and domestic enterprises. Mr. Song holds a bachelor's degree in engineering from Nanchang University and a master degree in business administration from Sun Yatsen University.

Mr. Wang Yi, aged 45, vice president and chief marketing officer of the Group, joined the Group in June 2023, and is responsible for the Group's brand strategy planning and management, sports resource management and multi-category product marketing, retail and consumer experience, and corporate public relations. Mr. Wang has served for a number of world-renowned consumer goods corporates such as Procter & Gamble, Mars, Johnson & Johnson, and engaged in multi-category and multi-brand marketing management. He was also in charge of brand management, media planning and digital transformation of Yili Group. Mr. Wang has extensive experience in consumer insight, brand building and marketing. He holds a bachelor's degree in science from Sun Yat-sen University and is currently studying for an executive master degree in business administration from Tsinghua University.


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Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

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

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

SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES

Particulars of the Company's subsidiaries and its investments in associates and joint ventures as at 31 December 2024 are set out in notes 10 and 11, respectively, to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated income statement on page 173 of this annual report.

DIVIDENDS AND DIVIDEND POLICY

During the year, the Company declared on 15 August 2024 an interim dividend of RMB37.75 cents per Share issued or to be issued upon conversion of CS for the six months ended 30 June 2024 (2023: RMB36.20 cents), and such interim dividend had been paid in September 2024.

The Board has recommended the payment of final dividend of RMB20.73 cents per Share issued or to be issued upon conversion of CS for the year ended 31 December 2024 (2023: RMB18.54 cents). The proposed final dividend is subject to approval by the Shareholders at the 2025 AGM and is payable in Hong Kong Dollars based on the official exchange rate of RMB against Hong Kong Dollars as quoted by the People's Bank of China on 12 June 2025. Such dividend will not be subject to any withholding tax. Upon approval by the Shareholders, the proposed final dividend will be paid:

(i) on 27 June 2025 to Shareholders whose names shall appear on the register of members of the Company on 19 June 2025;

(ii) on 27 June 2025 to CS Holders issued under the 2015 Open Offer and remain outstanding on 19 June 2025; and

(iii) on 3 July 2025 (i.e. the third business day after 27 June 2025) to CS Holders issued under the 2013 Open Offer and remain outstanding on 19 June 2025.

For the avoidance of doubt, any CS subject to a conversion notice completed, executed and deposited on or before the final dividend record date (being 19 June 2025) shall be entitled to the distribution of such final dividend of the Company. For details of calculation of distribution of the final dividend that each CS is entitled to, please refer to the listing documents of the Company dated 27 March 2013 and 9 January 2015 respectively.

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

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

CLOSURE OF REGISTER OF MEMBERS AND CS HOLDERS

For the purpose of determining Shareholders who are entitled to attend and vote at the 2025 AGM and Shareholders and CS Holders qualifying for the proposed final dividend to be approved at the 2025 AGM, the register of members and register of CS Holders of the Company will be closed as set out below:

(i) For ascertaining eligibility to attend and vote at the 2025 AGM:

Latest time to lodge transfer documents	4:30 p.m. on 6 June 2025 (Friday)
Period of closure of register of members	9 June 2025 (Monday) to 12 June 2025 (Thursday) (both days inclusive)
Record date	12 June 2025 (Thursday)
2025 AGM date	12 June 2025 (Thursday)

In order to qualify for attending and voting at the 2025 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 2025 AGM:

Latest time to lodge transfer documents	4:30 p.m. on 17 June 2025 (Tuesday)
Period of closure of register of members and register of CS Holders	18 June 2025 (Wednesday) to 19 June 2025 (Thursday) (both days inclusive)
Final dividend record date	19 June 2025 (Thursday)

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

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

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2024 are set out in note 17 to the consolidated financial statements.

RESERVES

As at 31 December 2024, the Company's distributable reserves, including share premium, treasury shares, other reserves and retained earnings, amounted to RMB10,332,306,000 (31 December 2023: RMB9,898,126,000).

Details of the movements in the reserves of the Group and the Company during 2024 are set out in the consolidated statement of changes in equity on pages 175 to 176 of this annual report and notes 17 to 18 and note 35(a) to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Sales and purchases of the Group attributable to its major customers and suppliers respectively in the financial year ended 31 December 2024 were as follows:

	Year ended 31 December	
	2024 % of total revenue	2023 % of total revenue
The largest customer	**3.5**	3.7
Five largest customers	**13.2**	12.4
	% of total purchases	% of total purchases
The largest supplier	**7.4**	10.3
Five largest suppliers	**27.5**	27.9

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

BANK BORROWINGS

Bank borrowings of the Group as at 31 December 2024 was nil (2023: nil).

DONATIONS

During the year, the Group has implemented cash and material donations with value of RMB40,048,000 (2023: RMB27,043,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Group's property, plant and equipment during the year are set out in note 6 to the consolidated financial statements.

CONVERTIBLE SECURITIES

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

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

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

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

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

During the year ended 31 December 2024, the 2013 Convertible Securities in an aggregate principal amount of approximately HK$10,497.53 had been converted into 3,298 Shares and no 2015 Convertible Securities were converted into Shares. As at 31 December 2024, the outstanding 2013 Convertible Securities amounted to approximately HK$3,396,122.58 and the outstanding 2015 Convertible Securities amounted to HK$200.20 which are convertible into a total of 1,066,956 Shares and 77 Shares respectively.

Assuming all outstanding CS were converted into Shares as at 31 December 2024, set out below is the shareholding structure of the Company before and after such conversion:

Name of Substantial Shareholders *(Note 1)*	No. of Shares before conversion of outstanding CS	% of holdings	No. of Shares convertible under the CS	No. of Shares after including shares convertible under the outstanding CS	% of holdings
Li Ning	276,546,696 *(Note 2)*	10.70%	–	276,546,696	10.69%
Public	2,308,251,210	89.30%	1,067,033	2,309,318,243	89.31%
Total	2,584,797,906	100.00%	1,067,033	2,585,864,939	100.00%

Notes:

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

2. Mr. Li Ning is interested in 276,546,696 Shares, among which:

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

   – 272,120,543 Shares are held by Viva Goods Company Limited.

   Mr. Li Qilin, the nephew of Mr. Li Ning and the son of Mr. Li Chun, is deemed to be interested in 272,120,543 Shares held by Viva Goods Company Limited. Please refer to Notes 1(a) and 2 in the section headed "Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares" of this Report of the Directors for details of his deemed interest.

   Mr. Li Chun, the brother of Mr. Li Ning and the father of Mr. Li Qilin, is deemed to be interested in 272,120,543 Shares held by Viva Goods Company Limited. Please refer to Notes 1(a) and 3 in the section headed "Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares" of this Report of the Directors for details of his deemed interest.

As the Company has no contractual obligation to settle the CS in cash, it is at the Company's own discretion to determine whether or not to redeem all or part of the principal amount of the CS. The CS Holders have substantially the same economic interest as the equity holders (other than voting rights) and the CS are already included in the basic earning per share calculation. For details, please refer to note 29 to the consolidated financial statements.

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

FIVE-YEAR FINANCIAL HIGHLIGHTS

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

PRE-EMPTIVE RIGHTS

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

DIRECTORS

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

Executive Directors

Mr. Li Ning	*(Executive Chairman and Joint Chief Executive Officer) (re-elected on 13 June 2024)*
Mr. Kosaka Takeshi	*(Joint Chief Executive Officer) (re-elected on 13 June 2024)*
Mr. Li Qilin	*(re-elected on 13 June 2024)*

Independent non-executive Directors

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

In accordance with article 87 of the Articles of Association and the Corporate Governance Code ("CG Code") as set out in Appendix C1 to the Listing Rules, Mr. Koo Fook Sun, Louis, Mr. Chan Chung Bun, Bunny and Ms. Wang Yajuan shall retire from the office by rotation and, being eligible, offer themselves for re-election as Directors at the 2025 AGM.

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

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

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

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the 2025 AGM has an unexpired service contract which is not determinable by the Company or its subsidiaries within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTEREST IN TRANSACTION, ARRANGEMENT AND CONTRACT OF SIGNIFICANCE

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

TRANSACTION, ARRANGEMENT AND CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDER

Save as disclosed in this annual report, during the year ended 31 December 2024, no transaction, arrangement or contract of significance was made between the Company or any of its subsidiaries, and the Company's controlling Shareholder or any of its subsidiaries, and no transaction, arrangement or contract of significance was made for the provision of services to the Group by a controlling Shareholder or any of its subsidiaries.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

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

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

PERMITTED INDEMNITY PROVISIONS

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

EMOLUMENT POLICY

In order to continue to maintain the sustainable development of the Group's competitiveness, the Group has always emphasized the importance of recruiting, incentivizing, developing and retaining its employees, paid close attention to the external competitiveness, internal fairness of its remuneration structure and the cost effectiveness of remuneration and emphasized the importance of the correlation between remuneration management and performance management. For the year ended 31 December 2024, employees' remuneration comprised a basic salary and a performance-based bonus.

PENSION SCHEMES

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

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

None of the Pension Schemes, abovementioned provident fund plan and retirement plan has provision for the forfeiture of contributions made to the provident fund. Contributions to these schemes and plans are listed as expenses as incurred. The Group's contributions to retirement benefit schemes charged to the consolidated income statement for the year ended 31 December 2024 were RMB181,271,000 (2023: RMB166,153,000). During the year ended 31 December 2024, the Group had no forfeited contributions under those schemes which may be used by the Group to reduce the existing level of contribution.

EQUITY-LINKED AGREEMENTS

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

MANAGEMENT CONTRACTS

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

LONG-TERM INCENTIVE SCHEMES

2014 Share Option Scheme

At the annual general meeting of the Company held on 30 May 2014, the Shareholders approved the adoption of 2014 Share Option Scheme. The 2014 Share Option Scheme was valid and effective for a period of 10 years commencing on 30 May 2014, and expired on 30 May 2024 upon the expiration of the 10 years scheme period.

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

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

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

Under the 2014 Share Option Scheme, the number of share options available for grant by the Company as at 1 January 2024 was 53,122,959 Shares (representing approximately 2.02% of the Shares in issue) and remained the same as at 29 May 2024 (last effective date of the 2014 Share Option Scheme). As at 31 December 2024, no share options were available for grant by the Company under the 2014 Share Option Scheme. The number of Shares that may be issued upon exercise of share options that may be granted under the 2014 Share Option Scheme during the year and as at the date of this annual report divided by the weighted average of Shares in issue for the year less Shares repurchased by the Company for cancellation is 0.12%. No share options were granted under the 2014 Share Option Scheme during the year ended 31 December 2024.

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

Details of movements of the options granted under the 2014 Share Option Scheme for the year ended 31 December 2024 are set out below and in note 32 to the consolidated financial statements.

Grantees	Date of grant	Exercise price per Share HK$	Outstanding share options as at 01/01/2024	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding share options as at 31/12/2024	Closing price of Shares immediately before the date of grant of the share options HK$	Vesting period	Exercise period
			Number of Shares								
Directors											
Kosaka Takeshi	19/09/2019	22.52	2,840,300	–	–	–	–	2,840,300	23.30	01/09/2020 to 01/09/2024	01/09/2020 to 31/12/2027
Koo Fook Sun, Louis	17/05/2019	13.16	250,000	–	–	–	–	250,000	13.44	17/05/2020 to 17/05/2022	17/05/2020 to 16/05/2029
Employees of the Group											
In aggregate	15/04/2019	13.36	317,400	–	317,400 *(Note 1)*	–	–	–	13.42	01/04/2020 to 01/04/2021 *(Note 2)*	01/04/2020 to 31/12/2024
			3,407,700	–	317,400	–	–	3,090,300			

Notes:

1. The weighted average closing price of the Shares immediately before the dates on which the options were exercised is HK$16.56.

2. The Board has resolved on 11 December 2019 to amend and accelerate the vesting dates of these share options to be vested in 2020 and 2021.

2024 Share Option Scheme and 2024 Share Award Scheme

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

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

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

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

During the year ended 31 December 2024, no share options were granted under the 2024 Share Option Scheme and no Shares were awarded under the 2024 Share Award Scheme. As at 31 December 2024 and as at the date of this annual report, the total number of Shares which may be issued in respect of all share options and awards under the 2024 Share Option Scheme and the 2024 Share Award Scheme was 129,224,025 Shares, representing approximately 5% of the Shares in issue, and the total number of Shares which are subject to grants in the financial year ended 31 December 2024 and as at the date of this annual report was 12,922,402 Shares, representing no more than approximately 0.5% of Shares in issue.

2016 Restricted Share Award Scheme

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

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

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

The total number of Restricted Shares available for grant under the 2016 Restricted Share Award Scheme at 1 January 2024 and 31 December 2024 were 91,263,191 Shares and 87,695,357 Shares respectively. As at 31 December 2024, the number of issued Shares was 2,584,797,906 Shares and the maximum number of Shares which may be administered under the 2016 Restricted Share Award Scheme was 129,239,895 Shares. During the year, 2,812,800 Restricted Shares were granted by the Company represented approximately 0.11% of the weighted average number Shares in issue during the period. No new Shares will be issued under the 2016 Restricted Share Award Scheme. As at the date of this annual report, the total number of Restricted Shares available for grant under the 2016 Restricted Share Award Scheme was 87,804,510 Shares, representing approximately 3.40% of the total number of Shares in issue as at the date of this annual report.

The total number of Shares that may be issued in respect of share options and awards (including Restricted Shares) granted under all schemes of the Company during the year (i.e. 3,090,300 Shares) divided by the weighted average number of Shares in issue for the year less Shares held for the 2016 Restricted Share Award Scheme and Shares repurchased for cancellation (i.e. 2,575,561,989 Shares) was approximately 0.12%.

Details of movements of the Restricted Shares granted under the 2016 Restricted Share Award Scheme for the year ended 31 December 2024 are set out below and in note 32 to the consolidated financial statements.

			Number of Restricted Shares								
Grantees	Date of grant	Fair value per Restricted Share *(Note 1)* *HK$*	As at 01/01/2024	Granted during the year	Vested during the year	Lapsed/ cancelled during the year	As at 31/12/2024	Purchase price *(Note 2)* *HK$*	Vesting period	Closing price of Shares immediately before the date of grant of the Restricted Shares *HK$*	Weighted average closing price of Shares immediately before the date of vesting during the year *HK$*
Directors											
Li Ning *(Note 3)*	11/01/2022	76.10	1,230,630	–	217,170	–	1,013,460	Nil	01/04/2023 to 01/04/2026	76.80	20.80
Kosaka Takeshi *(Note 3)*	19/09/2019	22.40	370,650	–	370,650	–	–	Nil	01/09/2020 to 01/09/2024	23.30	14.66
	11/01/2022	76.10	865,980	–	–	152,820	713,160	Nil	01/04/2023 to 01/04/2026	76.80	N/A
	25/09/2024	15.44	–	2,124,700	–	–	2,124,700	Nil	01/09/2025 to 01/09/2028	15.56	N/A
Li Qilin	11/01/2022	76.10	164,135	–	28,965	–	135,170	Nil	01/04/2023 to 01/04/2026	76.80	20.80
Koo Fook Sun, Louis	24/06/2022	67.70	17,334	–	8,666	–	8,668	Nil	01/04/2023 to 01/04/2025	64.55	20.80
Wang Ya Fei	24/06/2022	67.70	17,334	–	8,666	–	8,668	Nil	01/04/2023 to 01/04/2025	64.55	20.80
Chan Chung Bun, Bunny	24/06/2022	67.70	17,334	–	8,666	–	8,668	Nil	01/04/2023 to 01/04/2025	64.55	20.80
Five highest paid individuals *(Note 3)*											
In aggregate	11/01/2022	76.10	2,051,220	–	–	361,980	1,689,240	Nil	01/04/2023 to 01/04/2026	76.80	N/A
In aggregate	11/12/2023	18.30	215,900	–	71,966	–	143,934	Nil	01/09/2024 to 01/09/2026	21.35	14.66
Other employees of the Group											
In aggregate	20/10/2020	40.70	800	–	200	–	600	Nil	20/10/2022 to 20/10/2030	38.20	16.22
In aggregate	31/03/2021	50.50	17,368	–	17,368	–	–	Nil	01/04/2022 to 01/04/2024	50.85	20.80
In aggregate	20/08/2021	89.20	5,378	–	2,689	2,689	–	Nil	01/09/2022 to 01/09/2024	94.75	14.66
In aggregate	11/10/2021	79.35	18,268	–	18,268	–	–	Nil	01/09/2022 to 01/09/2024	80.95	14.66
In aggregate	20/12/2021	79.95	3,668	–	3,668	–	–	Nil	01/09/2022 to 01/09/2024	84.00	14.66
In aggregate	11/01/2022	76.10	51,534	–	–	25,766	25,768	Nil	01/04/2023 to 01/04/2025	76.80	N/A

Grantees	Date of grant	Fair value per Restricted Share (Note 1) HK$	Number of Restricted Shares As at 01/01/2024	Granted during the year	Vested during the year	Lapsed/ cancelled during the year	As at 31/12/2024	Purchase price (Note 2) HK$	Vesting period	Closing price of Shares immediately before the date of grant of the Restricted Shares HK$	Weighted average closing price of Shares immediately before the date of vesting during the year HK$
In aggregate	11/01/2022	76.10	1,805,400	–	–	431,230	1,374,170	Nil	01/04/2023 to 01/04/2026	76.80	N/A
In aggregate	21/03/2022	62.15	417,902	–	184,866	31,012	202,024	Nil	01/04/2023 to 01/04/2025	60.60	20.80
In aggregate	21/03/2022	62.15	492,405	–	–	86,895	405,510	Nil	01/04/2023 to 01/04/2026	60.60	N/A
In aggregate	25/05/2022	50.65	18,668	–	9,332	–	9,336	Nil	01/04/2023 to 01/04/2025	52.25	20.80
In aggregate	30/06/2022	72.70	3,200	–	1,600	–	1,600	Nil	01/04/2023 to 01/04/2025	70.60	20.80
In aggregate	19/08/2022	69.10	4,334	–	2,166	–	2,168	Nil	01/09/2023 to 01/09/2025	69.85	14.66
In aggregate	23/09/2022	62.65	3,600	–	1,800	–	1,800	Nil	01/09/2023 to 01/09/2025	64.00	14.66
In aggregate	28/10/2022	42.35	175,780	–	31,020	–	144,760	Nil	01/09/2023 to 01/09/2026	45.70	14.66
In aggregate	03/01/2023	69.35	9,700	–	3,233	–	6,467	Nil	01/04/2024 to 01/04/2026	67.75	20.80
In aggregate	03/01/2023	69.35	720,760	–	–	108,114	612,646	Nil	01/04/2024 to 01/04/2027	67.75	N/A
In aggregate	25/04/2023	55.45	160,400	–	53,465	8,200	98,735	Nil	01/04/2024 to 01/04/2026	56.90	20.80
In aggregate	31/05/2023	42.00	11,900	–	3,966	–	7,934	Nil	01/04/2024 to 01/04/2026	43.35	20.80
In aggregate	29/06/2023	41.40	235,800	–	78,600	–	157,200	Nil	01/04/2024 to 01/04/2026	44.15	20.80
In aggregate	27/09/2023	32.00	56,300	–	18,766	–	37,534	Nil	01/09/2024 to 01/09/2026	32.05	14.66
In aggregate	26/10/2023	23.95	79,200	–	26,399	–	52,801	Nil	01/09/2024 to 01/09/2026	30.20	14.66
In aggregate	29/11/2023	21.35	10,800	–	7,199	–	3,601	Nil	01/09/2024 to 01/09/2025	22.10	14.66
In aggregate	29/11/2023	21.35	81,600	–	14,366	38,500	28,734	Nil	01/09/2024 to 01/09/2026	22.10	14.66
In aggregate	11/12/2023	18.30	171,000	–	107,989	–	63,011	Nil	01/09/2024 to 01/09/2025	21.35	14.66
In aggregate	11/12/2023	18.30	72,000	–	24,000	12,000	36,000	Nil	01/09/2024 to 01/09/2026	21.35	14.66

Grantees	Date of grant	Fair value per Restricted Share (Note 1) HK$	As at 01/01/2024	Granted during the year	Vested during the year	Lapsed/ cancelled during the year	As at 31/12/2024	Purchase price (Note 2) HK$	Vesting period	Closing price of Shares immediately before the date of grant of the Restricted Shares HK$	Weighted average closing price of Shares immediately before the date of vesting during the year HK$
			Number of Restricted Shares								
In aggregate	18/01/2024	16.10	–	41,000	–	–	41,000	Nil	01/04/2025 to 01/04/2027	16.32	N/A
In aggregate	27/03/2024	19.92	–	66,400	–	16,600	49,800	Nil	01/04/2025 to 01/04/2027	20.10	N/A
In aggregate	08/05/2024	20.90	–	132,800	–	–	132,800	Nil	01/04/2025 to 01/04/2027	21.30	N/A
In aggregate	28/08/2024	14.18	–	27,800	–	–	27,800	Nil	01/09/2025 to 01/09/2027	14.64	N/A
In aggregate	23/10/2024	15.28	–	32,100	–	–	32,100	Nil	01/09/2025 to 01/09/2027	16.06	N/A
In aggregate	26/11/2024	15.40	–	388,000	–	–	388,000	Nil	01/09/2025 to 01/09/2027	15.50	N/A
			9,578,282	2,812,800	1,325,709	1,275,806	9,789,567				

Notes:

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

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

3. The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2024 included two Directors. The aggregate information reported under this category represent the movements of the Restricted Shares for the remaining three individuals.

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

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

The Company did not adopt annual caps for the amount to be paid to the trustee and number of Shares to be purchased for the year ended 31 December 2024. For details of the annual cap applicable to the RS Transactions in previous years, please refer to the section headed "Annual Caps for Continuing Connected Transactions under the 2016 Restricted Share Award Scheme" in this Report of the Directors and the announcements of the Company dated 19 September 2019, 23 December 2020, 14 December 2021 and 1 June 2023.

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

As at 31 December 2024, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register required to be kept under Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, are as follows:

Name of Directors	Capacity	Number of Shares held	Number of underlying Shares	Total (Long Position)	Approximate % of total issued Shares*
Li Ning	Personal interest & Interest of controlled corporation	276,546,696	1,013,460	277,560,156 *(Note 1)*	10.74%
Kosaka Takeshi	Personal interest	1,264,920	5,678,160 *(Note 2)*	6,943,080	0.27%
Li Qilin	Personal interest & Beneficiary of a discretionary trust	273,254,473	135,170	273,389,643 *(Note 3)*	10.58%
Koo Fook Sun, Louis	Personal interest	17,332	258,668 *(Note 4)*	276,000	0.01%
Wang Ya Fei	Personal interest	387,477	8,668 *(Note 5)*	396,145	0.02%
Chan Chung Bun, Bunny	Personal interest	20,462	8,668 *(Note 6)*	29,130	0.00%

* The percentage has been calculated based on 2,584,797,906 Shares in issue as at 31 December 2024.

Notes:

1. Mr. Li Ning is interested in 277,560,156 Shares, among which 4,426,153 Shares are held as personal interest, and he is deemed to be interested in 272,120,543 Shares held by Viva China Development Limited ("Viva China BVI"). Moreover, Mr. Li Ning is interested in 1,013,460 underlying Shares. Details are as follows:

   (a) Viva China BVI, a wholly-owned subsidiary of Viva Goods Company Limited ("Viva Goods"), is interested in 272,120,543 Shares. As at 31 December 2024, Viva Goods is owned as to approximately 17.28% by Victory Mind Assets Limited ("Victory Mind"), approximately 21.93% by Lead Ahead Limited ("Lead Ahead"), approximately 20.57% by Dragon City Management (PTC) Limited ("Dragon City") and approximately 0.62% by Mr. Li Chun, the brother of Mr. Li Ning and a substantial shareholder of the Company, respectively. Mr. Li Ning has personal interest of approximately 0.22% shareholding in Viva Goods. Lead Ahead is owned as to 60% by Mr. Li Ning and 40% by Mr. Li Chun respectively. Victory Mind is owned as to 57% by Ace Leader Holdings Limited (which is wholly-owned by a discretionary trust of which Mr. Li Ning is a settlor) and 38% by Jumbo Top Group Limited (which is wholly-owned by a discretionary trust of which Mr. Li Chun is a settlor). Dragon City is the trustee of a unit trust, the units of which are owned as to 60% by a discretionary trust of which Mr. Li Ning is a settlor and 40% by a discretionary trust of which Mr. Li Chun is a settlor. As a result, by virtue of the SFO, Mr. Li Ning is deemed to be interested in the 272,120,543 Shares held by Viva Goods. Mr. Li Ning is also an executive director, the chairman and chief executive officer of Viva Goods.

   (b) Mr. Li Ning is interested in 1,013,460 unvested Restricted Shares under the 2016 Restricted Share Award Scheme.

2. Mr. Kosaka Takeshi is interested in 2,840,300 share options granted under the 2014 Share Option Scheme at an exercise price of HK$22.52 each and 2,837,860 unvested Restricted Shares under the 2016 Restricted Shares Award Scheme.

3. Mr. Li Qilin is interested in 273,389,643 Shares, among which 1,133,930 Shares are held as personal interest, and he is deemed to be interested in 272,120,543 Shares held by Viva Goods by virtue of the SFO. Moreover, Mr. Li Qilin is interested in 135,170 unvested Restricted Shares under the 2016 Restricted Share Award Scheme. Mr. Li Qilin is the nephew of Mr. Li Ning and the son of Mr. Li Chun, a substantial shareholder of the Company. He is also an executive director of Viva Goods.

4. Mr. Koo Fook Sun, Louis is interested in 250,000 share options granted under the 2014 Share Option Scheme at an exercise price of HK$13.16 each and 8,668 unvested Restricted Shares under the 2016 Restricted Shares Award Scheme.

5. Ms. Wang Ya Fei is interested in 8,668 unvested Restricted Shares under the 2016 Restricted Shares Award Scheme.

6. Dr. Chan Chung Bun, Bunny is interested in 8,668 unvested Restricted Shares under the 2016 Restricted Shares Award Scheme.

Save as disclosed above, so far as was known to any Director, as at 31 December 2024, none of the Directors or chief executives of the Company had, pursuant to Divisions 7 and 8 of Part XV of the SFO, nor were they taken or deemed to have under such provisions of the SFO, any interest or short position in any shares or underlying shares or interest in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange, or any interest which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or any interests which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

As at 31 December 2024, the register of substantial shareholders kept under Section 336 of the SFO shows that the Company had been notified of the following substantial Shareholders' interests and short positions which represent 5% or more of the Company's issued share capital:

Name of Shareholders	Capacity	Number of Shares held	Number of underlying Shares	Total (Long Position)	Approximate % of total issued Shares*
Li Ning	Personal interest & Interest of controlled corporation	276,546,696	1,013,460	277,560,156 *(Note 1)*	10.74%
Li Qilin	Personal interest & Beneficiary of a discretionary trust	273,254,473	135,170	273,389,643 *(Note 2)*	10.58%
Li Chun	Interest of controlled corporation	272,120,543	–	272,120,543 *(Note 3)*	10.53%
Viva Goods Company Limited	Interest of controlled corporation	272,120,543	–	272,120,543 *(Note 1(a))*	10.53%

* The percentage has been calculated based on 2,584,797,906 Shares in issue as at 31 December 2024.

Notes:

1. Mr. Li Ning is interested in 277,560,156 Shares, among which 4,426,153 Shares are held as personal interest, and he is deemed to be interested in 272,120,543 Shares held by Viva China BVI. Moreover, Mr. Li Ning is interested in 1,013,460 underlying Shares. Details are as follows:

   (a) Viva China BVI, a wholly-owned subsidiary of Viva Goods, is interested in 272,120,543 Shares. As at 31 December 2024, Viva Goods is owned as to approximately 17.28% by Victory Mind, approximately 21.93% by Lead Ahead, approximately 20.57% by Dragon City and approximately 0.62% by Mr. Li Chun, the brother of Mr. Li Ning and a substantial shareholder of the Company, respectively. Mr. Li Ning has personal interest of approximately 0.22% shareholding in Viva Goods. Lead Ahead is owned as to 60% by Mr. Li Ning and 40% by Mr. Li Chun respectively. Victory Mind is owned as to 57% by Ace Leader Holdings Limited (which is wholly-owned by a discretionary trust of which Mr. Li Ning is a settlor) and 38% by Jumbo Top Group Limited (which is wholly-owned by a discretionary trust of which Mr. Li Chun is a settlor). Dragon City is the trustee of a unit trust, the units of which are owned as to 60% by a discretionary trust of which Mr. Li Ning is a settlor and 40% by a discretionary trust of which Mr. Li Chun is a settlor. As a result, by virtue of the SFO, Mr. Li Ning is deemed to be interested in the 272,120,543 Shares held by Viva Goods. Mr. Li Ning is also an executive director, the chairman and chief executive officer of Viva Goods.

   (b) Mr. Li Ning is interested in 1,013,460 unvested Restricted Shares under the 2016 Restricted Share Award Scheme.

2. Mr. Li Qilin is interested in 273,389,643 Shares, among which 1,133,930 Shares are held as personal interest, and he is deemed to be interested in 272,120,543 Shares held by Viva Goods by virtue of the SFO. Moreover, Mr. Li Qilin is interested in 135,170 unvested Restricted Shares under the 2016 Restricted Share Award Scheme. Mr. Li Qilin is the nephew of Mr. Li Ning and the son of Mr. Li Chun, a substantial shareholder of the Company. He is also an executive director of Viva Goods.

3. As disclosed in Note 1(a) above, Mr. Li Chun is deemed to be interested in 272,120,543 Shares held by Viva Goods. He is the brother of Mr. Li Ning and the father of Mr. Li Qilin.

Save as disclosed above, as at 31 December 2024, the Company had not been notified by any person (other than a Director or chief executive of the Company or their respective associate(s)) of any interest and short position in the Shares and underlying Shares which were required to be recorded in the register kept under Section 336 of the SFO.

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

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

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

The Company did not adopt annual caps in this respect for the year ended 31 December 2024 and has not made any payments to the trustee to purchase Shares from the open market pursuant to the rules of 2016 Restricted Share Award Scheme during the year ended 31 December 2024.

CONTINUING CONNECTED TRANSACTIONS WITH VIVA GOODS

Master Agreement

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

On 4 January 2013, the Company and Viva Goods entered into an agreement ("2013 Renewed Master Agreement") to renew the Master Agreement with effect from 4 January 2013 to 31 December 2015. Please refer to the announcement of the Company dated 4 January 2013 in regard to the 2013 Renewed Master Agreement for details. The 2013 Renewed Master Agreement expired on 31 December 2015.

On 24 December 2015, the Company and Viva Goods entered into an agreement ("2016 Renewed Master Agreement") to renew the 2013 Renewed Master Agreement with effect from 1 January 2016 to 31 December 2018 or the day on which Viva Goods ceases to be a connected person of the Company (whichever is earlier). Please refer to the announcement of the Company dated 24 December 2015 in regard to the 2016 Renewed Master Agreement for details.

On 10 January 2018, the Board approved to revise the annual cap for the financial year ended 31 December 2018. Please refer to the announcement of the Company dated 10 January 2018 in regard to the revision of annual cap for details. The 2016 Renewed Master Agreement expired on 31 December 2018.

On 28 December 2018, the Company and Viva Goods entered into an agreement ("2019 Renewed Master Agreement") to renew the 2016 Renewed Master Agreement with effect from 1 January 2019 to 31 December 2021 or the day on which Viva Goods ceases to be a connected person of the Company (whichever is earlier). Please refer to the announcement of the Company dated 28 December 2018 in regard to the 2019 Renewed Master Agreement for details. The 2019 Renewed Master Agreement expired on 31 December 2021.

Master Sales Agreement

On 28 December 2018, the Company and Viva Goods entered into an agreement ("2019 Master Sales Agreement") with effect from 1 January 2019 to 31 December 2021 or the day on which Viva Goods ceases to be a connected person of the Company (whichever is earlier). Pursuant to the 2019 Master Sales Agreement, the continuing connected transactions ("Sales Transactions") to be entered into between member(s) of the Group and member(s) of Viva Goods Group in relation to (i) sales of branded products (including but not limited to sportswear and sports-related products) ("Branded Products") by any member of the Group to Viva Goods Group; and (ii) provision of consignment-sales services by any member of Viva Goods Group to the Group in respect of the Branded Products, and set up the annual caps for Sales Transactions for the three financial years ended 31 December 2021. Please refer to the announcement of the Company dated 28 December 2018 in regard to the 2019 Master Sales Agreement for details. The 2019 Master Sales Agreement expired on 31 December 2021.

Processing and Customization Agreement

On 1 January 2021, 李寧(中國)體育用品有限公司 (Li Ning (China) Sports Goods Co., Ltd. ("Li Ning China", an indirect wholly owned subsidiary of the Company) and 來賓寧聚力鞋業有限公司 ("Laibin Ningjuli Shoes Co., Ltd." ("Ningjuli"), an indirect non-wholly owned subsidiary of Viva Goods) entered into a processing and customization agreement ("Processing and Customization Agreement") with effect from 1 January 2021 to 31 December 2021 unless terminated earlier in accordance with the terms of the Processing and Customization Agreement. Pursuant to the Processing and Customization Agreement, Li Ning China agreed to engage Ningjuili to manufacture, process and customize footwear products ordered by Li Ning China at price to be determined and agreed upon by Li Ning China and Ningjuli on an arm's length basis ("Ningjuli Transactions"), and set up an annual cap for Ningjuli Transactions. The Board also resolved to increase the relevant annual cap on 13 September 2021 to meet the demand of the Group in terms of the sales performance. Please refer to the announcements of the Company dated 13 September 2021 and 16 September 2021 in regard to the Processing and Customization Agreement for details. The Processing and Customization Agreement expired on 31 December 2021.

Framework Agreement

On 30 December 2021, the Company and Viva Goods entered into a framework agreement ("2021 Framework Agreement") to renew the 2019 Renewed Master Agreement, 2019 Master Sales Agreement and the Processing and Customization Agreement and expand transaction scope with effect from 1 January 2022 to 31 December 2024 or the day on which Viva Goods ceases to be a connected person of the Company (whichever is earlier), and set up the annual caps in respect of the following continuing connected transactions (together "Relevant Transactions"):

(1) sale of branded products by the Group to Viva Goods Group;

(2) manufacturing, processing and sale of products by Viva Goods Group to the Group;

(3) provision of services (including but not limited to (i) brand or product endorsement, (ii) sponsorship and marketing, (iii) event production and management, (iv) consignment-sales, (v) training, (vi) engineering consulting, (vii) sports resources operation and (viii) sport-related knowledge sharing) by Viva Goods Group to the Group;

(4) provision of services (including but not limited to (i) product planning and design guidance, (ii) consignment-sales, (iii) smart office park and office system sharing and (iv) training) by the Group to Viva Goods Group;

(5) lease of premises (including but not limited to offices and warehouses) by the Group to Viva Goods Group; and

(6) collaboration in designing, producing, manufacturing, selling, marketing and promoting co-branded products between the Group and Viva Goods Group.

Pursuant to the 2021 Framework Agreement, the annual caps for the Relevant Transactions receivable by the Group to Viva Goods Group for the financial year ended 31 December 2022, 2023 and 2024 are RMB100,000,000, RMB100,000,000 and RMB107,000,000 respectively. The annual caps for the Relevant Transactions payable by the Group from Viva Goods Group for the financial year ended 31 December 2022, 2023 and 2024 are RMB538,000,000, RMB599,000,000 and 600,000,000 respectively.

As the applicable percentage ratios for the annual caps under the 2021 Framework Agreement for the three financial periods ended 31 December 2022, 2023 and 2024 were less than 5%, the Relevant Transactions were exempt from independent shareholders' approval but were subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules. Please refer to the announcement of the Company dated 30 December 2021 in regard to the 2021 Framework Agreement for details. The 2021 Framework Agreement expired on 31 December 2024.

On 13 December 2024, the Company and Viva Goods entered into an agreement ("2025 Renewed Framework Agreement") to renew the 2021 Framework Agreement and expand transaction scope with effect from 1 January 2025 to 31 December 2027 or the day on which Viva Goods ceases to be a connected person of the Company (whichever is earlier), and set up the annual caps in respect of the following continuing connected transactions (together "Renewed Relevant Transactions"):

(1) sale of branded products (including but not limited to sportswear and sports-related products) by the Group to Viva Goods Group;

(2) manufacturing, processing and sale of products by Viva Goods Group to the Group;

(3) provision of services (including but not limited to (i) brand or product endorsement, (ii) sponsorship and marketing, (iii) event production and management, (iv) consignment-sales, (v) training, (vi) engineering consulting, (vii) sports resources operation, (viii) sport-related knowledge sharing and (ix) custodial services of sport park, including but not limited to the ASEAN Sports Centre) by Viva Goods Group to the Group;

(4) provision of services (including but not limited to (i) product planning and design guidance, (ii) consignment-sales, (iii) smart office park and office system sharing and (iv) training) by the Group to Viva Goods Group;

(5) lease of premises (including but not limited to offices and warehouses) by the Group to Viva Goods Group;

(6) lease of premises (including but not limited to offices and warehouses) by Viva Goods Group to the Group;

(7) collaboration in designing, producing, manufacturing, selling, marketing and promoting co-branded products between the Group and Viva Goods Group;

(8) co-sponsorship of sports competitions, events and teams by the Group and Viva Good Group; and

(9) license of the Group's trademark to Viva Goods Group, including but not limited to words, indications, design, letters, characters, numbers, figurative elements, colours, sounds, the shape of the goods or their packaging or any combination of these that identifies the Group.

Pursuant to the 2025 Renewed Framework Agreement, the annual caps for the Renewed Relevant Transactions receivable by the Group to Viva Goods Group for the financial year ending 31 December 2025, 2026 and 2027 are RMB50,000,000, RMB50,000,000 and RMB50,000,000 respectively. The annual caps for the Renewed Relevant Transactions payable by the Group from Viva Goods Group for the financial year ending 31 December 2025, 2026 and 2027 are RMB800,000,000, RMB900,000,000 and RMB950,000,000 respectively.

As the applicable percentage ratios for the annual caps under the 2025 Renewed Framework Agreement for the three financial periods ending 31 December 2025, 2026 and 2027 were less than 5%, the Renewed Relevant Transactions were exempt from independent shareholders' approval but were subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules. Please refer to the announcement of the Company dated 13 December 2024 in regard to the 2025 Renewed Framework Agreement for details.

Annual review for the year ended 31 December 2024

As at 31 December 2024, Viva Goods, who indirectly holds approximately 10.53% of the Shares in issue, is a substantial Shareholder and thus a connected person of the Company.

For the year ended 31 December 2024, there were an aggregate amount of approximately RMB17,473,000 for the Relevant Transactions receivable by the Group from Viva Goods Group, and an aggregate amount of approximately RMB512,752,000 for the Relevant Transactions payable by the Group to Viva Goods Group under the 2021 Framework Agreement. The Company has complied with the relevant disclosure requirements in respect of such continuing connected transactions in accordance with Chapter 14A of the Listing Rules.

The independent non-executive Directors have reviewed the Relevant Transactions, and confirmed that these transactions were entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or better; and

(3) in accordance with the relevant agreements governing them and on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

PricewaterhouseCoopers, the auditor of the Company, was engaged to report on the above continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants and reported their conclusions to the Board that the transactions:

(1) have been approved by the Board;

(2) have, in all material respects, been in accordance with the pricing policies of the Group (for transactions involving the provision of goods or services by the Group);

(3) have, in all material respects, been entered into in accordance with the relevant agreements governing the transactions during the year; and

(4) have not exceeded the annual cap disclosed in the announcement of the Company dated 30 December 2021.

RELATED-PARTY TRANSACTIONS

Relevant Transactions being continuing connected transactions of the Company, also constituted related-party transactions of the Company which, among others, are set out in note 34 to the consolidated financial statements.

Apart from the Relevant Transactions, other related-party transactions set out in note 34 to the consolidated financial statements did not constitute connected transactions or continuing connected transactions of the Company which are subject to the reporting, annual review, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company did not redeem any of its Shares during the year ended 31 December 2024. Except for the purchase of Shares by the trustee of the 2016 Restricted Share Award Scheme pursuant to the trust deed and the rules of 2016 Restricted Share Award Scheme, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities during the year ended 31 December 2024. As at 31 December 2024 and the date of this report, the Company does not have any treasury shares (as defined under the Listing Rules).

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief or exemption available to the Shareholders by reason of their holdings of the Company's securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the year ended 31 December 2024 and up to the date of this report, the Company has maintained a sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2024, the Company has applied all the principles and complied with the code provisions of the CG Code, except for certain deviations specified with considered reason as explained in the Corporate Governance Report of this annual report.

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report of this annual report.

BUSINESS REVIEW

A fair review of the business of the Company and further discussion and analysis of the Group's activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group, significant events affecting the Group that have occurred since the end of the financial year 2024, if any, and an indication of likely future developments of the Group's business, can be found in the Chairman's Statement, the Management Discussion and Analysis, the Corporate Governance Report set out on pages 8 to 11, pages 14 to 38 and pages 39 to 55 of this annual report, respectively and the notes to the consolidated financial statements.

In addition, matters in relation to the Group's environment, employee, customer and supplier as well as compliance with the relevant laws and regulations that have a significant impact on the Company can be found in the Corporate Governance Report and the Environmental, Social and Governance Report set out on pages 39 to 55 and pages 56 to 135 of this annual report, respectively.

The discussions referred to above form a part of this Report of the Directors.

AUDITOR

PricewaterhouseCoopers was appointed as the auditor of the Company during the year. There has been no change in auditors of the Company in preceding three years.

PricewaterhouseCoopers will retire as auditor of the Company and, being eligible, offer themselves for re-appointment.

By order of the Board

Li Ning
Executive Chairman and Joint CEO

Hong Kong, 27 March 2025

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Li Ning Company Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Li Ning Company Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 171 to 262, comprise:

- the consolidated balance sheet as at 31 December 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Expected credit loss allowance for trade receivables
- Inventory provision

Key Audit Matter	How our audit addressed the Key Audit Matter
Expected credit loss allowance for trade receivables Refer to Note 3.1, Note 4 and Note 14 to the consolidated financial statements As at 31 December 2024, the Group's balance of gross trade receivables was RMB1,046 million, against which an expected credit loss allowance of 42 million was made. Expected credit loss allowance for trade receivables reflects management's unbiased estimate to determine the expected credit losses. The estimate requires significant management judgement in making assumptions about the risk of default and expected credit loss rates and selecting the inputs to the calculation of expected credit loss allowance. The assessment of expected credit loss allowance was an area of focus for us given the inherent uncertainties of the expected credit loss and the significant amount of the related balances.	Our audit procedures to address the risk of material misstatement relating to expected credit loss allowance for trade receivables mainly included: • Obtained an understanding of the management's internal control and assessment process of the estimation of expected credit loss allowance for trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud; • Evaluated and validated key controls over the estimation of expected credit loss allowance for trade receivables; • Tested the method, assumptions and data used to estimate expected credit losses by performing procedures such as (1) assessing the appropriateness of the expected credit loss provisioning methodology, including the grouping of customers in determining the respective historical loss rates, (2) inquiring management regarding the credit worthiness of customers, (3) analysing historical payment pattern of customers, (4) analysing historical trade receivable turnover days and benchmarking against industry average, (5) testing, on a sample basis, the key data inputs such as the ageing schedule of trade receivables, and (6) challenging the inputs, assumptions and estimation techniques, including both historical and forward-looking information, used to determine the expected credit losses; and • Assessed the adequacy of the disclosures related to expected credit loss allowance for trade receivables in the context of IFRS Accounting Standards in the consolidated financial statements. Based on the results of the procedures above, we found that management's judgments in estimating the expected credit loss allowance for trade receivables as at 31 December 2024 to be supportable by available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Inventory provision Refer to Note 4 and Note 12 to the consolidated financial statements As at 31 December 2024, the Group's balance of gross inventories was RMB2,765 million, against which a provision of 167 million was made. The estimation of inventory provision involves significant management judgments based on consideration of key factors such as future sales projection, current year sales, and selling price per latest sales transaction. The assessment of net realisable value of inventories and inventory provision was an area of focus for us given the inherent uncertainties that involved future events and the significant amount of the related balances	Our audit procedures relating to inventory provision included: • Obtained an understanding of the management's internal control and assessment process of the estimation of inventory provisions and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud; • Evaluated and validated key controls over the estimation of inventory provisions based on inventory ageing schedule; • Tested the method, assumptions and data used to estimate inventory provision by performing procedures such as (1) inquiring management and other relevant employees, (2) comparing against historical sales pattern and prior year experience including key inventory ratios (e.g. inventory turnover days), (3) testing the accuracy of provision calculation by examining inventory ageing schedule, testing inventory movements on a sample basis to confirm that they were assigned to the correct ageing category by the system, and performing mathematic recalculation, and (4) on a sample basis, comparing the estimated future selling price used in the determination of net realisable value to actual selling price subsequent to year end; and • On a sample basis, observed physical condition of inventories during stocktake to identify slow moving, damaged, or obsolete inventories, and inquired management if appropriate inventory provision had been provided for those inventories. Based on the results of the procedures above, we found that management's judgements in estimating the inventory provision at 31 December 2024 to be supportable by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lo Kai Leung, Thomas.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2025

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**4,610,454**	4,123,948
Right-of-use assets	6	**1,576,667**	2,184,054
Investment properties	7	**2,913,826**	1,560,455
Land use rights	8	**150,864**	154,654
Intangible assets	9	**234,736**	220,867
Deferred income tax assets	22	**949,424**	800,960
Other assets	13	**5,450**	203,074
Investments accounted for using the equity method	11	**1,743,938**	1,606,601
Investments measured at fair value through profit or loss	3.3	**450,316**	428,189
Other receivables	15	**166,519**	234,876
Term bank deposits	16	**2,377,970**	9,037,142
Total non-current assets		**15,180,164**	20,554,820
Current assets			
Inventories	12	**2,598,226**	2,493,206
Other assets – current portion	13	**893,775**	838,175
Trade receivables	14	**1,004,591**	1,205,532
Other receivables – current portion	15	**245,432**	177,694
Restricted bank deposits	16	**23,261**	806
Term bank deposits – current portion	16	**8,264,361**	3,493,687
Cash and cash equivalents	16	**7,498,596**	5,443,883
Total current assets		**20,528,242**	13,652,983
Total assets		**35,708,406**	34,207,803
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Ordinary shares	17	**235,853**	239,546
Share premium	17	**9,011,394**	10,172,638
Treasury shares	17	**(290,896)**	(1,037,927)
Other reserves	18	**2,251,666**	2,021,513
Retained earnings	18	**14,895,672**	13,010,871
Total equity		**26,103,689**	24,406,641

CONSOLIDATED
BALANCE SHEET

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
LIABILITIES			
Non-current liabilities			
License fees payable	21	**16,500**	8,581
Lease liabilities	6	**1,384,527**	1,825,288
Deferred income tax liabilities	22	**568,753**	627,231
Deferred income	23	**48,991**	71,586
Total non-current liabilities		**2,018,771**	2,532,686
Current liabilities			
Trade payables	19	**1,625,132**	1,789,796
Contract liabilities	5	**368,518**	552,537
Lease liabilities – current portion	6	**551,610**	716,665
Other payables and accruals	20	**4,049,422**	3,255,710
License fees payable – current portion	21	**40,917**	38,484
Current income tax liabilities		**950,347**	915,284
Total current liabilities		**7,585,946**	7,268,476
Total liabilities		**9,604,717**	9,801,162
Total equity and liabilities		**35,708,406**	34,207,803

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 171 to 262 were approved by the Board of Directors on 27 March 2025 and were signed on its behalf.

Li Ning	**Kosaka Takeshi**
Executive Chairman & Joint Chief Executive Officer	*Joint Chief Executive Officer*

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Revenue	5	**28,675,643**	27,598,491
Cost of sales	24	**(14,519,540)**	(14,246,436)
Gross profit		**14,156,103**	13,352,055
Selling and distribution expenses	24	**(9,198,907)**	(9,080,121)
Administrative expenses	24	**(1,427,907)**	(1,256,152)
(Provision for)/reversal of expected credit loss allowance for financial assets – net	3.1	**(5,274)**	19,638
Other income and other gains – net	25	**154,191**	523,667
Operating profit		**3,678,206**	3,559,087
Finance income	27	**429,525**	500,556
Finance expenses	27	**(254,421)**	(181,446)
Finance income – net	27	**175,104**	319,110
Share of profit of investments accounted for using the equity method	11	**256,299**	377,972
Profit before income tax		**4,109,609**	4,256,169
Income tax expense	28	**(1,096,691)**	(1,069,207)
Profit for the year		**3,012,918**	3,186,962
Profit is attributable to:			
Equity holders of the Company		**3,012,918**	3,186,910
Non-controlling interests		**–**	52
		3,012,918	3,186,962
Earnings per share for profit attributable to equity holders of the Company for the year (expressed in RMB cents per share)			
Basic earnings per share	29	**116.98**	123.21
Diluted earnings per share	29	**116.52**	122.66

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Profit for the year		**3,012,918**	3,186,962
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss			
Currency translation differences	18	**52,205**	(2,173)
Total comprehensive income for the year		**3,065,123**	3,184,789
Attributable to:			
Equity holders of the Company		**3,065,123**	3,184,737
Non-controlling interests		**–**	52
Total comprehensive income for the year		**3,065,123**	3,184,789

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

	Attributable to equity holders of the Company							
	Ordinary shares RMB'000 *(Note 17)*	Share premium RMB'000 *(Note 17)*	Treasury shares RMB'000 *(Note 17)*	Other reserves RMB'000 *(Note 18)*	Retained earnings RMB'000 *(Note 18)*	Subtotal RMB'000	Non-controlling interests in equity RMB'000	Total equity RMB'000
As at 1 January 2023	240,320	11,580,718	(180,839)	1,792,412	10,896,819	24,329,430	2,498	24,331,928
Total comprehensive income for the year	–	–	–	(2,173)	3,186,910	3,184,737	52	3,184,789
Transactions with owners:								
Net proceeds from share issuance pursuant to share option scheme *(Note 17)*	198	7,218	–	–	–	7,416	–	7,416
Value of services provided under share option scheme and Restricted Share Award Scheme *(Note 32)*	–	–	–	183,456	–	183,456	–	183,456
Exercise of share options and vesting of shares under Restricted Share Award Scheme *(Note 17)*	–	56,360	49,187	(105,547)	–	–	–	–
Appropriations to statutory reserves	–	–	–	118,222	(118,222)	–	–	–
Purchase of own shares *(Note 17)*	–	–	(1,158,746)	–	–	(1,158,746)	–	(1,158,746)
Cancellation of repurchased shares *(Note 17)*	(973)	(251,498)	252,471	–	–	–	–	–
Shares converted from convertible securities *(Note 17, 18)*	1	33	–	(34)	–	–	–	–
Dividends paid *(Note 30)*	–	(1,220,193)	–	–	(954,636)	(2,174,829)	–	(2,174,829)
Deregistration of a non-wholly owned subsidiary	–	–	–	–	–	–	(2,550)	(2,550)
Tax impact of employee share-based compensation scheme	–	–	–	35,177	–	35,177	–	35,177
As at 31 December 2023	239,546	10,172,638	(1,037,927)	2,021,513	13,010,871	24,406,641	–	24,406,641

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company					
	Ordinary shares RMB'000 *(Note 17)*	Share premium RMB'000 *(Note 17)*	Treasury shares RMB'000 *(Note 17)*	Other reserves RMB'000 *(Note 18)*	Retained earnings RMB'000 *(Note 18)*	Total equity RMB'000
As at 1 January 2024	239,546	10,172,638	(1,037,927)	2,021,513	13,010,871	24,406,641
Total comprehensive income for the year	–	–	–	52,205	3,012,918	3,065,123
Transactions with owners:						
Net proceeds from share issuance pursuant to share option scheme *(Note 17)*	30	3,887	–	–	–	3,917
Value of services provided under share option scheme and Restricted Share Award Scheme *(Note 32)*	–	–	–	77,700	–	77,700
Exercise of share options and vesting of shares under Restricted Share Award Scheme *(Note 17, 18)*	–	10,404	41,326	(51,730)	–	–
Appropriations to statutory reserves	–	–	–	157,732	(157,732)	–
Cancellation of repurchased shares *(Note 17)*	(3,723)	(701,982)	705,705	–	–	–
Shares converted from convertible securities *(Note 17, 18)*	–	7	–	(7)	–	–
Dividends paid *(Note 30)*	–	(473,560)	–	–	(970,385)	(1,443,945)
Tax impact of employee share-based compensation scheme	–	–	–	(5,747)	–	(5,747)
As at 31 December 2024	235,853	9,011,394	(290,896)	2,251,666	14,895,672	26,103,689

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash generated from operations	31	**6,542,252**	5,843,038
Income tax paid		**(1,274,317)**	(1,155,102)
Net cash generated from operating activities		**5,267,935**	4,687,936
Cash flows from investing activities			
– purchases of property, plant and equipment		**(1,430,834)**	(1,727,144)
– prepayment for acquisition of a subsidiary *(Note 1)*		**–**	(200,089)
– acquisition of a subsidiary *(Note 1)*		**(1,812,988)**	–
– purchases of investment properties		**–**	(12,053)
– payments for investments measured at fair value through profit or loss	3.3	**–**	(428,315)
– purchases of intangible assets		**(72,205)**	(88,130)
– proceeds on disposal of property, plant and equipment	31	**10,140**	3,064
– purchases of wealth management products	3.3	**(5,095,000)**	(7,922,000)
– redemption of the principal amounts of wealth management products	3.3	**5,095,000**	7,922,000
– placement of term bank deposits		**(1,350,000)**	(1,100,000)
– redemption of term bank deposits		**3,250,000**	640,000
– investment income from wealth management products	3.3, 25	**35,195**	80,370
– distribution received in relation to financial assets at fair value through profit or loss	3.3	**954**	179,504
– interest received from bank deposits		**418,024**	72,529
– dividends from associates and a joint venture	11	**172,531**	140,545
– proceeds from deregistration of a joint venture		**–**	229
– payment for investment in an associate		**(53,569)**	–
– cash used in other investing activities		**(6,864)**	(9,615)
Net cash used in investing activities		**(839,616)**	(2,449,105)
Cash flows from financing activities			
– proceeds from share issuance pursuant to share option scheme	17	**3,917**	7,416
– payments for purchase of own shares	17	**–**	(1,158,746)
– payment of principals and related interests of lease liabilities		**(856,075)**	(872,236)
– proceeds from bank borrowings		**5,006,216**	2,500,000
– repayment of bank borrowings		**(5,006,216)**	(2,500,000)
– interest paid		**(28,176)**	(16,006)
– dividends paid	30	**(1,443,945)**	(2,174,829)
– cash paid to non-controlling interests upon deregistration of a subsidiary		**–**	(2,550)
Net cash used in financing activities		**(2,324,279)**	(4,216,951)
Net increase/(decrease) in cash and cash equivalents		**2,104,040**	(1,978,120)
Cash and cash equivalents at beginning of year		**5,443,883**	7,382,218
Exchange (loss)/gain on cash and cash equivalents		**(49,327)**	39,785
Cash and cash equivalents at end of year		**7,498,596**	5,443,883

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

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 statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors (the "Board") on 27 March 2025.

Key events during the current financial year

On 10 December 2023, the Group entered into a sale and purchase agreement (the "SPA") with an independent third party, pursuant to which the Group has 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) (the "Sale Shares") 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 "Sale Loan") (collectively, the "Acquisition"). The Target Company is principally engaged in property investment and is the sole legal and beneficial owner of a property located in Hong Kong (the "Property"), which is the principal asset of the Target Company.

Pursuant to the SPA, the completion of the Acquisition took place on 28 January 2024 at the total consideration of HK$2,221 million (equivalent to approximately RMB2,013 million). Save for the deposit of HK$221 million (equivalent to approximately RMB200 million) paid in December 2023, the Group had paid the remaining amount of the consideration in January 2024, which amounted to HK$2,000 million (equivalent to approximately RMB1,813 million).

Upon completion of the Acquisition, 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. As substantially all of the fair value of the gross assets acquired is concentrated on the Property, which is regarded as a single identifiable assets under IFRS 3, the management of the Group ("Management") considers this Acquisition is an assets deal. Further details of the Acquisition are given in Note 7(b).

2. BASIS OF PREPARATION AND SUMMARY OF ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of Li Ning Company Limited and its subsidiaries.

2. BASIS OF PREPARATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation

(i) Compliance with IFRS Accounting Standards and HKCO

The consolidated financial statements of the Company 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 Cap. 622 ("HKCO"). IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards ("IFRS"),
- IAS Standards ("IAS"), and
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets which are measured at fair value.

(iii) Amended standards adopted by the Group

The Group has applied the following amended standards for the first time for the annual reporting period commencing 1 January 2024:

Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 1	*Non-current Liabilities with Covenants*
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The amended standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New or amended standards and annual improvements not yet adopted

The following new or amended accounting standards and annual improvements have been published which are not mandatory for 31 December 2024 reporting period and have not been early adopted by the Group:

	Effective date
Amendments to IAS 21 – Lack of Exchangeability	*1 January 2025*
Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments	*1 January 2026*
Annual Improvements to IFRS Accounting Standards – Volume 11	*1 January 2026*
IFRS 18 – Presentation and Disclosure in Financial Statements	*1 January 2027*
IFRS 19 – Subsidiaries without Public Accountability: Disclosures	*1 January 2027*

2. BASIS OF PREPARATION AND SUMMARY OF ACCOUNTING POLICIES *(CONTINUED)*

2.1 Basis of preparation *(Continued)*

(iv) New or amended standards and annual improvements not yet adopted *(Continued)*

These new or amended accounting standards and annual improvements are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions, except that the adoption of IFRS 18 upon its effective date is expected to have certain pervasive impact on the presentation and disclosures of the Group's financial statements as described below.

IFRS 18 will replace IAS 1 *Presentation of financial statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the income statement and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of IFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the income statement into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating profit:

  - Certain items (including rental income from investment properties, depreciation on investment properties, impairment of investment properties and fair value gains or losses on investments measured at fair value through profit or loss) currently aggregated in the line item 'other income and other gains – net' in operating profit need to be presented below operating profit.

  - Foreign exchange differences currently aggregated in the line item 'finance income" or "finance expenses' below operating profit might need to be disaggregated, with some foreign exchange gains or losses presented in operating profit and the remaining presented below operating profit unless involving undue cost or effort.

- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation. In addition, since goodwill will be required to be separately presented in the balance sheet, the Group will disaggregate goodwill and other intangible assets and present them separately in the balance sheet.

2. BASIS OF PREPARATION AND SUMMARY OF ACCOUNTING POLICIES *(CONTINUED)*

2.1 Basis of preparation *(Continued)*

(iv) New or amended standards and annual improvements not yet adopted *(Continued)*

- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the enhanced aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:

  - management-defined performance measures (e.g. earnings before interest, tax, depreciation and amortisation (EBITDA));

  - a break-down of the nature of expenses for line items presented by function in the operating category of the income statement – this break-down is only required for certain nature expenses; and

  - for the first annual period of application of IFRS 18, a reconciliation for each line item in the income statement between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

2.2 Summary of material accounting policies

(a) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.2(b)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

2. *BASIS OF PREPARATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)*

2.2 Summary of material accounting policies *(Continued)*

(a) Principles of consolidation and equity accounting (Continued)

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

(iii) Joint arrangements

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Joint ventures

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

(iv) Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the consolidated income statement, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity accounted investments is tested for impairment in accordance with the policy described in Note 2.2(f).

(v) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity holders of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to equity holders of the Company.

2. BASIS OF PREPARATION AND SUMMARY OF ACCOUNTING POLICIES *(CONTINUED)*

2.2 Summary of material accounting policies *(Continued)*

(a) Principles of consolidation and equity accounting *(Continued)*

(v) Changes in ownership interests *(Continued)*

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the consolidated income statement. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(b) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

2. BASIS OF PREPARATION AND SUMMARY OF ACCOUNTING POLICIES *(CONTINUED)*

2.2 Summary of material accounting policies *(Continued)*

(b) Business combinations *(Continued)*

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the consolidated income statement as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the consolidated income statement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated income statement.

(c) Investment properties

Investment properties are buildings that are held for the purpose of leasing, are measured at the initial cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss in the period in which they are occurred.

The Group adopts the cost model for subsequent measurement of investment properties. Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Buildings are depreciated to their estimated net residual values over their estimated useful lives. The estimated useful lives and the annual depreciation rates of investment properties are as follows:

	Estimated useful lives	Annual depreciation rate
Land and buildings	27-40 years	2.25%-3.52%

When an investment property is transferred to owner-occupied properties, it is reclassified as property, plant and equipment at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the property, plant and equipment is reclassified as investment properties at its carrying amount at the date of the transfer.

The investment property's estimated useful life, net residual value and depreciation method applied are reviewed and adjusted as appropriate at each year end.

2. *BASIS OF PREPARATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)*

2.2 Summary of material accounting policies *(Continued)*

(c) Investment properties (Continued)

An investment property is derecognised when it is disposed or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

The carrying amount of investment properties shall be reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2.2(f)).

The Group classifies cash outflows to acquire or construct investment properties as investing cash flows and rental inflows as operating cash flows.

(d) Property, plant and equipment

Property, plant and equipment (excluding construction-in-progress) is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the purchase price of the asset and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the consolidated income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to net of their residual values, over their estimated useful lives as follows:

Buildings	20-40 years
Leasehold improvement	Shorter of 2-3 years or the remaining lease terms
Mould	2-3 years
Machinery	3-10 years
Office equipment and motor vehicles	1-8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.2(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated income statement.

Construction-in-progress represents buildings, plant and/or machinery under construction or pending installation and is stated at cost less accumulated impairment losses. Cost includes the costs of construction of buildings, the costs of plant and machinery, installation, testing and other direct costs. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use.

Construction in progress represents buildings and property and plant under construction and equipment pending for installation, and is stated at cost less accumulated impairment losses. Cost comprises direct costs of construction and borrowing costs. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are complete.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

2. *BASIS OF PREPARATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)*

2.2 Summary of material accounting policies *(Continued)*

(e) Intangible assets

Goodwill

Goodwill arises on the acquisition of business and represents the excess of the consideration transferred over the Group's interest in fair value of the net identifiable assets of the acquiree and the non–controlling interest is measured either at fair value or proportionate share of net identifiable assets. Goodwill on acquisitions of subsidiaries is included in "intangible assets". Goodwill is tested annually for impairment, or more frequently of events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 5).

License rights

License rights are stated at historical cost less accumulated amortisation and accumulated impairment losses. They are initially measured at the fair value of the consideration given to acquire the license at the time of the acquisition, which represents historical cost comprising the capitalised present values of the fixed minimum periodic payments to be made on date of acquisition and in the subsequent years in respect of the acquisition of the license rights. Variable payments in relation to license rights that depend on sales of related products are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

License rights are amortised using the straight-line method to allocate the cost of the licenses over the period of the respective contractual rights varying from 2 to 10 years.

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 years.

Trademarks and patents, customer relationships and non-compete agreements

Separately acquired trademarks and patents, customer relationships and non-compete agreements are initially shown at historical cost. Trademarks and patents, customer relationships and non-compete agreements acquired in business combination are recognised at fair value at the acquisition date. Trademarks and patents, customer relationships and non-compete agreements that have finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 10 to 20 years, and the cost of customer relationships and non-compete agreements over their estimated useful lives of 3 to 8 years.

2. BASIS OF PREPARATION AND SUMMARY OF ACCOUNTING POLICIES *(CONTINUED)*

2.2 Summary of material accounting policies *(Continued)*

(f) *Impairment of investments in subsidiaries, investments accounted for using the equity method and other non-financial assets*

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(g) *Financial assets*

(i) *Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through other comprehensive income ("FVOCI"), or through profit or loss ("FVPL"), and

- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(ii) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2. *BASIS OF PREPARATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)*

2.2 Summary of material accounting policies *(Continued)*

(g) ***Financial assets*** *(Continued)*

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in consolidated income statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated income statement and presented in other income and other gains, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the consolidated income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income and other gains. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income and other gains and impairment expenses are presented as separate line item in the consolidated income statement.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in the consolidated income statement and presented net within other income and other gains in the period in which it arises.

2. BASIS OF PREPARATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies *(Continued)*

(g) Financial assets *(Continued)*

(iii) Measurement *(Continued)*

Equity instruments

The Group subsequently measures all equity investments at fair value. Where Management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the consolidated income statement as other income and other gains when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other income and other gains in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises costs of merchandise, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. If collection of trade receivables and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Due to the short-term nature of the current receivables, their carrying amount approximates their fair value.

Details about the Group's impairment policies and the calculation of the loss allowance are provided in Note 3.1(b).

2. BASIS OF PREPARATION AND SUMMARY OF ACCOUNTING POLICIES *(CONTINUED)*

2.2 Summary of material accounting policies *(Continued)*

(j) Current and deferred income tax

The income tax expense for the period is the tax payable on the current period's taxable profits based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Group operates and generates taxable profits. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable profits will be available to utilise those temporary differences and losses.

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when the deferred income tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. *BASIS OF PREPARATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)*

2.2 Summary of material accounting policies *(Continued)*

(j) Current and deferred income tax (Continued)

(iii) Current and deferred income tax arising from share-based compensation

For the Group's shared-based compensation (Note 37(l)(ii)), the amount of tax deduction may differ from the related cumulative remuneration expense, and may arise in a later accounting period. If the amount of the tax deduction (or estimated future tax deduction) exceeds the amount of the related cumulative remuneration expense, this indicates that the tax deduction relates not only to remuneration expense but also to an equity item. In this situation, the excess of the associated current or deferred income tax is recognised directly in equity and included in "tax impact of employee share-based compensation scheme" in the consolidated statement of changes in equity.

(k) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of Management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(l) Revenue recognition

(i) Sale of goods – wholesale

For wholesale business, which mainly represents the Group's sales to franchised distributors (Note 5), sales of goods are recognised when control of the goods has transferred. Control is considered to be transferred at the point in time when the products have been delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery has occurred when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and the wholesaler has accepted the goods.

The products of the Group are often sold with sales discounts and rebates. Revenue from products sales is recognised based on the contract price, net of the estimated sales discounts and rebates at the time of sale. The sales discounts are estimated based on the terms of agreements. No element of financing is deemed present as the sales are made with a credit term of 90 days, which is consistent with the market practice.

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

2. *BASIS OF PREPARATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)*

2.2 Summary of material accounting policies *(Continued)*

(l) Revenue recognition (Continued)

(ii) Sale Of goods – retail

For retail business, which represents the Group's sales from direct operation (Note 5), sales of goods are recognised when a group entity sells a product to the customer. Retail sales are usually in cash, by credit or payment cards or through on-line payment platforms.

(iii) Sale Of goods – internet

The Group's sales from e-commerce channel (Note 5) mainly represent sales of goods on the internet, for which revenue is recognised when the control of the products has transferred to the customer, being the point of acceptance. Transactions are settled by credit or payment card or through on-line payment platforms.

(iv) Sale of goods – refunds provision

A refund liability (included in other payables and accruals) and a right to the returned goods (included in other assets) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date (Note 4(c)).

The consideration of the goods that expected to be returned to the Group are not recognised as revenue and the corresponding inventories cost are also not recognised as cost of sales in the consolidated statements of comprehensive income.

(v) Sale of goods – customer loyalty programme

The Group operates a loyalty programme where retail and online customers accumulate points for purchases made which entitle them to discounts on future purchases. A contract liability for the award points is recognised at the time of sale. Revenue is recognised when the points are redeemed or when they expire.

(m) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

2. *BASIS OF PREPARATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)*

2.2 Summary of material accounting policies *(Continued)*

(m) Leases (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee within the Group as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2. BASIS OF PREPARATION AND SUMMARY OF ACCOUNTING POLICIES *(CONTINUED)*

2.2 Summary of material accounting policies *(Continued)*

(m) Leases *(Continued)*

Right-of-use assets are measured at cost comprising the following (if applicable):

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The carrying amount of a right-of-use asset is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.2(f)).

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

(n) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement as other income over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment and land use right are included in non-current liabilities as deferred income and are recognised in the consolidated income statement as other income on a straight-line basis over the expected lives of the related assets.

(o) Interest income

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes (including cash and cash equivalents, term bank deposits), see Note 27 below.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2. BASIS OF PREPARATION AND SUMMARY OF ACCOUNTING POLICIES *(CONTINUED)*

2.3 Other accounting policies

Besides the material accounting policies as described above, the Group has also adopted other accounting policies in the preparation of these consolidated financial statements. See Note 37 for a summary of these other accounting policies.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The activities of the Group expose it to a variety of financial risks: market risks (including foreign exchange risk and cash flow/fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by core management team of the Group under policies approved by the board of directors.

3. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.1 Financial risk factors *(Continued)*

(a) Market risks

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that in a currency other than the functional currency of the group entities. The Group operates mainly in the PRC and is primarily exposed to foreign exchange risk for monetary assets/liabilities denominated in Renminbi (RMB), Hong Kong dollars (HK$), United States dollars (US$), EURO (EUR) and Great Britain Pounds (GBP). The Group did not enter into any forward contract to hedge its exposure to foreign currency risk for the years ended 31 December 2024 and 2023.

As at 31 December 2024, the carrying amounts of the Group's monetary assets and liabilities that are denominated in currency other than functional currencies of the respective group entities are as follows:

	31 December 2024				
	RMB	HK$	US$	EUR	GBP
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank deposits	**196**	**3,248,996**	**118,901**	**1,870**	**100,146**
Trade and other receivables	**–**	**239**	**17,722**	**1,142**	**–**
Investments measured at FVPL	**–**	**–**	**450,316**	**–**	**–**
Trade and other payables	**–**	**(13,644)**	**(15,670)**	**–**	**–**
License fees payables	**–**	**–**	**(11,601)**	**–**	**–**

	31 December 2023				
	RMB	HK$	US$	EUR	GBP
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank deposits	4,589	528,867	24,964	1,953	95,329
Trade and other receivables	–	4,159	4,882	3,579	–
Investments measured at FVPL	–	–	428,189	–	–
Trade and other payables	–	(15,482)	(17,027)	–	–
License fees payables	–	–	(19,835)	–	–

For the year ended 31 December 2024, if RMB had weakened/strengthened by 5% with all other variables held constant, post-tax profit would have been higher/lower by RMB162,730,000 (2023: RMB45,234,000).

(ii) Cash flow and fair value interest rate risk

Financial assets and liabilities at fixed rates expose the Group to fair value interest-rate risk while financial assets and liabilities at floating rates expose the Group to cash flow interest rate risk.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk mainly arises from term bank deposits. At 31 December 2024, if interest rates on term bank deposits had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been RMB9,749,000 (2023: RMB32,188,000) higher/lower. The Group currently does not hedge its exposure to interest rate risk.

3. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, other receivables, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

(i) Risk management

For banks and financial institutions, only parties with good credit ratings are accepted.

For other receivables, the Group makes periodic collective assessment and individual assessment on the recoverability of other receivables based on historical settlement records and past experiences. In view of good cooperation in history with debtors and sound collection history of other receivables, the credit risk of other receivables is generally considered to be low.

For wholesale customers, the Group has established an uniform credit policy, based on which the Group assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Management. The utilisation of credit limits is regularly monitored. All of these major customers are generally with good credit history. Sales to retail customers are settled in cash, using major credit or payment cards or through on-line payment platforms operated by reputable companies.

All of the Group's cash and cash equivalents, restricted bank deposits, and term bank deposits are deposited in prominent nationwide bank in the PRC (including the Hong Kong Special Administrative Region and the Macau Special Administrative Region) or branch of international commercial bank in the PRC, of which the credit ratings are sound. The table below shows the cash and cash equivalents, restricted bank deposits, and term bank deposits balances with the three major banks as at the end of the reporting period.

	2024 **RMB'000**	2023 RMB'000
Banks		
Bank A	**4,577,147**	1,233,689
Bank B	**3,981,123**	4,965,353
Bank C	**3,392,497**	5,774,299
	11,950,767	11,973,341

(ii) Impairment of financial assets

The Group has two types of financial assets that are subject to the expected credit loss model:

- trade receivables, and
- other receivables.

While cash and cash equivalents, restricted bank deposits and term bank deposits are also subject to the impairment requirements of IFRS 9, the impairment loss was identified to be immaterial.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and ageing analysis.

The expected loss rates are based on the payment profiles of sales over a period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31 December 2024 and 31 December 2023 was determined as follows for trade receivables in each ageing category based on the respective invoice date:

31 December 2024	**0 – 90 days RMB'000**	**91 – 180 days RMB'000**	**Over 180 days RMB'000**	**Total RMB'000**
Lifetime expected credit loss rate	**1%**	**35%***	**100%**	
Gross carrying amount	**1,002,517**	**13,085**	**30,647**	**1,046,249**
Loss allowance	**(6,480)**	**(4,531)**	**(30,647)**	**(41,658)**

31 December 2023	0 – 90 days RMB'000	91 – 180 days RMB'000	Over 180 days RMB'000	Total RMB'000
Lifetime expected credit loss rate	1%	4%*	100%	
Gross carrying amount	1,065,476	157,530	20,741	1,243,747
Loss allowance	(11,609)	(5,865)	(20,741)	(38,215)

* For the ageing category of 91-180 days, the lifetime expected credit loss rate was 35% as at 31 December 2024 (2023: 4%), which was due to the change of proportions of trade receivables of each sales channel. As at 31 December 2023, the majority of trade receivables within the ageing category of 91-180 days arose from the Group's e-commerce channel, of which the expected credit loss rate is relatively lower based on accumulated experience.

Other receivables

Other receivables at amortised cost mainly include rental deposits, staff advances and other payments for employees. Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition by considering available, reasonable and supportive forwarding-looking information.

In view of the history of cooperation with the debtors and collection from them, Management believes that no significant increase in credit risk is identified for the Group's other receivables as at 31 December 2024 and 2023, and the credit risk inherent in the Group's outstanding other receivables is not significant. The average loss rate applied to other receivables as at 31 December 2024 and 2023 were 1.0% and 1.8% respectively.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Net impairment losses on financial assets

	2024 RMB'000	2023 RMB'000
Provision for/(reversal of) expected credit loss allowance for trade receivables	**8,704**	(20,592)
(Reversal of)/provision for expected credit loss allowance for other receivables	**(3,430)**	954
Provision for/(reversal of) expected credit loss allowance for financial assets	**5,274**	(19,638)

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Management. Management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below analyses the Group's financial liabilities (which does not include statutory liabilities and employee benefit obligations) that will be settled into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2024				
License fees payable	**41,487**	**16,500**	**–**	**–**
Trade payables	**1,625,132**	**–**	**–**	**–**
Other payables (excluding refunds liabilities, wages and welfare payables, and other tax payables)	**2,334,634**	**–**	**–**	**–**
Lease liabilities	**644,886**	**446,126**	**541,823**	**836,914**
	4,646,139	**462,626**	**541,823**	**836,914**
As at 31 December 2023				
License fees payable	38,997	10,000	–	–
Trade payables	1,789,796	–	–	–
Other payables (excluding refunds liabilities, wages and welfare payables, and other tax payables)	1,901,774	–	–	–
Lease liabilities	834,713	606,535	812,524	950,653
	4,565,280	616,535	812,524	950,653

3. *FINANCIAL RISK MANAGEMENT (CONTINUED)*

3.2 Capital risk management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by capital and reserves attributable to equity holders of the Company as shown in the consolidated balance sheet. As at 31 December 2024 and 2023, the Group's gearing ratio was nil as it did not have any borrowings.

3.3 Fair value estimation

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value for the years ended 31 December 2024 and 2023 on a recurring basis:

At 31 December 2024	**Level 1 RMB'000**	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Financial assets				
Private equity fund investments, measured at FVPL	**–**	**–**	**450,316**	**450,316**

At 31 December 2023	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Private equity fund investments, measured at FVPL	–	–	428,189	428,189

There were no transfers between each levels for recurring fair value measurements during the year.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

3. *FINANCIAL RISK MANAGEMENT (CONTINUED)*

3.3 Fair value estimation *(Continued)*

(a) Fair value hierarchy (Continued)

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted marked price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over–the–counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on Group specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for private equity fund investments and derivative financial instruments.

(b) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the years ended 31 December 2024 and 2023:

	Wealth management products RMB'000	Investments measured at FVPL RMB'000	Total RMB'000
As at 1 January 2023	–	174,597	174,597
Additions	7,922,000	428,315	8,350,315
Settlements/transfer	(8,002,370)	(179,504)	(8,181,874)
Changes in fair value	80,370	4,781	85,151
As at 31 December 2023	–	428,189	428,189
Additions	5,095,000	–	5,095,000
Settlements/transfer	(5,130,195)	(954)	(5,131,149)
Changes in fair value	35,195	23,081	58,276
As at 31 December 2024	–	450,316	450,316
Changes in unrealised gains or losses for the year included in the consolidated income statement for assets held at the end of the reporting period			
2024	–	23,081	23,081
2023	–	(126)	(126)

3. *FINANCIAL RISK MANAGEMENT (CONTINUED)*

3.3 Fair value estimation *(Continued)*

(b) *Fair value measurements using significant unobservable inputs (level 3) (Continued)*

The Group has a team that manages the valuation of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once for each half year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

(c) *Valuation techniques used to determine fair values*

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value as at 31 December		Valuation Technique	Significant unobservable inputs*	Value of inputs as at 31 December		Relationship of unobservable inputs to fair value
	2024 RMB'000	2023 RMB'000			2024	2023	
Financial assets							
Private equity fund investments (Note a)	450,316	428,189	Net asset value	N/A	N/A	N/A	N/A

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Note:

(a) The Group determines the fair value of its private equity fund investments as at the reporting date based on the net asset values of the private equity funds with underlying assets and liabilities measured at fair value as reported by the general partners of the funds.

4. *CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS*

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Expected credit loss allowance for trade receivables and other receivables

The expected credit loss allowance for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past historical data, existing market conditions as well as forward-looking information at the end of each reporting period. Further details are included in Note 3.1.

4. *CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)*

(b) Net realisable value of inventories

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market condition, future sales projection, current year sales and selling price per latest sales transaction. Management reassesses the estimations at each end of the reporting period.

(c) Refunds provision

Refunds provision is based on the estimated return of products sold when revenue is recognised. Factors that affect the Group's refunds provision include refund policies, historical and anticipate refund rates under different sales channels. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date. Further details on the refund liabilities and the corresponding assets in relation to the right to recover the returned products recognised by the Group are included in Note 20 and Note 13 respectively.

(d) Estimated impairment of goodwill, intangible assets and other non-financial assets

The Group tests whether goodwill, intangible assets and other non-financial assets (including property, plant and equipment, right-of-use assets and investment properties) have suffered any impairment, in accordance with the accounting policy stated in Note 2.2(e) and Note 2.2(f) respectively. The recoverable amounts of cash-generating units have been determined based on the higher of fair value less cost of disposal and value-in-use. These calculations require the use of estimates and assumptions (See Note 6, Note 7 and Note 9). If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operation or financial position.

(e) Income taxes

The Group is mainly subject to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Dividends derived from the Company's subsidiaries in the PRC earned after 1 January 2008 are subject to withholding tax at the rate of 5%. The Group reassessed its needs to make distributions out of its subsidiaries in the PRC. As a result, withholding income tax has been provided for the dividends already distributed during the year and undistributed profits to the extent they are expected to be distributed in future.

5. SEGMENT INFORMATION AND REVENUE

Management is the Group's chief operating decision-maker. Management reviews the Group's internal reports periodically in order to assess results and allocate resources. Management has determined the operating segments based on these reports.

The Group is principally engaged in a single line of business of sporting goods. Management reviews the performance of the Group as a whole, thus 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 derives revenue in the following major product categories and sales channels:

Revenue breakdown by product category

	2024 **RMB'000**	2023 RMB'000
Footwear	**14,300,341**	13,389,080
Apparel	**12,050,245**	12,410,785
Equipment and accessories	**2,325,057**	1,798,626
Total	**28,675,643**	27,598,491

Revenue breakdown by sales channel

	2024 **RMB'000**	2023 RMB'000
The PRC market		
Sales to franchised distributors	**12,956,716**	12,628,028
Sales from direct operation	**6,883,319**	6,907,451
Sales from e-commerce channel	**8,304,759**	7,531,410
Other regions	**530,849**	531,602
Total	**28,675,643**	27,598,491

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

The Group has a large number of customers. For the years ended 31 December 2024 and 2023, no revenue derived from transactions with a single external customer represented 10% or more of the Group's total revenue.

5. *SEGMENT INFORMATION AND REVENUE (CONTINUED)*

(b) Liabilities related to contracts with customers

	2024 RMB'000	2023 RMB'000
Contract liabilities – advances from customers	**303,785**	480,425
Contract liabilities – customer loyalty programme	**64,733**	72,112
Total	**368,518**	552,537

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

Revenue recognised in relation to contract liabilities

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Contract liabilities – advances from customers	**480,425**	166,123
Contract liabilities – customer loyalty programme	**72,112**	85,967
Total	**552,537**	252,090

As of 1 January 2023, the Group had contract liabilities amounting to RMB252,090,000, all of which had been recognised as revenue during the year ended 31 December 2023.

6 (A) PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvement RMB'000	Mould RMB'000	Machinery RMB'000	Office equipment and motor vehicles RMB'000	Construction-in-progress RMB'000	Total RMB'000
As at 1 January 2023							
Cost	763,154	2,386,843	418,988	191,611	216,740	1,495,913	5,473,249
Accumulated depreciation	(209,292)	(1,475,064)	(312,568)	(104,246)	(137,516)	–	(2,238,686)
Net book amount	553,862	911,779	106,420	87,365	79,224	1,495,913	3,234,563
Year ended 31 December 2023							
Opening net book amount	553,862	911,779	106,420	87,365	79,224	1,495,913	3,234,563
Additions	23,269	616,525	107,958	83,829	45,718	994,519	1,871,818
Transfers	1,049,234	152,048	–	35,713	6,882	(1,243,877)	–
Transfers to investment properties upon change of use *(Note a)*	(216,674)	–	–	–	–	–	(216,674)
Transfers from investment properties upon change of use *(Note 7)*	273,978	–	–	–	–	132,577	406,555
Disposals	–	(34,448)	–	(5,491)	(1,393)	–	(41,332)
Depreciation charge *(Note c)*	(57,366)	(812,959)	(94,363)	(18,539)	(32,292)	–	(1,015,519)
Impairment *(Note d)*	–	(115,463)	–	–	–	–	(115,463)
Closing net book amount	1,626,303	717,482	120,015	182,877	98,139	1,379,132	4,123,948
As at 31 December 2023							
Cost	1,892,961	3,120,967	526,946	305,662	267,947	1,379,132	7,493,615
Accumulated depreciation and impairment	(266,658)	(2,403,485)	(406,931)	(122,785)	(169,808)	–	(3,369,667)
Net book amount	1,626,303	717,482	120,015	182,877	98,139	1,379,132	4,123,948
Year ended 31 December 2024							
Opening net book amount	**1,626,303**	**717,482**	**120,015**	**182,877**	**98,139**	**1,379,132**	**4,123,948**
Additions	**–**	**457,270**	**116,715**	**102,304**	**28,676**	**704,485**	**1,409,450**
Acquisition of a subsidiary *(Note 7)*	**322,244**	**–**	**–**	**–**	**–**	**–**	**322,244**
Transfers	**1,025,349**	**9,344**	**–**	**191**	**13,188**	**(1,048,072)**	**–**
Transfers to investment properties upon change of use *(Note b)*	**–**	**–**	**–**	**–**	**–**	**(139,312)**	**(139,312)**
Transfers from investment properties upon change of use *(Note 7)*	**26,198**	**–**	**–**	**–**	**–**	**70,518**	**96,716**
Disposals	**–**	**(20,439)**	**–**	**(8,141)**	**(4,020)**	**–**	**(32,600)**
Depreciation charge *(Note c)*	**(87,930)**	**(826,645)**	**(105,888)**	**(32,552)**	**(42,077)**	**–**	**(1,095,092)**
Impairment *(Note d)*	**–**	**(81,807)**	**–**	**–**	**–**	**–**	**(81,807)**
Currency translation differences	**6,907**	**–**	**–**	**–**	**–**	**–**	**6,907**
Closing net book amount	**2,919,071**	**255,205**	**130,842**	**244,679**	**93,906**	**966,751**	**4,610,454**
As at 31 December 2024							
Cost	**3,301,178**	**2,776,420**	**588,013**	**390,039**	**268,045**	**966,751**	**8,290,446**
Accumulated depreciation and impairment	**(382,107)**	**(2,521,215)**	**(457,171)**	**(145,360)**	**(174,139)**	**–**	**(3,679,992)**
Net book amount	**2,919,071**	**255,205**	**130,842**	**244,679**	**93,906**	**966,751**	**4,610,454**

6 (A) PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Notes:

(a) During the year ended 31 December 2023, the Group entered into lease agreements with a third party and a related party (collectively, the "Lessees") respectively, pursuant to which the Group leased certain properties to the Lessees for a lease term ranging from 18 months to 5 years. As a result, the related properties were transferred from property, plant and equipment to investment properties at the aggregated carrying amount of RMB216,674,000 (Note 7).

(b) During the year ended 31 December 2024, the Group entered into lease agreements with a related party, pursuant to which the Group determined to lease certain properties (of which the construction was completed during the current financial year) to the lessee for a lease term of 20 years. As a result, the related properties were transferred from property, plant and equipment to investment properties at the aggregated carrying amount of RMB139,312,000 (Note 7).

(c) Depreciation expenses of RMB112,436,000 (2023: RMB102,663,000) has been charged to cost of sales, RMB868,000,000 (2023: RMB835,323,000) to selling and distribution expenses and RMB114,656,000 (2023: RMB77,533,000) to administrative expenses.

(d) As at 31 December 2024 and 2023, in view of the unsatisfied performance for the current year and unfavorable future prospects of certain stores, Management concluded there were impairment indications for these stores and conducted impairment assessment on the respective property, plant and equipment and right-of-use assets. The Group estimated the recoverable amounts of these stores (each of which is an individual cash generating unit ("CGU")) based on a value in use calculation. That calculation used cash flow projections based on financial budgets approved by Management covering the remaining lease term with a pre-tax discount rate of 17% (2023: 17%) which reflects the specific risks relating to these stores. The other key assumption for the value-in-use calculation was revenue annual growth rate of 3% (2023: 5%) which was determined based on historical performance and Management's operation plan. Long-term growth rate beyond 5 years was not applicable to the value in use calculation as none of the stores subject to impairment assessment has a remaining lease term that is longer than 5 years as at 31 December 2024 and 2023.

Based on the results of the assessments, Management determined that the recoverable amounts of certain stores were lower than the carrying amounts as at 31 December 2024 and 2023. Accordingly, impairment losses of RMB81,807,000 (2023: RMB115,463,000) and RMB171,942,000 (2023: RMB208,028,000) (Note 6(B)) were recognised against the carrying amount of property, plant and equipment and right-of-use assets during the year ended 31 December 2024 respectively.

(e) As at 31 December 2024, none of the Group's property, plant and equipment was pledged as security by the Group (31 December 2023: nil).

6 (B) LEASES

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, see Note 25.

(i) Amounts recognised in the consolidated balance sheet

The following amounts are recognised in the consolidated balance sheet:

	2024 RMB'000	2023 RMB'000
Right-of-use assets		
Properties	**1,576,667**	2,184,054

	2024 RMB'000	2023 RMB'000
Lease liabilities		
Current	**551,610**	716,665
Non-current	**1,384,527**	1,825,288
	1,936,137	2,541,953

Additions to the right-of-use assets during the 2024 financial year were RMB363,810,000 (2023: RMB1,233,783,000). Derecognised of the right-of-use assets due to termination during the 2024 financial year were RMB186,168,000 (2023: RMB102,182,000).

6 (B) LEASES *(CONTINUED)*

(ii) Amounts recognised in the consolidated income statement

The following amounts are recognised in the consolidated income statement:

	Note	2024 RMB'000	2023 RMB'000
Depreciation on right-of-use assets	24	**613,087**	761,748
Impairment of right-of-use assets *(Note 6(A)(d))*	24	**171,942**	208,028
Amortisation of discount – lease liabilities (included in finance expenses)	27	**126,994**	144,488
Expense relating to short-term leases (included in selling and distribution expenses and administrative expenses)	24	**522,119**	468,513
Expense relating to variable lease payments not included in lease liabilities (included in selling and distribution expenses)	24	**740,881**	700,092
Net gains on termination of leases	24	**(54,386)**	(3,564)

The total cash outflow for leases in 2024 was RMB2,127,722,000 (2023: RMB2,049,886,000).

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses and retail stores. Rental contracts are typically made for fixed periods of 1 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. For certain lease contracts of retail stores, there are terms about variable lease payments that based on the sales volume, which expose the Group to variable lease payments.

(iv) Variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 100% of lease payments are on the basis of variable payment terms with percentages ranging from 5% to 25% of sales in majority. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

A 10% increase in sales across all stores in the Group with such variable lease contracts would increase total lease payments by approximately RMB61,602,000 (2023: RMB64,020,000).

7. INVESTMENT PROPERTIES

	Construction in progress RMB'000	Land and buildings RMB'000	Total RMB'000
As at 1 January 2023			
Cost	5,298	1,904,780	1,910,078
Accumulated depreciation	–	(107,851)	(107,851)
Net book amount	5,298	1,796,929	1,802,227
Year ended 31 December 2023			
Opening net book amount	5,298	1,796,929	1,802,227
Additions	–	12,053	12,053
Transfers	(5,298)	5,298	–
Transfers to property, plant and equipment upon change of use *(Note a)*	–	(406,555)	(406,555)
Transfers from property, plant and equipment upon change of use *(Note 6(A)(a))*	–	216,674	216,674
Depreciation charge *(Note c)*	–	(63,944)	(63,944)
Closing net book amount	–	1,560,455	1,560,455
As at 31 December 2023			
Cost	–	1,691,410	1,691,410
Accumulated depreciation	–	(130,955)	(130,955)
Net book amount	–	1,560,455	1,560,455
Year ended 31 December 2024			
Opening net book amount	**–**	**1,560,455**	**1,560,455**
Additions	**–**	**–**	**–**
Acquisition of a subsidiary *(Note b)*	**–**	**1,699,207**	**1,699,207**
Transfers to property, plant and equipment upon change of use *(Note a)*	**–**	**(96,716)**	**(96,716)**
Transfers from construction-in-progress upon change of use *(Note 6(A)(b))*	**–**	**139,312**	**139,312**
Depreciation charge *(Note c)*	**–**	**(86,295)**	**(86,295)**
Impairment *(Note d)*	**–**	**(333,372)**	**(333,372)**
Currency translation differences	**–**	**31,235**	**31,235**
Closing net book amount	**–**	**2,913,826**	**2,913,826**
As at 31 December 2024			
Cost	**–**	**3,453,742**	**3,453,742**
Accumulated depreciation and impairment	**–**	**(539,916)**	**(539,916)**
Net book amount	**–**	**2,913,826**	**2,913,826**

7. INVESTMENT PROPERTIES (CONTINUED)

Notes:

(a) During the year ended 31 December 2024, the Group changed the use of certain properties to owner-occupied properties, and such properties were transferred from investment properties to property, plant and equipment at the carrying amount of RMB96,716,000 (2023: RMB406,555,000) (Note 6(A)).

(b) The amount was attributable to the Acquisition completed on 28 January 2024 (Note 1). As disclosed in Note 1, the Acquisition was accounted for as an asset acquisition and the total consideration for the Acquisition of HK$2,221 million (equivalent to approximately RMB2,013 million) was allocated to the individual identifiable assets and liabilities of the Target Company based on their relative fair values at the date of completion, which included:

(i) the Property, with total allocated amount of RMB2,021 million, including (a) investment properties of RMB1,699 million representing the portion of the Property held by the Group for rental and (b) property, plant and equipment of RMB322 million representing the remaining portion of the Property held by the Group as office building (Note 6(A));

(ii) other operating assets of RMB6 million; and

(iii) operating liabilities of RMB14 million.

(c) Depreciation expenses of RMB86,295,000 (2023: RMB63,944,000) has been recorded as a debit to other income and other gains – net and included in depreciation and related expenses on investment properties (Note 25).

(d) During the year ended 31 December 2024, the property market in Mainland China 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 there were impairment indications for the Group's investment properties and conducted impairment assessment on the investment properties as at 31 December 2024 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 2024 which were determined using the income approach. Further details of the valuation of investment properties were given in Note 7(f) below.

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

(e) Minimum lease payments receivable on leases of investment properties are as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	90,757	42,945
Between 1 and 2 years	71,808	22,894
Between 2 and 3 years	28,482	8,981
Between 3 and 4 years	16,630	2,102
Between 4 and 5 years	5,316	–
Later than 5 years	536	–
	213,529	76,922

(f) Disclosure of fair value for investment properties measured under cost model

Valuation process

The directors of the Company have determined that the majority of the Group's investment properties are commercial, based on the nature, characteristics and risk of the property. All of the Group's investment properties were valued as at the end of the reporting period by an independent professionally qualified valuer. Each year, Management decides to appoint an external valuer to be responsible for the external valuation of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

Management has discussions with the valuer on the valuation assumptions and valuation result at least once a year when the valuation is performed for annual financial reporting.

7. *INVESTMENT PROPERTIES (CONTINUED)*

Valuation process *(Continued)*

The Group's investment properties represent properties held under operating lease to earn rental. In estimating the fair value of the properties, the highest and best use of the properties is their current use. As a result, as at 31 December 2024 and 2023, the fair values of the Group's investment properties are estimated using the income approach which takes into account the current rents of the property interests and the reversionary potentials of the tenancies, term yield and reversionary yield are then applied respectively to derive the market value of the properties.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties for disclosure purpose:

At 31 December 2024	**Level 1 RMB'000**	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Investment properties	**–**	**–**	**2,946,343**	**2,946,343**

At 31 December 2023	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Investment properties	–	–	1,612,660	1,612,660

7. INVESTMENT PROPERTIES *(CONTINUED)*

Information about fair value measurements using significant unobservable inputs

Property category	Fair value as at 31 December 2024 RMB'000	Valuation Technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Properties in Mainland China, including office buildings, commercial buildings, apartments and industrial buildings	**1,354,669**	Income approach	Term yield[1]	4.80% - 6.60%	The higher the term yield, the lower the fair value
			Reversionary yield[1]	5.05% - 6.85%	The higher the reversionary yield, the lower the fair value
			Monthly rental[2] (RMB/square meter/ month)	Office buildings: 86.68-222.30 Commercial buildings: 72.83-271.32 Apartments: 48.13-54.96 Industrial buildings: 17.43-18.30	The higher the monthly rental, the higher the fair value
Properties in Hong Kong, including office buildings and commercial buildings	**1,591,674**	Income approach	Term yield[1]	3.15%	The higher the term yield, the lower the fair value
			Reversionary yield[1]	3.40%	The higher the reversionary yield, the lower the fair value
			Monthly rental[2] (HK$/square foot/ month)	Office buildings: 30.01-39.44 Commercial buildings: 35.08-140.00	The higher the monthly rental, the higher the fair value

Property category	Fair value as at 31 December 2023 RMB'000	Valuation Technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Properties in Mainland China, including office buildings, commercial buildings and apartments	1,612,660	Income approach	Term yield[1]	4.05% - 5.25%	The higher the term yield, the lower the fair value
			Reversionary yield[1]	4.20% - 5.50%	The higher the reversionary yield, the lower the fair value
			Monthly rental[2] (RMB/square meter/ month)	Office buildings: 96.31-335.67 Apartments: 45.60-83.13	The higher the monthly rental, the higher the fair value

Notes:

1. Term yield and reversionary yield are adopted after analysis of relevant observable market transactions and interpretation of indirectly observable market information.

2. Monthly rental represent the rental income which a property would be expected to earn if it were vacant and available to let. It is not necessarily the same as the rent which a tenant is actually committed to pay.

8. LAND USE RIGHTS

	RMB'000
As at 1 January 2023	
Cost	194,271
Accumulated amortisation	(35,490)
Net book amount	158,781
Year ended 31 December 2023	
Opening net book amount	158,781
Disposals	(361)
Amortisation charge	(3,766)
Closing net book amount	154,654
As at 31 December 2023	
Cost	190,479
Accumulated amortisation	(35,825)
Net book amount	154,654
Year ended 31 December 2024	
Opening net book amount	**154,654**
Amortisation charge	**(3,790)**
Closing net book amount	**150,864**
As at 31 December 2024	
Cost	**190,479**
Accumulated amortisation	**(39,615)**
Net book amount	**150,864**

All the Group's land use rights are located in the PRC and are held under leases for periods varying from 20 to 50 years.

Amortisation of RMB3,790,000 (2023: RMB3,766,000) has been charged to administrative expenses.

9. INTANGIBLE ASSETS

	Goodwill RMB'000	Trademarks and patents RMB'000	Computer software RMB'000	License rights RMB'000	Customer relationships & Non-compete agreements RMB'000	Total RMB'000
As at 1 January 2023						
Cost	143,778	29,197	376,975	392,907	61,279	1,004,136
Accumulated amortisation and impairment	(36,394)	(20,611)	(288,833)	(379,783)	(61,279)	(786,900)
Net book amount	107,384	8,586	88,142	13,124	–	217,236
Year ended 31 December 2023						
Opening net book amount	107,384	8,586	88,142	13,124	–	217,236
Additions	–	723	66,051	–	–	66,774
Amortisation charge	–	(2,055)	(36,502)	(13,124)	–	(51,681)
Impairment	(11,462)	–	–	–	–	(11,462)
Closing net book amount	95,922	7,254	117,691	–	–	220,867
As at 31 December 2023						
Cost	143,778	33,564	258,615	57,578	61,279	554,814
Accumulated amortisation and impairment	(47,856)	(26,310)	(140,924)	(57,578)	(61,279)	(333,947)
Net book amount	95,922	7,254	117,691	–	–	220,867
Year ended 31 December 2024						
Opening net book amount	**95,922**	**7,254**	**117,691**	**–**	**–**	**220,867**
Additions	**–**	**1,166**	**45,541**	**50,000**	**–**	**96,707**
Amortisation charge	**–**	**(1,733)**	**(40,903)**	**(16,667)**	**–**	**(59,303)**
Impairment	**(23,535)**	**–**	**–**	**–**	**–**	**(23,535)**
Closing net book amount	**72,387**	**6,687**	**122,329**	**33,333**	**–**	**234,736**
As at 31 December 2024						
Cost	**143,778**	**34,730**	**304,156**	**107,578**	**61,279**	**651,521**
Accumulated amortisation and impairment	**(71,391)**	**(28,043)**	**(181,827)**	**(74,245)**	**(61,279)**	**(416,785)**
Net book amount	**72,387**	**6,687**	**122,329**	**33,333**	**–**	**234,736**

Amortisation of RMB19,474,000 (2023: RMB13,124,000) has been charged to selling and distribution expenses and RMB39,829,000 (2023: RMB38,557,000) to administrative expenses.

9. *INTANGIBLE ASSETS (CONTINUED)*

Impairment tests for goodwill

As at 31 December 2024, the original cost of goodwill amounted to RMB143,778,000, including (1) cost of goodwill of RMB72,387,000 arising from the acquisition of the Kason brand in 2009; (2) cost of goodwill of RMB67,087,000 arising from the acquisition of the business of certain distributors of the Li Ning brand in 2014, all of which were impaired as at 31 December 2024 (including an impairment of RMB23,535,000 recognised during the current financial year); and (3) cost of goodwill of RMB4,304,000 arising from the acquisition of Li Ning Communications (Hong Kong) Ltd. (formerly known as Matsunichi Communications (Hong Kong) Ltd.) in 2021, all of which were impaired at the beginning of the current financial year.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Impairment review on goodwill of the Group has been conducted by Management as at 31 December 2024 according to IAS 36 "Impairment of assets". For the purpose of impairment testing, the recoverable amounts for the CGUs have been determined based on the higher of fair value less cost of disposal ("FVLCOD") and values-in-use ("VIU").

For the groups of certain CGUs of the Li Ning brand and the Kason brand, the recoverable amounts have been determined based on VIU calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by Management. The forecasted average revenue growth rate during the forecast period of 5 years is 5% (2023: 5%) for certain CGUs of the Li Ning brand and 10% (2023: 10%) for the CGUs in relation to the Kason brand. The weighted average revenue growth rate used beyond the fifth year for certain CGUs of the Li Ning brand and the CGUs in relation to the Kason brand are 3% and 1% per annum respectively. The growth rates applied do not exceed the long-term average growth rate for the business in which the CGUs operate. The pre-tax discount rates used for certain CGUs of the Li Ning brand is 16.75% (2023: 16.78% to 16.97%) and the pre-tax discount rate used for the CGUs in relation to the Kason brand is 17.77% (2023: 17.76%) for the year ended 31 December 2024, which reflect specific risks relating to the respective CGUs.

Based on the results of the impairment assessment conducted by the Group, it is determined that (1) for the CGUs of the Kason brand, there is no impairment of goodwill as at 31 December 2024 and Management believes that any reasonably possible change in any of the assumptions adopted would not cause the carrying amounts of the CGUs of the Kason brand to exceed the recoverable amount; and (2) for the CGUs of the Li Ning brand, impairment loss of RMB23,535,000 is recognised for the respective goodwill of a group of CGUs for the year ended 31 December 2024.

10. SUBSIDIARIES

The following is a list of the Group's subsidiaries as at 31 December 2024:

Name	Place of operation/ incorporation, date of incorporation and kind of legal entity	Issued share/ paid up capital	Effective equity interest held by the Company 2024	2023	Principal activities
Directly held:					
RealSports Pte Ltd.	The British Virgin Islands, 8 October 2002 Limited liability company	US$1,000	100%	100%	Investment holding
Indirectly held:					
Li Ning Sports Technology Development (Hong Kong) Co., Ltd. (李寧體育科技發展（香港）有限公司)	Hong Kong, 28 May 2004 Limited liability company	HK$1	100%	100%	Research and development
Li Ning Sports (Hong Kong) Co., Ltd. (李寧體育（香港）有限公司)	Hong Kong, 19 March 2003 Limited liability company	HK$100	100%	100%	Provision of administrative services and investment holding
李寧體育（上海）有限公司 (Li Ning Sports (Shanghai) Co., Ltd.)	The PRC, 25 August 1997 Limited liability company	US$8,000,000	100%	100%	Brand licensing and investment holding
上海狐步體育用品有限公司 (Shanghai Hubu Sports Goods Co., Ltd.)	The PRC, 20 April 2000 Limited liability company	RMB2,000,000	100%	100%	Investment holding
上海李寧體育用品有限公司 (Shanghai Li Ning Sports Goods Co.,Ltd.)	The PRC, 18 December 2001 Limited liability company	RMB3,000,000	100%	100%	Sale of sports goods
上海悅奧體育用品有限公司 (Shanghai Yue Ao Sports Goods Co., Ltd.)	The PRC, 5 March 2003 Limited liability company	RMB3,000,000	100%	100%	Investment holding
佛山李寧體操學校服務有限公司 (Foshan Li Ning Gymnastic School Services Co., Ltd.)	The PRC, 31 October 1996 Limited liability company	RMB1,000,000	100%	100%	Property management
李寧（中國）體育用品有限公司 (Li Ning (China) Sports Goods Co., Ltd.)	The PRC, 6 July 2007 Limited liability company	RMB1,416,670,000	100%	100%	Sale of sports goods
Li Ning Korea Sports Ltd. (李寧韓國有限公司)	South Korea, 21 August 2013 Limited liability company	KRW100,000,000	100%	100%	Research and development
單仕競（上海）體育用品有限公司 (Danskin (Shanghai) Sports Goods Co., Ltd.)	The PRC, 21 November 2016 Limited liability company	RMB5,000,000	100%	100%	Sale of sports goods
單仕競（上海）實業發展有限公司 (Danskin (Shanghai) Industry Development Co., Ltd.)	The PRC, 19 May 2017 Limited liability company	RMB1,000,000	100%	100%	Sale of sports goods
李寧體育（北京）有限公司 (Li Ning Sports (Beijing) Co., Ltd.)	The PRC, 19 December 2007 Limited liability company	HK$10,000,000	100%	100%	Sale of sports goods

10. SUBSIDIARIES (CONTINUED)

Name	Place of operation/ incorporation, date of incorporation and kind of legal entity	Issued share/ paid up capital	Effective equity interest held by the Company 2024	2023	Principal activities
上海一動體育發展有限公司 (Shanghai Edosports Development Co., Ltd.)	The PRC, 9 July 2001 Limited liability company	RMB10,000,000	**100%**	100%	Sale of sports goods
鄭州一動體育用品銷售有限公司 (Zhengzhou Edosports Goods Sales Co., Ltd.)	The PRC, 25 June 1998 Limited liability company	RMB2,750,000	**100%**	100%	Sale of sports goods
廣州一動體育用品銷售有限公司 (Guangzhou Edosports Goods Sales Co., Ltd.)	The PRC, 6 October 1998 Limited liability company	RMB3,200,000	**100%**	100%	Sale of sports goods
瀋陽一動體育用品銷售有限公司 (Shenyang Edosports Goods Sales Co., Ltd.)	The PRC, 10 June 1999 Limited liability company	RMB3,000,000	**100%**	100%	Sale of sports goods
濟南一動體育用品銷售有限公司 (Jinan Edosports Goods Sales Co., Ltd.)	The PRC, 15 April 2003 Limited liability company	RMB1,000,000	**100%**	100%	Sale of sports goods
武漢一動體育用品銷售有限公司 (Wuhan Edosports Goods Sales Co., Ltd.)	The PRC, 2 June 1999 Limited liability company	RMB1,000,000	**100%**	100%	Sale of sports goods
北京李寧體育用品銷售有限公司 (Beijing Li Ning Sports Goods Sales Co., Ltd.)	The PRC, 4 November 1997 Limited liability company	RMB5,000,000	**100%**	100%	Sale of sports goods
上海一動體育用品銷售有限公司 (Shanghai Edosports Goods Sales Co., Ltd.)	The PRC, 8 August 2000 Limited liability company	RMB5,000,000	**100%**	100%	Sale of sports goods
天津一動體育用品銷售有限公司 (Tianjin Edosports Goods Sales Co., Ltd.)	The PRC, 14 December 1999 Limited liability company	RMB3,500,000	**100%**	100%	Sale of sports goods
南京一動體育用品銷售有限公司 (Nanjing Edosports Goods Sales Co., Ltd.)	The PRC, 15 April 2003 Limited liability company	RMB1,000,000	**100%**	100%	Sale of sports goods
新疆一動體育用品銷售有限公司 (Xinjiang Edosports Goods Sales Co., Ltd.)	The PRC, 4 February 2005 Limited liability company	RMB1,000,000	**100%**	100%	Sale of sports goods
廣西李寧體育用品有限公司 (Guangxi Li Ning Sports Goods Co., Ltd)	The PRC, 23 November 2018 Limited liability company	RMB50,000,000	**100%**	100%	Manufacture and sale of sports goods
長沙一動體育用品銷售有限公司 (Changsha Edosports Goods Sales Co., Ltd.)	The PRC, 26 August 1998 Limited liability company	RMB1,000,000	**100%**	100%	Sale of sports goods
南寧一動體育用品銷售有限公司 (Nanning Edosports Goods Sales Co., Ltd.)	The PRC, 29 July 1998 Limited liability company	RMB1,500,000	**100%**	100%	Sale of sports goods
西安一動體育用品銷售有限公司 (Xian Edosports Goods Sales Co., Ltd.)	The PRC, 23 January 2006 Limited liability company	RMB1,000,000	**100%**	100%	Sale of sports goods
成都一動體育用品銷售有限公司 (Chengdu Edosports Goods Sales Co., Ltd.)	The PRC, 4 February 2008 Limited liability company	RMB1,000,000	**100%**	100%	Sale of sports goods

10. SUBSIDIARIES *(CONTINUED)*

Name	Place of operation/ incorporation, date of incorporation and kind of legal entity	Issued share/ paid up capital	Effective equity interest held by the Company 2024	2023	Principal activities
昆明一動體育用品銷售有限公司 (Kunming Edosports Goods Sales Co., Ltd.)	The PRC, 24 September 2008 Limited liability company	RMB1,000,000	100%	100%	Sale of sports goods
蘭州一動體育用品銷售有限公司 (Lanzhou Edosports Goods Sales Co., Ltd.)	The PRC, 13 May 2009 Limited liability company	RMB1,000,000	100%	100%	Sale of sports goods
廈門悅奧商貿有限公司 (Xiamen Yue Ao Trading Co., Ltd.)	The PRC, 26 October 2009 Limited liability company	RMB1,000,000	100%	100%	Sale of sports goods
大連悅奧體育用品銷售有限公司 (Dalian YueAo Sports Goods Sales Co., Ltd.)	The PRC, 13 June 2010 Limited liability company	RMB3,000,000	100%	100%	Sale of sports goods
杭州悅奧體育用品銷售有限公司 (Hangzhou Yue Ao Sports Goods Sales Co., Ltd.)	The PRC, 17 December 2010 Limited liability company	RMB1,000,000	100%	100%	Sale of sports goods
合肥一動體育用品銷售有限公司 (Hefei Edosports Goods Sales Co., Ltd.)	The PRC, 21 March 2011 Limited liability company	RMB1,000,000	100%	100%	Sale of sports goods
上海李寧體育用品電子商務有限公司 (Shanghai Li Ning Sports Goods E-business Co.,Ltd.)	The PRC, 27 July 2011 Limited liability company	RMB10,000,000	100%	100%	Sale of sports goods
李寧(福建)羽毛球科技發展有限公司 (Li Ning (Fujian) Badminton Technology Development Co., Ltd.)	The PRC, 30 June 2008 Limited liability company	RMB20,000,000	100%	100%	Manufacture and sale of sports goods
Kason Sports (Hong Kong) Ltd. (凱勝體育(香港)有限公司)	Hong Kong, 15 January 2008 Limited liability company	HK$1	100%	100%	Investment holding
Li Ning International Trading (Hong Kong) Co., Ltd. (李寧國際貿易(香港)有限公司)	Hong Kong, 27 August 2010 Limited liability company	HK$2	100%	100%	Sales of sports goods
李寧(湖北)體育用品有限公司 (Li Ning (Hubei) Sports Goods Co., Ltd.)	The PRC, 2 November 2010 Limited liability company	RMB411,844,000	100%	100%	Sale of sports goods
湖北李寧鞋業有限公司 * (Hubei Li Ning Footwear Co., Ltd.)	The PRC, 18 April 2013 Limited liability company	RMB50,000,000	N/A	N/A	Manufacture and sale of sports goods
哈爾濱一動體育用品銷售有限公司 (Harbin Edosports Goods Sales Co., Ltd.)	The PRC, 25 December 2013 Limited liability company	RMB1,000,000	100%	100%	Sale of sports goods
大慶悅動體育用品銷售有限公司 (Daqing Yue Dong Sports Goods Sales Co., Ltd.)	The PRC, 25 December 2013 Limited liability company	RMB1,000,000	100%	100%	Sale of sports goods
重慶悅奧體育用品銷售有限公司 (Chongqing Yue Ao Sports Goods Sales Co., Ltd.)	The PRC, 15 April 2014 Limited liability company	RMB1,000,000	100%	100%	Sale of sports goods

10. SUBSIDIARIES (CONTINUED)

Name	Place of operation/ incorporation, date of incorporation and kind of legal entity	Issued share/ paid up capital	Effective equity interest held by the Company 2024	2023	Principal activities
貴陽悅奧體育用品有限公司 (Guiyang Yue Ao Sports Goods Co., Ltd.)	The PRC, 23 May 2014 Limited liability company	RMB1,000,000	**100%**	100%	Sale of sports goods
深圳悅奧商貿有限公司 (Shenzhen Yue Ao Trading Co., Ltd.)	The PRC, 7 December 2015 Limited liability company	RMB1,000,000	**100%**	100%	Sale of sports goods
長春悅奧體育用品銷售有限公司 (Changchun Yue Ao Sports Goods Sales Co., Ltd.)	The PRC, 22 April 2019 Limited liability company	RMB1,000,000	**100%**	100%	Sale of sports goods
李寧體育（深圳）有限公司 (Li Ning Sports (Shenzhen) Co., Ltd.)	The PRC, 19 September 2019 Limited liability company	RMB400,000,000	**100%**	100%	Sale of sports goods
李寧體育科技（深圳）有限公司 (Li Ning Sports Technology (Shenzhen) Co., Ltd.)	The PRC, 27 September 2019 Limited liability company	RMB20,000,000	**100%**	100%	Research and development
Li Ning Communications (Hong Kong) Ltd. (李寧資訊（香港）有限公司)	Hong Kong, 22 August 2001 Limited liability company	HK$20,000,000	**100%**	100%	Investment holding
深圳李寧大廈有限公司 (Shenzhen Li Ning Property Co.,Ltd.)	The PRC, 28 May 2002 Limited liability company	US$25,000,000	**100%**	100%	Property investment
李寧體育（廣西）有限公司 (Li Ning Sports (Guangxi) Co., Ltd.)	The PRC, 28 October 2019 Limited liability company	RMB922,322,400	**100%**	100%	Property investment
上海少昊體育發展有限公司 (Shanghai Shao Hao Sports Development Co., Ltd.)	The PRC, 20 July 2021 Limited liability company	RMB5,000,000	**100%**	100%	Property investment
上海少昊伯悅商業管理有限公司 (Shanghai Shao Hao Bo Yue Business Management Co., Ltd.)	The PRC, 20 July 2021 Limited liability company	RMB5,000,000	**100%**	100%	Property investment
上海寧聚體育用品有限公司 (Shanghai Ning Ju Sports Goods Co., Ltd.)	The PRC, 5 August 2021 Limited liability company	RMB5,000,000	**100%**	100%	Property investment
李寧體育童裝有限公司 (Li Ning Sports Kidswear Co., Ltd.)	The PRC, 3 March 2022 Limited liability company	RMB250,000,000	**100%**	100%	Sale of sports goods
杭州寧聚體育用品有限公司 (Hangzhou Ningju Sports Goods Co., Ltd.)	The PRC, 19 September 2022 Limited liability company	RMB500,000	**100%**	100%	Sale of sports goods
Edosports Macau International Trading Co. Ltd. (澳門一動國際貿易有限公司)	Macau, 6 October 2022 Limited liability company	MOP$100,000	**100%**	100%	Sales of sports goods
廣西李寧羽毛球有限公司 (Guangxi Li Ning Badminton Co., Ltd)	The PRC, 15 May 2023 Limited liability company	RMB20,000,000	**100%**	100%	Manufacture and sale of sports goods

10. SUBSIDIARIES *(CONTINUED)*

Name	Place of operation/ incorporation, date of incorporation and kind of legal entity	Issued share/ paid up capital	Effective equity interest held by the Company		Principal activities
			2024	2023	
Zone Dynasty Limited	The British Virgin Islands, 30 November 2023 Limited liability company	US$1	100%	100%	Investment holding
High Match Limited	The British Virgin Islands, 30 November 2023 Limited liability company	US$1	100%	100%	Investment holding
Li Ning (Singapore) International Trading Pte. Ltd. ** (李寧國際貿易 (新加坡) 有限公司)	The Singapore, 19 February 2024 Limited liability company	SGD$500,000	100%	N/A	Sale of sports goods
上海李寧體育發展有限公司** (Shanghai Li Ning Sports Development Co., Ltd.)	The PRC, 21 March 2024 Limited liability company	RMB5,000,000	100%	N/A	Sale of sports goods
Vansittart Investment Limited***	Hong Kong, 23 August 1985 Limited liability company	HK$2	100%	N/A	Property investment

* Deregistered during the year ended 31 December 2023.
** Registered during the year ended 31 December 2024.
*** Acquired during the year ended 31 December 2024 (Note 1).

Loans receivable due from subsidiaries

Pursuant to the loan agreements entered into by the Company and certain subsidiaries in Mainland China during the year ended 31 December 2022, the Company provided loans to these subsidiaries which were unsecured, bore 2% interest rate per annum, and had an initial maturity of 5 years. There was no outstanding loans receivable due from subsidiaries as at 31 December 2024 (31 December 2023: RMB3,686,175,000), which were recorded as long-term receivables in the balance sheet of the Company (Note 35).

Material non-controlling interests

As at 31 December 2024 and 2023, no subsidiary has non-controlling interests that are material to the Group.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the balance sheet are as follows:

	2024 RMB'000	2023 RMB'000
Associates	1,389,320	1,277,454
Joint ventures	354,618	329,147
As at 31 December	1,743,938	1,606,601

The share of profit of investments accounted for using equity method recognised in the consolidated income statement are as follows:

	2024 RMB'000	2023 RMB'000
Associates	184,933	310,638
Joint ventures	71,366	67,334
For the year ended 31 December	256,299	377,972

Investment in associates

The following is a list of the Group's associates as at 31 December 2024:

Name	Place of operation/ incorporation, date of incorporation and kind of legal entity	Issued share/ paid up capital	Effective equity interest held by the Group 2024	2023	Principal activities	Measurement method
上海紅雙喜股份有限公司 (Shanghai Double Happiness Co., Ltd.) ("Double Happiness")	The PRC, 26 December 1995 Limited liability company	RMB112,000,000	47.50%	47.50%	Manufacture and sale of sports goods	Equity method
湖北動能體育用品有限公司 Hubei Dongneng Sports Goods Co., Ltd.) ("Hubei Dong Neng")	The PRC, 29 October 2008 Limited liability company	RMB100,000,000	20%	20%	Manufacture and sale of sports goods	Equity method
天津市越浩拓戶外用品有限公司 (Tianjin Yue Hao Tuo Outdoor Sports Co., Ltd.) ("Tianjin Yue Hao Tuo")	The PRC, 3 August 2011 Limited liability company	RMB20,790,000	7.89%	7.89%	Sale of sports goods	Equity method
Danskin China, Ltd. ("Danskin China") (丹仕競中國有限公司)	Hong Kong, 28 June 2016 Limited liability company	HK$1,000	30%	30%	Brand licensing	Equity method
Power Sports Company Limited ("Power Sports") *(Note a)* (朋晟有限公司)	The British Virgin Islands, 15 October 2024 Limited liability company	HK$200,000,000	29%	N/A	Sale of sports goods	Equity method

11. *INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)*

Investment in associates *(Continued)*

The Group exercises significant influence over these associated companies by virtue of its contractual right to appoint director to the board of directors of the associated companies and has the power to participate in the financial and operating policy decisions of the associated companies.

The carrying amount of the investment in Tianjin Yue Hao Tuo has been reduced to nil since 31 December 2012. There was no additional obligation to share the loss of Tianjin Yue Hao Tuo for the years ended 31 December 2024 and 2023.

(a) Power Sports was jointly established by the Group, a related party controlled by Mr. Li Ning (Executive Chairman & Joint Chief Executive Officer)(the "Founder Co") and two third parties (collectively, the "Third-party Investor") in October 2024, with the purpose to develop and operate the Li Ning brand business (including the sale of products carrying Li Ning brand) in the territories apart from Mainland China. The total amount of shareholders' contribution to the share capital of Power Sports was HK$200 million, of which the contribution of the Group was HK$58 million, representing 29% of the share capital of Power Sports. Pursuant to the shareholders' agreement of Power Sports, the Group, the Founder Co and the Third-party Investor can appoint 2, 1 and 2 directors to the board of directors respectively, and the resolutions in relation to the relevant activities of Power Sports shall be decided by the affirmative votes of a majority of the board of directors. As a result, Management is of the view that Power Sports is an associate of the Group.

    The formation of Power Sports constituted connected transaction under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Management is of the view that none of the Group's associates is individually material to the Group as at 31 December 2024. The movements of the carrying amount of investments in associates (which also included the aggregate information of the Group's individually immaterial associates) are as follows:

	2024 **RMB'000**	2023 RMB'000
As at 1 January	**1,277,454**	1,093,768
Addition	**53,569**	–
Share of profit	**184,933**	310,638
Dividends distribution	**(126,636)**	(126,952)
As at 31 December	**1,389,320**	1,277,454

11. *INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)*

Investment in joint ventures

The following is a list of the Group's joint ventures as at 31 December 2024:

Name	Place of operation/ incorporation, date of incorporation and kind of legal entity	Issued share/ paid up capital	Effective equity interest held by the Group 2024	2023	Principal activities
Li-Ning Aigle Ventures Company Limited ("Li-Ning Aigle Ventures") *(Note a)* 李寧艾高有限公司	Hong Kong, 3 July 2005 Limited liability company	HK$48,600,000	**50%**	50%	Sales of sports goods
廣西寧站體育科技有限公司 Guangxi Ning Zhan Sports Technology Co., Ltd. ("Guangxi Ning Zhan") *(Note b)*	The PRC, 12 April 2019 Limited liability company	RMB145,000,000	**55%**	55%	Manufacture and sale of sports goods
廣西寧泰服裝有限公司 Guangxi Ning Tai Garment Co. Ltd ("Guangxi Ning Tai") *(Note b)*	The PRC, 8 November 2019 Limited liability company	RMB55,000,000	**55%**	55%	Manufacture and sale of sports goods

Notes:

(a) The Group has a 50% equity interest in Li-Ning Aigle Ventures which is a company jointly controlled by the Group and Aigle International S.A., a company incorporated in France. Li-Ning Aigle Ventures and its subsidiaries are principally engaged in the manufacture, marketing and distribution of AIGLE brand apparel and footwear products in the PRC.

(b) The investments in these entities are accounted for as investments in joint ventures as unanimous consent is required from all shareholders of these entities for approving certain relevant activities according to the respective shareholders' agreements of these entities.

Management is of the view that none of the Group's joint ventures is individually material to the Group as at 31 December 2024. The movements of the carrying amount of investments in joint ventures (which also included the aggregate information of the Group's individually immaterial joint ventures) are as follows:

	2024 RMB'000	2023 RMB'000
As at 1 January	**329,147**	275,635
Disposal upon deregistration of a joint venture	**–**	(229)
Share of profit	**71,366**	67,334
Dividends distribution	**(45,895)**	(13,593)
As at 31 December	**354,618**	329,147

12. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	**19,355**	32,009
Work in progress	**19,486**	17,812
Finished goods	**2,726,202**	2,578,112
	2,765,043	2,627,933
Less: provision for write-down of inventories to net realisable value	**(166,817)**	(134,727)
	2,598,226	2,493,206

The cost of inventories recognised as expenses and included in cost of sales amounted to RMB14,099,802,000 for the year ended 31 December 2024 (2023: RMB13,856,610,000), which included inventory provision of RMB32,090,000 (2023: RMB14,196,000).

13. OTHER ASSETS

	2024 RMB'000	2023 RMB'000
Other assets in relation to refunds *(Note 20(a))*	**538,607**	414,246
Input value-added tax to be certified	**212,213**	291,902
Prepayment for acquisition of a subsidiary *(a)*	**–**	200,089
Prepayment for purchases of property, plant and equipment	**5,450**	2,985
Prepaid rentals	**42,604**	48,893
Prepayment for advertising expenses	**32,365**	46,381
Advances to suppliers	**51,167**	27,469
Others	**16,819**	9,284
	899,225	1,041,249
Less: non-current portion	**(5,450)**	(203,074)
Current portion	**893,775**	838,175

Note:

(a) As at 31 December 2023, the amount represented deposit of HK$221 million (equivalent to approximately RMB200 million) in relation to the Acquisition as disclosed in Note 1.

14. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Accounts receivable	**1,046,249**	1,243,747
Less: expected credit loss allowance for trade receivables	**(41,658)**	(38,215)
	1,004,591	1,205,532

Trade receivables are mainly denominated in RMB.

Customers are normally granted credit terms within 90 days. As at 31 December 2024 and 2023, ageing analysis of trade receivables based on invoice date is as follows:

	2024 RMB'000	2023 RMB'000
0-30 days	**578,293**	581,522
31-60 days	**395,312**	384,449
61-90 days	**28,912**	99,505
91-180 days	**13,085**	157,530
Over 180 days	**30,647**	20,741
	1,046,249	1,243,747

The movement in the expected credit loss allowance for trade receivables during the year is as follows:

	2024 RMB'000	2023 RMB'000
As at 1 January	**38,215**	152,511
Provision for/(reversal of) expected credit loss allowance for trade receivables	**8,704**	(20,592)
Trade receivables written off during the year as uncollectible	**(4,980)**	(93,703)
Effect of change in exchange rate	**(281)**	(1)
As at 31 December	**41,658**	38,215

Due to the short-term nature of the current receivables, their carrying amounts are considered to be reasonable approximations of their fair values.

14. *TRADE RECEIVABLES (CONTINUED)*

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The loss allowance increased by RMB3,443,000 to RMB41,658,000 for trade receivables during the current reporting period (2023: decreased by RMB114,296,000 to RMB38,215,000). Note 3.1(b) provides for details about the calculation of the allowance.

Information about the expected credit loss allowance for trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 3.1.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, default or delinquency in payments, and the failure of a debtor to engage in a repayment plan with the Group.

15. *OTHER RECEIVABLES*

	2024 **RMB'000**	2023 RMB'000
Rental deposits	**339,681**	361,429
Staff advances and other payments for employees	**817**	785
Others	**75,473**	57,879
Less: expected credit loss allowance for other receivables	**(4,020)**	(7,523)
	411,951	412,570
Less: non-current portion	**(166,519)**	(234,876)
Current portion	**245,432**	177,694

The movement in the loss allowance for other receivables during the year is as follows:

	2024 **RMB'000**	2023 RMB'000
As at 1 January	**7,523**	6,689
(Reversal of)/provision for expected credit loss allowance for other receivables	**(3,430)**	954
Other receivables written off during the year as uncollectible and exchange rate impact	**(73)**	(120)
As at 31 December	**4,020**	7,523

Other receivables are mainly denominated in RMB. Other receivables are measured at amortised cost. Non-current portion mainly comprises refundable rental deposits. For the current portion of other receivables, the carrying amounts are considered to be reasonable approximations of their fair values, due to their short-term nature.

The Group does not hold any collateral as security. Note 3.1 sets out information about the impairment of financial assets and the Group's exposure to credit risk and foreign currency risk.

16. CASH AND BANK BALANCES

(a) Cash and cash equivalents

	2024 RMB'000	2023 RMB'000
Cash at banks and on hand	**7,198,591**	5,348,970
Term bank deposits with initial term within three months	**300,005**	94,913
	7,498,596	5,443,883

An analysis of cash and cash equivalents by denomination currency is as follows:

	2024 RMB'000	2023 RMB'000
Denominated in RMB	**3,890,430**	4,774,075
Denominated in HK$	**3,383,778**	543,672
Denominated in GBP	**100,146**	95,329
Denominated in US$	**118,901**	24,964
Denominated in EUR	**1,870**	1,953
Denominated in other currencies	**3,471**	3,890
	7,498,596	5,443,883

(b) Restricted bank deposits

	2024 RMB'000	2023 RMB'000
Restricted bank deposits	**23,261**	806

Restricted bank deposits are restricted for certain lease arrangements and other operating purposes.

An analysis of restricted bank deposits by denomination currency is as follows:

	2024 RMB'000	2023 RMB'000
Denominated in RMB	**23,261**	–
Denominated in HK$	**–**	806
	23,261	806

16. CASH AND BANK BALANCES *(CONTINUED)*

(c) Term bank deposits – current portion

	2024 RMB'000	2023 RMB'000
Term bank deposits due within one year with initial term over three months – denominated in RMB	**8,264,361**	3,493,687

As at 31 December 2024, the balance includes the accrued interests for term bank deposits – current portion amounting to RMB664,361,000 (as at 31 December 2023: RMB293,687,000). The effective interest rate of the term bank deposits – current portion of the Group ranges from 3.20% to 3.50% per annum for the year ended 31 December 2024 (2023: from 3.50% to 3.80%).

(d) Term bank deposits

	2024 RMB'000	2023 RMB'000
Term bank deposits – denominated in RMB	**2,377,970**	9,037,142

As at 31 December 2024, the balance includes the accrued interests for term bank deposits amounting to RMB77,970,000 (as at 31 December 2023: RMB437,142,000). The effective interest rate of the term bank deposits of the Group ranges from 2.40% to 3.10% per annum for the year ended 31 December 2024 (2023: from 3.10% to 3.50%).

At present, Renminbi is not a freely convertible currency in the international market. The conversion of Renminbi into foreign currencies and remittance of Renminbi out of the PRC is subject to the rules and regulations of exchange control promulgated by the PRC government.

Cash and cash equivalents, restricted bank deposits, term bank deposits are neither past due nor impaired and are deposits with banks which are mainly prominent nationwide state-owned banks or other banks and financial institutions with good reputation in the PRC. The maximum exposure to credit risk at the reporting date is the carrying amounts of the Group's cash and cash equivalents, restricted bank deposits and term bank deposits mentioned above.

17. ORDINARY SHARES, SHARE PREMIUM AND TREASURY SHARES

Issued and fully paid

	Number of share of HK$0.10 each (Thousands)	Number of treasury shares (Thousands)	Ordinary shares RMB'000	Share premium RMB'000	Subtotal RMB'000	Treasury shares RMB'000	Total RMB'000
As at 1 January 2023	2,633,920	(6,933)	240,320	11,580,718	11,821,038	(180,839)	11,640,199
Net proceeds from share issuance pursuant to share option scheme *(Note a)*	2,210	–	198	7,218	7,416	–	7,416
Shares converted from convertible securities *(Note 18)*	15	–	1	33	34	–	34
Exercise of share options and vesting of shares under Restricted Share Award Scheme	–	1,813	–	56,360	56,360	49,187	105,547
Purchase of own shares *(Note b)*	–	(57,222)	–	–	–	(1,158,746)	(1,158,746)
Cancellation of repurchased shares *(Note c)*	(10,730)	10,730	(973)	(251,498)	(252,471)	252,471	–
Dividend paid *(Note 30)*	–	–	–	(1,220,193)	(1,220,193)	–	(1,220,193)
As at 31 December 2023	2,625,415	(51,612)	239,546	10,172,638	10,412,184	(1,037,927)	9,374,257

	Number of share of HK$0.10 each (Thousands)	**Number of treasury shares (Thousands)**	**Ordinary shares RMB'000**	**Share premium RMB'000**	**Subtotal RMB'000**	**Treasury shares RMB'000**	**Total RMB'000**
As at 1 January 2024	**2,625,415**	**(51,612)**	**239,546**	**10,172,638**	**10,412,184**	**(1,037,927)**	**9,374,257**
Net proceeds from share issuance pursuant to share option scheme *(Note a)*	**317**	**–**	**30**	**3,887**	**3,917**	**–**	**3,917**
Shares converted from convertible securities *(Note 18)*	**3**	**–**	**–**	**7**	**7**	**–**	**7**
Exercise of share options and vesting of shares under Restricted Share Award Scheme	**–**	**1,326**	**–**	**10,404**	**10,404**	**41,326**	**51,730**
Cancellation of repurchased shares *(Note c)*	**(40,938)**	**40,938**	**(3,723)**	**(701,982)**	**(705,705)**	**705,705**	**–**
Dividend paid *(Note 30)*	**–**	**–**	**–**	**(473,560)**	**(473,560)**	**–**	**(473,560)**
As at 31 December 2024	**2,584,797**	**(9,348)**	**235,853**	**9,011,394**	**9,247,247**	**(290,896)**	**8,956,351**

Notes:

(a) During the year ended 31 December 2024, the Company issued 317,400 shares to one employee of the Group (2023: issued 2,210,000 shares to one director and one employee of the Group) at weighted-average issue price of HK$13.36 (2023: HK$3.75) per share pursuant to the Company's 2014 Share Option Scheme (see Note 32).

(b) During the year ended 31 December 2023, the Company acquired 57,222,000 ordinary shares of the Company through purchases on the open market. The total amount paid to acquire the shares during the year was RMB1,158,746,000. The Company did not acquire any of its ordinary shares during the year ended 31 December 2024.

(c) In December 2023, the Company cancelled 10,730,000 repurchased shares. As a result, the Company recognised a debit to ordinary shares of HK$1,073,000 (equivalent to approximately RMB973,000), a debit to share premium of HK$274,025,000 (equivalent to approximately RMB251,498,000) and a credit to treasury shares of HK$275,098,000 (equivalent to approximately RMB252,471,000) respectively.

In January 2024, the Company cancelled 40,937,500 repurchased shares. As a result, the Company recognised a debit to ordinary shares of HK$4,094,000 (equivalent to approximately RMB3,723,000), a debit to share premium of HK$774,658,000 (equivalent to approximately RMB701,982,000) and a credit to treasury shares of HK$778,752,000 (equivalent to approximately RMB705,705,000) respectively.

18. OTHER RESERVES AND RETAINED EARNINGS

	Capital reserves RMB'000	Statutory reserve funds RMB'000	Share-based compensation reserves RMB'000	Convertible securities (Note a) RMB'000	Currency translation difference RMB'000	Subtotal RMB'000	Retained Earnings RMB'000	Total RMB'000
As at 1 January 2023	610,409	951,521	259,545	2,408	(31,471)	1,792,412	10,896,819	12,689,231
Profit for the year	–	–	–	–	–	–	3,186,910	3,186,910
Value of services provided under share option scheme and Restricted Share Award Scheme	–	–	183,456	–	–	183,456	–	183,456
Exercise of share options and vesting of shares under Restricted Share Award Scheme	–	–	(105,547)	–	–	(105,547)	–	(105,547)
Appropriations to statutory reserves	–	118,222	–	–	–	118,222	(118,222)	–
Shares converted from convertible securities *(Note a)*	–	–	–	(34)	–	(34)	–	(34)
Translation difference of foreign currency financial statements	–	–	–	–	(2,173)	(2,173)	–	(2,173)
Dividend paid	–	–	–	–	–	–	(954,636)	(954,636)
Tax impact of employee share-based compensation scheme	35,177	–	–	–	–	35,177	–	35,177
As at 31 December 2023	645,586	1,069,743	337,454	2,374	(33,644)	2,021,513	13,010,871	15,032,384
As at 1 January 2024	**645,586**	**1,069,743**	**337,454**	**2,374**	**(33,644)**	**2,021,513**	**13,010,871**	**15,032,384**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**3,012,918**	**3,012,918**
Value of services provided under share option scheme and Restricted Share Award Scheme	**–**	**–**	**77,700**	**–**	**–**	**77,700**	**–**	**77,700**
Exercise of share options and vesting of shares under Restricted Share Award Scheme	**–**	**–**	**(51,730)**	**–**	**–**	**(51,730)**	**–**	**(51,730)**
Appropriations to statutory reserves	**–**	**157,732**	**–**	**–**	**–**	**157,732**	**(157,732)**	**–**
Shares converted from convertible securities *(Note a)*	**–**	**–**	**–**	**(7)**	**–**	**(7)**	**–**	**(7)**
Translation difference of foreign currency financial statements	**–**	**–**	**–**	**–**	**52,205**	**52,205**	**–**	**52,205**
Dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**(970,385)**	**(970,385)**
Tax impact of employee share-based compensation scheme	**(5,747)**	**–**	**–**	**–**	**–**	**(5,747)**	**–**	**(5,747)**
As at 31 December 2024	**639,839**	**1,227,475**	**363,424**	**2,367**	**18,561**	**2,251,666**	**14,895,672**	**17,147,338**

18. OTHER RESERVES AND RETAINED EARNINGS *(CONTINUED)*

Note:

(a) The amounts represent the effects of convertible securities issued by the Company. In April 2013 and January 2015, the Company issued 527,953,814 convertible securities (the "2013 CS) and issued 146,881,496 convertible securities (the "2015 CS") respectively. Both 2013 CS and 2015 CS (collectively referred to as "CS") are non-interest bearing and convertible at any time after issuance with an initial conversion price of HK$3.5 and HK$2.6 per ordinary share of the Company (subject to standard anti-dilution adjustments), respectively. The CS cannot be redeemed unless the Company exercises the pre-emption right (but shall not obliged) to redeem. The CS do not meet the definition of financial liabilities under International Accounting Standards 32 "Financial Instruments: Presentation", and are classified as equity upon initial recognition.

During the year ended 31 December 2024, CS with carrying value of HK$9,000 (equivalent to approximately RMB7,000) were converted into 3,298 ordinary shares of the Company (Note 17). As at 31 December 2024, CS with carrying value of HK$3,025,000 (equivalent to approximately RMB2,367,000) were outstanding, which could be converted into 1,067,033 ordinary shares of the Company upon conversion.

19. 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 to be reasonable approximations of their fair values, due to their short-term nature.

Ageing analysis of trade payables based on invoice date at the respective balance sheet date is as follows:

	2024 **RMB'000**	2023 RMB'000
0-30 days	**1,256,889**	1,507,160
31-60 days	**324,869**	274,316
61-90 days	**23,734**	4,661
91-180 days	**19,364**	930
181-365 days	**28**	1,759
Over 365 days	**248**	970
	1,625,132	1,789,796

20. OTHER PAYABLES AND ACCRUALS

	2024 **RMB'000**	2023 RMB'000
Accrued sales and marketing expenses	**1,022,829**	919,414
Refunds liabilities *(Note a)*	**1,062,103**	808,980
Payable for property, plant and equipment	**602,515**	457,563
Wages and welfare payables	**562,322**	417,933
Sales rebates	**486,700**	299,146
Other tax payables	**90,363**	127,023
Others	**222,590**	225,651
	4,049,422	3,255,710

20. OTHER PAYABLES AND ACCRUALS *(CONTINUED)*

Note:

(a) The Group recognises a refund liability for the amount of consideration received for which it does not expect to be entitled (31 December 2024: RMB1,062,103,000; 31 December 2023 RMB808,980,000). The Group also recognises a right to the goods expected to be returned measured by reference to the former carrying amount of the goods (31 December 2024: RMB538,607,000; 31 December 2023: RMB414,246,000; see Note 13). The costs to recover the products are not material because the customers usually need to return the product in a saleable condition.

(b) Other payables and accruals are mainly denominated in RMB.

(c) The carrying amounts of other payables and accruals are considered to be reasonable approximations of their fair values, due to their short-term nature.

21. LICENSE FEES PAYABLE

The Group entered into several license agreements with entities to obtain exclusive product development and marketing rights. Pursuant to the agreements, consideration shall be paid by the Group in tranches during the lives of the licenses.

Movement in license fees payable during the year is analysed as follows:

	RMB'000
As at 1 January 2023	66,071
Additions	117,515
Payment of license fees	(138,572)
Amortisation of discount *(Note 27)*	1,993
Adjustment for exchange difference	58
As at 31 December 2023	47,065
As at 1 January 2024	**47,065**
Additions	**93,974**
Payment of license fees	**(85,062)**
Amortisation of discount *(Note 27)*	**1,362**
Adjustment for exchange difference	**78**
As at 31 December 2024	**57,417**

	2024 **RMB'000**	2023 RMB'000
Analysis of license fees payable:		
Non-current		
– the second to fifth year	**16,500**	8,581
Current	**40,917**	38,484
	57,417	47,065

The license fees payable are mainly denominated in RMB and US$.

21. LICENSE FEES PAYABLE *(CONTINUED)*

The maturity profile of the Group's license fees based on contractual undiscounted cash flows is as follows:

	2024 **RMB'000**	2023 RMB'000
Less than 1 year	**41,487**	38,997
Between 1 and 5 years	**16,500**	10,000
	57,987	48,997

22. DEFERRED INCOME TAX

Movements in deferred income tax assets/(liabilities) are analysed as follows:

	Provisions RMB'000	Unrealised profit on intra-group sales RMB'000	Dividend and interest withholding tax RMB'000	Accumulated tax losses RMB'000	Accruals RMB'000	Lease RMB'000	Share options RMB'000	Sales return RMB'000	Fair value adjustments on identifiable assets acquired in business combination RMB'000	Accrued interest on term bank deposits RMB'000	Others RMB'000	Total RMB'000
Deferred income tax assets												
As at 1 January 2023	46,738	165,309	–	67,270	160,751	535,418	47,312	126,879	–	–	32,243	1,181,920
Credited/(charged) to income statement	76,935	(51,750)	–	2,769	58,219	100,072	21,069	(28,196)	–	–	17,260	196,378
As at 31 December 2023	123,673	113,559	–	70,039	218,970	635,490	68,381	98,683	–	–	49,503	1,378,298
As at 1 January 2024	**123,673**	**113,559**	**-**	**70,039**	**218,970**	**635,490**	**68,381**	**98,683**	**-**	**-**	**49,503**	**1,378,298**
Credited/(charged) to income statement	**47,742**	**16,309**	**-**	**(2,182)**	**42,952**	**(151,456)**	**7,846**	**32,191**	**-**	**-**	**34,108**	**27,510**
As at 31 December 2024	**171,415**	**129,868**	**-**	**67,857**	**261,922**	**484,034**	**76,227**	**130,874**	**-**	**-**	**83,611**	**1,405,808**
Deferred income tax liabilities												
As at 1 January 2023	–	–	(90,905)	–	–	(488,518)	–	–	(330,645)	(81,513)	(15,668)	(1,007,249)
(Charged)/credited to income statement	–	–	(146,383)	–	–	(88,820)	–	–	11,052	26,568	263	(197,320)
As at 31 December 2023	–	–	(237,288)	–	–	(577,338)	–	–	(319,593)	(54,945)	(15,405)	(1,204,569)
As at 1 January 2024	**-**	**-**	**(237,288)**	**-**	**-**	**(577,338)**	**-**	**-**	**(319,593)**	**(54,945)**	**(15,405)**	**(1,204,569)**
Credited/(charged) to income statement	**-**	**-**	**9,683**	**-**	**-**	**120,954**	**-**	**-**	**59,015**	**(21,887)**	**11,667**	**179,432**
As at 31 December 2024	**-**	**-**	**(227,605)**	**-**	**-**	**(456,384)**	**-**	**-**	**(260,578)**	**(76,832)**	**(3,738)**	**(1,025,137)**

22 DEFERRED INCOME TAX *(CONTINUED)*

(a) Deferred income tax assets

The balance of deferred income tax assets comprises temporary differences attributable to:

	2024 RMB'000	2023 RMB'000
Provisions	**171,415**	123,673
Unrealised profit on intra-group sales	**129,868**	113,559
Accumulated tax losses	**67,857**	70,039
Accruals	**261,922**	218,970
Lease liabilities	**484,034**	635,490
Share options	**76,227**	68,381
Sales return	**130,874**	98,683
Others	**83,611**	49,503
Total deferred income tax assets	**1,405,808**	1,378,298
Set-off of deferred income tax liabilities	**(456,384)**	(577,338)
Net deferred income tax assets	**949,424**	800,960

(b) Deferred income tax liabilities

The balance of deferred income tax liabilities comprises temporary differences attributable to:

	2024 RMB'000	2023 RMB'000
Dividend and interest withholding tax	**(227,605)**	(237,288)
Right-of-use asset	**(456,384)**	(577,338)
Fair value adjustments on identifiable assets acquired in business combination	**(260,578)**	(319,593)
Accrued interest on term bank deposits	**(76,832)**	(54,945)
Others	**(3,738)**	(15,405)
Total deferred income tax liabilities	**(1,025,137)**	(1,204,569)
Set-off of deferred income tax assets	**456,384**	577,338
Net deferred income tax liabilities	**(568,753)**	(627,231)

22 DEFERRED INCOME TAX (CONTINUED)

The amounts expected to be recovered for deferred income tax assets/(liabilities) are as follows:

	2024 RMB'000	2023 RMB'000
Deferred income tax assets		
– to be recovered within 12 months	680,851	617,967
– to be recovered after more than 12 months	268,573	182,993
	949,424	800,960
Deferred income tax liabilities		
– to be recovered within 12 months	(138,707)	(100,995)
– to be recovered after more than 12 months	(430,046)	(526,236)
	(568,753)	(627,231)

Deferred income tax assets are recognised for tax loss carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB75,897,000 (2023: RMB24,234,000) in respect of tax losses of certain subsidiaries amounting to RMB359,586,000 (2023: RMB113,034,000) that can be carried forward against future taxable profits and will expire between 2025 and 2029 as Management believes it is more likely than not that such tax losses would not be utilised before they expire.

As at 31 December 2024, the Group did not recognise deferred income tax assets of RMB6,266,000 (2023: RMB3,263,000) in respect of certain deductible temporary differences amounting to RMB25,064,000 (2023: RMB13,051,000), which mainly represented deductible temporary differences in relation to certain expected credit loss allowance of trade receivables.

Deferred income tax liabilities of RMB601,364,000 (2023: RMB507,978,000) have not been recognised for the withholding tax that would be payable on certain portion of the distributable retained profits of the Company's subsidiaries in the PRC earned after 1 January 2008. Such amounts totaling RMB12,027,274,000 (2023: RMB10,159,566,000) are not currently intended to be distributed to the subsidiaries incorporated outside the PRC in the foreseeable future.

23. DEFERRED INCOME

	Government grants RMB'000
As at 1 January 2023	65,591
Addition	30,859
Credited to income statement	(24,864)
As at 31 December 2023	71,586
As at 1 January 2024	**71,586**
Addition	**4,421**
Credited to income statement	**(27,016)**
As at 31 December 2024	**48,991**

24. EXPENSES BY NATURE

	2024 RMB'000	2023 RMB'000
Cost of inventories recognised as expenses and included in cost of sales	**14,099,802**	13,856,610
Depreciation on property, plant and equipment *(Note a)*	**1,095,092**	1,015,519
Amortisation of land use rights and intangible assets	**63,093**	55,447
Depreciation on right-of-use assets	**613,087**	761,748
Impairment of right-of-use assets	**171,942**	208,028
Impairment of property, plant and equipment	**81,807**	115,463
Impairment of goodwill	**23,535**	11,462
Advertising and marketing expenses	**2,721,226**	2,496,218
Commission and trade fair related expenses	**921,686**	811,291
Royalty fees	**81,904**	152,291
Staff costs, including directors' emoluments *(Note a) (Note 26)*	**2,452,157**	2,391,725
Short-term lease rentals and variable lease payments not included in lease liabilities and rental related expenses	**1,263,000**	1,168,605
Research and product development expenses *(Note a)*	**675,955**	618,183
Transportation and logistics expenses	**914,984**	914,562
Auditor's remuneration		
- Audit services	**5,950**	6,680
- Non-audit services	**2,878**	2,675
Management consulting expenses	**157,159**	124,551
Net gains on termination of leases	**(54,386)**	(3,564)

Note:

(a) Research and product development expenses include depreciation on property, plant and equipment and staff costs in Research & Development Department, which are also included in depreciation expense and staff costs as disclosed above.

25. OTHER INCOME AND OTHER GAINS – NET

	2024 RMB'000	2023 RMB'000
Government grants *(Note a)*	**381,078**	417,319
Rental income from investment properties	**97,467**	47,293
License fees income	**64,527**	50,178
Fair value gains on wealth management products measured at FVPL	**35,195**	80,370
Fair value gains on investments measured at FVPL	**23,081**	4,781
Depreciation and related expenses on investment properties	**(113,785)**	(76,274)
Impairment of investment properties *(Note 7(d))*	**(333,372)**	–
	154,191	523,667

Note:

(a) Government grants were received from several local government authorities as a recognition of the Group's contribution towards the local economic development. Among the government grants recognised during the year ended 31 December 2024, the entitlement of an aggregate amount of RMB354,062,000 (2023: RMB392,455,000) was unconditional and at the discretion of the relevant authorities, while the remaining amount of RMB27,016,000 (2023: RMB24,864,000) were credited to profit or loss from deferred income in accordance with the fulfillment of the respective conditions attaching to the government grants.

26. STAFF COSTS

	2024 RMB'000	2023 RMB'000
Wages and salaries	**1,136,514**	986,272
Contributions to retirement benefit plan *(Note b)*	**181,271**	166,153
Share options and restricted shares granted to directors and employees	**77,700**	183,456
Housing benefits	**51,629**	46,857
Outsourcing labour costs	**856,608**	894,158
Other costs and benefits	**148,435**	114,829
	2,452,157	2,391,725

26. *STAFF COSTS (CONTINUED)*

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included two (2023: two) directors for the year ended 31 December 2024, and their emoluments are reflected in the analysis shown in Note 36. The aggregate amounts of emoluments paid and payable to the remaining three (2023: three) individuals whose emoluments were the highest in the Group for the years are as follows:

	2024 RMB'000	2023 RMB'000
Salaries	**14,436**	14,850
Discretionary bonus	**14,056**	9,707
Other benefits	**12,114**	48,793
Contributions to retirement benefit scheme	**442**	429
	41,048	73,779

Other benefits include housing and other allowances, benefits in kind, insurance premium and fair value of share options and awarded shares charged to the consolidated income statement during the year.

The emoluments fell within the following bands:

	Number of individuals	
	2024	2023
Emoluments bands		
HK$12,000,001 to HK$12,500,000	**1**	–
HK$13,500,001 to HK$14,000,000	**1**	–
HK$18,500,001 to HK$19,000,000	**1**	–
HK$25,000,001 to HK$25,500,000	**–**	2
HK$31,500,001 to HK$32,000,000	**–**	1
	3	3

During the year, no emoluments have been paid to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation paid for loss of office in connection with the management of the affairs of any member of the Group.

26. STAFF COSTS *(CONTINUED)*

(b) Pensions – defined contribution plans

The employees of the Group in the PRC participate in certain defined contribution pension plans organised by the relevant municipal and provincial governments under which the Group is required to make monthly defined contributions to these plans at rates ranging from 5% to 16% of the employees' basic salary dependent upon the applicable local regulations. During the year ended 31 December 2024, no forfeited contributions were utilised by the Group to reduce its existing level of contributions for the current year (2023: Nil).

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed in Hong Kong. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the Group and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. There is similar pension scheme in South Korea to which the Group also makes contributions. The abolition of offsetting arrangement for long-term service payment scheme in Hong Kong has no material impact to the Group.

27. FINANCE INCOME AND EXPENSES

	2024 **RMB'000**	2023 RMB'000
Interest income on bank balances and deposits	**429,525**	476,739
Net foreign currency exchange gain	**–**	23,817
Finance income	**429,525**	500,556
Amortisation of discount – license fees payable *(Note 21)*	**(1,362)**	(1,993)
Amortisation of discount – lease liabilities *(Note 6(B))*	**(126,994)**	(144,488)
Net foreign currency exchange loss	**(73,893)**	–
Borrowing interests	**(28,176)**	(16,006)
Others	**(23,996)**	(18,959)
Finance expenses	**(254,421)**	(181,446)
Finance income – net	**175,104**	319,110

28. INCOME TAX EXPENSE

	2024 RMB'000	2023 RMB'000
Current income tax		
– Corporate income tax *(Note b)*	**1,181,428**	1,020,748
– Withholding income tax on dividends and interests from subsidiaries in Mainland China *(Note c)*	**122,205**	47,517
	1,303,633	1,068,265
Deferred income tax	**(206,942)**	942
Income tax expense	**1,096,691**	1,069,207

Notes:

(a) The Company was incorporated in the Cayman Islands. Under current laws of the Cayman Islands, there are no income, estate, corporation, capital gains or other taxes payable by the Company. The Company's subsidiary, RealSports Pte Ltd., was established under the International Business Companies Acts of the British Virgin Islands, and is exempted from British Virgin Islands income taxes.

(b) For the year ended 31 December 2024, provision for the corporate income tax of Mainland China is calculated based on the statutory tax rate of 25% (2023: 25%) on the taxable profits of each of the group companies, except for one of the Group's subsidiaries incorporated in Guangxi Zhuang Autonomous Region which is subject to preferential tax rate of 9% (2023: 9%). Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the year ended 31 December 2024 (2023: 16.5%).

(c) This mainly arose from the dividends and interests due by the Company's subsidiaries in Mainland China to other group companies in Hong Kong during the years ended 31 December 2024 and 2023, which are subject to withholding tax at the rate of 5% (in connection with dividends) and 7% or 10% (in connection with interests) respectively.

(d) The Group is within the scope of the Organisation for Economic Co-operation and Development ("OECD") Pillar Two model rules. Pillar Two legislation was enacted in certain jurisdictions in which some of the Group's overseas subsidiaries are incorporated, and has/will come into effect from 1 January 2024 or 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 provided 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 ("GloBE") effective tax rate for the jurisdiction in which they operate and the 15% minimum rate. Based on management's assessment, 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 2024.

28. INCOME TAX EXPENSE (CONTINUED)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of 25% as follows:

	2024 RMB'000	2023 RMB'000
Profit before income tax	**4,109,609**	4,256,169
Tax calculated at a tax rate of 25% (2023: 25%)	**1,027,402**	1,064,042
Effects of different overseas tax rates	**(3,466)**	(12,168)
Preferential tax rate for a subsidiary	**(77,089)**	(64,811)
Temporary differences and tax losses for which no deferred income tax asset is recognised *(Note 22)*	**82,043**	6,748
Utilisation of previously unrecognised temporary differences and tax losses	**–**	(32,174)
Expenses not deductible for tax purposes	**34,944**	12,200
Share of results of associates and joint ventures reported net of tax	**(64,075)**	(94,493)
Income not subject to tax	**(15,590)**	(4,037)
Withholding tax on inter-group dividends and interests	**112,522**	193,900
Tax charge	**1,096,691**	1,069,207

29. EARNINGS PER SHARE

Basic

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 2016 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.

In April 2013, the Company completed the issuance of the 2013 CS. In January 2015, the Company completed the issuance of Offer Securities which included the issuance of both ordinary shares and the 2015 CS. The below market subscription price of these two events had effectively resulted in 245,000 ordinary shares of the Company (2023: 247,000 ordinary shares of the Company) to be issued upon conversion for nil consideration (i.e. the bonus element), and such impact has been taken into account in calculating the weighted average number of shares for the purpose of basic earnings per share. The shares issued for nil consideration arising from the issuance of the CS have been adjusted retrospectively and treated as outstanding as if the issuance had occurred at the beginning of 2023.

	2024	2023
Profit attributable to equity holders of the Company (RMB'000)	**3,012,918**	3,186,910
Deemed weighted average number of shares and convertible securities after adjustment for related bonus element for basic earnings per share (in thousands)	**2,575,562**	2,586,489
Basic earnings per share (RMB cents)	**116.98**	123.21

29. EARNINGS PER SHARE (CONTINUED)

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares in issue to assume conversion of all dilutive potential shares. The Company's dilutive potential shares comprise shares to be issued under share option schemes and Restricted Share Award Scheme. In relation to shares issued under share option schemes, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the year) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2024 RMB'000	2023 RMB'000
Profit attributable to equity holders of the Company, used to determine diluted earnings per share (RMB'000)	3,012,918	3,186,910
Deemed weighted average number of shares and convertible securities after adjustment for related bonus element for basic earnings per share (in thousands)	2,575,562	2,586,489
Adjustment for the restricted shares (in thousands)	10,012	8,803
Adjustment for the share option schemes (in thousands)	101	2,840
Deemed weighted average number of shares for diluted earnings per shares (in thousands)	2,585,675	2,598,132
Diluted earnings per share (RMB cents)	116.52	122.66

30. DIVIDENDS

(a) Dividends payable to equity holders of the Company attributable to the current financial year

	2024 RMB'000	2023 RMB'000
Interim dividend declared and paid of RMB37.75 cents per ordinary share (2023: RMB36.20 cents per ordinary share), paid out of retained earnings of the Company	**970,385**	954,636
Final dividend recommended after the end the reporting period of RMB20.73 cents per ordinary share (2023: RMB18.54 cents per ordinary share)	**536,074**	473,560
	1,506,459	1,428,196

The proposed final dividend for the year ended 31 December 2024 is not reflected as a dividend payable in the consolidated financial statements, but will be reflected as an appropriation of distributable reserves in the year ending 31 December 2025.

The percentage of total dividend paid/payable in respect of the year ended 31 December 2024 to profit attributable to equity holders is 50% (2023: 45%).

(b) Dividends payable to equity holders of the Company attributable to the previous financial year

	2024 RMB'000	2023 RMB'000
Final dividend in respect of the year ended 31 December 2023, approval and paid during the financial year, of RMB18.54 cents per ordinary share (2022: RMB46.27 cents per ordinary share), paid out of share premium of the Company	**473,560**	1,220,193

31. STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before income tax to cash generated from operations are as follows:

	2024 RMB'000	2023 RMB'000
Profit before income tax	4,109,609	4,256,169
Adjustments for:		
Depreciation on property, plant and equipment	1,095,092	1,015,519
Depreciation on right-of-use assets	613,087	761,748
Depreciation on investment properties	86,295	63,944
Amortisation of land use rights and intangible assets	63,093	55,447
Loss on disposal of property, plant and equipment	22,460	38,268
Loss on disposal of land use rights	–	361
Net gains on termination of leases	(54,386)	(3,564)
Gain on disposal of intangible assets	–	(714)
Impairment of right-of-use assets	171,942	208,028
Impairment of property, plant and equipment	81,807	115,463
Impairment of investment properties	333,372	–
Impairment of goodwill	23,535	11,462
Provision for/(reversal of) expected credit loss allowance of trade receivables and other receivables	5,274	(19,638)
Provision for write-down of inventories to net realisable value	32,090	14,196
Share options and restricted shares granted to directors and employees	77,700	183,456
Finance income – net	(199,091)	(338,073)
Fair value gains on wealth management products measured at FVPL	(35,195)	(80,370)
Fair value adjustment to investments measured at FVPL	(23,081)	(4,781)
Amortisation of deferred income	(27,016)	(24,864)
Share of profit of investments accounted for using the equity method	(256,299)	(377,972)
Operating profit before working capital changes	6,120,288	5,874,085
Increase in inventories	(137,110)	(79,362)
Decrease/(increase) in trade receivables	192,237	(164,594)
Decrease/(increase) in other receivables	619	(55,968)
Increase in other assets	(55,600)	(16,975)
(Decrease)/increase in trade payables	(164,664)	205,372
Increase/(decrease) in other payables and accruals	792,956	(220,131)
(Decrease)/increase in contract liabilities	(184,019)	300,447
(Increase)/decrease in restricted bank deposits	(22,455)	164
Cash generated from operations	6,542,252	5,843,038

31. STATEMENT OF CASH FLOWS (CONTINUED)

(b) The principal non-cash transaction included:

(i) The purchase of property, plant and equipment amounting to RMB602,515,000 and RMB457,563,000 have not been settled as at 31 December 2024 and 2023, respectively.

(ii) Refer to Note 1 for the payments of consideration for the Acquisition which included the deposit paid in December 2023 and the remaining amount of the consideration paid in January 2024.

(iii) Refer to Note 6(B) for the addition of right-of-use assets and respective lease liabilities during the years ended 31 December 2024 and 2023.

(c) In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2024 RMB'000	2023 RMB'000
Net book amount	32,600	41,332
Loss on disposal of property, plant and equipment	(22,460)	(38,268)
Proceeds from disposal of property, plant and equipment	**10,140**	3,064

(d) Net cash reconciliation:

	2024 RMB'000	2023 RMB'000
Cash and cash equivalents	7,498,596	5,443,883
Lease liabilities – due within 1 year	(551,610)	(716,665)
Lease liabilities – due after 1 year	(1,384,527)	(1,825,288)
Net cash	**5,562,459**	2,901,930

31. STATEMENT OF CASH FLOWS *(CONTINUED)*

(d) Net cash reconciliation: *(Continued)*

	Cash and cash equivalents RMB'000	Lease liabilities RMB'000	Borrowings RMB'000	Net cash RMB'000
Net cash as at 1 January 2023	7,382,218	(2,141,667)	–	5,240,551
Cash flows	(1,978,120)	872,236	16,006	(1,089,878)
New leases	–	(1,233,783)	–	(1,233,783)
Interest expenses	–	(144,488)	(16,006)	(160,494)
Foreign exchange adjustments	39,785	–	–	39,785
Other non-cash movement	–	105,749	–	105,749
Net cash as at 31 December 2023	5,443,883	(2,541,953)	–	2,901,930
Net cash as at 1 January 2024	**5,443,883**	**(2,541,953)**	**–**	**2,901,930**
Cash flows	**2,104,040**	**856,075**	**28,176**	**2,988,291**
New leases	**–**	**(363,810)**	**–**	**(363,810)**
Interest expenses	**–**	**(126,994)**	**(28,176)**	**(155,170)**
Foreign exchange adjustments	**(49,327)**	**–**	**–**	**(49,327)**
Other non-cash movement	**–**	**240,545**	**–**	**240,545**
Net cash as at 31 December 2024	**7,498,596**	**(1,936,137)**	**–**	**5,562,459**

32. SHARE-BASED COMPENSATION

(a) 2014 Share Option Scheme

Pursuant to a shareholders' resolution passed on 30 May 2014, the Company approved (i) the adoption of a new share option scheme (the "2014 Share Option Scheme"), and (ii) the termination of the previous share option scheme adopted by the Company on 5 June 2004 (the "2004 Share Option Scheme"). The 2014 Share Option Scheme was valid and effective for a period of 10 years commencing on 30 May 2014, and had expired on 30 May 2024.

The Board proposed the adoption of the 2014 Share Option Scheme with the purposes, similar to the 2004 Share Option Scheme, to provide such incentives to participants to contribute to the Group and to enable the Group to recruit high-calibre employees and attract human resources that are valuable to the Group.

Movements in the number of share options outstanding during the year under this scheme and their weighted average exercise prices are as follows:

	2024		2023	
	Weighted average exercise price (per share) HK$	**Outstanding options (Thousands)**	Weighted average exercise price (per share) HK$	Outstanding options (Thousands)
As at 1 January	**20.980**	**3,407**	14.200	5,617
Exercised	**13.360**	**(317)**	3.746	(2,210)
As at 31 December	**21.763**	**3,090**	20.980	3,407
Exercisable as at 31 December	**21.763**	**3,090**	20.388	2,461

Share options outstanding under this scheme as at 31 December 2024 and 31 December 2023 have the following expiry dates and exercise prices:

	2024		2023	
Expiry date	**Exercise price (per share) HK$**	**Share options (Thousands)**	Exercise price (per share) HK$	Share options (Thousands)
31 December 2024	**13.360**	**–**	13.360	316
16 May 2029	**13.160**	**250**	13.160	250
31 December 2027	**22.520**	**2,840**	22.520	2,841
Total		**3,090**		3,407
Weighted average remaining contractual life of options outstanding at end of period		**3.11 years**		3.83 years

The fair value of the 2014 Share Option Scheme is charged to the consolidated income statement over the vesting period of the option. The amount charged to the consolidated income statement during the year ended 31 December 2024 was RMB1,084,000 (2023: RMB2,553,000).

32. SHARE-BASED COMPENSATION (CONTINUED)

(b) 2024 Share Option Scheme

In view of the expiration of the 2014 Share Option Scheme on 30 May 2024, the Board of Directors proposed to recommend to the shareholders of the Company (the "Shareholders") at the extraordinary general meeting of the Company to adopt a new share option scheme (the "2024 Share Option Scheme") so as to continue to provide incentives to the Group's eligible participants. At the extraordinary general meeting of the Company held on 13 June 2024, the Shareholders approved the adoption of 2024 Share Option Scheme, which will be valid and effective for a period of 10 years commencing on its adoption date.

During the year ended 31 December 2024, no share options were granted under the 2024 Share Option Scheme.

(c) 2016 Restricted Share Award Scheme

In consideration of the expiration of the previous Restricted Share Award Scheme adopted by the Company on 14 July 2006 (the "2006 Restricted Share Award Scheme") on 14 July 2016, the Company approved the adoption of a new Restricted Share Award Scheme (the "2016 Restricted Share Award Scheme") on 2 June 2016. The 2016 Restricted Share Award Scheme will be valid and effective for a period of 10 years commencing on 14 July 2016.

The Board proposed the adoption of the 2016 Restricted Share Award Scheme with the purposes, similar to the 2006 Restricted Share Award Scheme, to attract new talents, motivate existing talents and retain both in the Company which include directors, employees, officers, agents or consultants of the Company or any of its subsidiaries.

The maximum number of Restricted Shares under 2016 Restricted Share Award Scheme shall not exceed 5% of the Company's share capital in issue from time to time. For each selected participant, the maximum number of Restricted Shares under 2016 Restricted Share Award Scheme granted in aggregate shall not exceed 18,855,000 shares, being 1% of the Company's issued share capital as at the adoption date of 14 July 2016.

The fair value of 2016 Restricted Share Award Scheme was based on the market value of the Company's shares at the grant date.

Movements in the number of 2016 Restricted Share Award Scheme granted and related fair value are as follows:

	2024		2023	
	Weighted average fair value (per share) HK$	**Number of Restricted Shares granted (Thousands)**	Weighted average fair value (per share) HK$	Number of Restricted Shares granted (Thousands)
As at 1 January	**66.193**	**9,578**	70.109	10,373
Granted	**15.793**	**2,813**	46.114	1,856
Vested	**43.261**	**(1,326)**	64.368	(1,813)
Lapsed	**71.207**	**(1,276)**	74.130	(838)
As at 31 December	**54.164**	**9,789**	66.193	9,578

The fair value of the 2016 Restricted Share Award Scheme is charged to the consolidated income statement over the vesting period of the awarded shares. The amount charged to the consolidated income statement was RMB76,616,000 during the year ended 31 December 2024 (2023: RMB180,903,000).

32. SHARE-BASED COMPENSATION (CONTINUED)

(d) 2024 Share Award Scheme

In connection with the proposal for the adoption of the 2024 Share Option Scheme (see Note 32(b)), the Board of Directors also proposed to recommend to the Shareholders at the extraordinary general meeting of the Company to adopt a new share award scheme (the "2024 Share Award Scheme") in order to provide an alternative channel for the Company to provide competitive and attractive remuneration package to incentivize eligible participants of the Group for their contribution to the Group. At the extraordinary general meeting of the Company held on 13 June 2024, the Shareholders approved the adoption of 2024 Share Award Scheme, which will be valid and effective for a period of 10 years commencing on its adoption date.

The total number of shares which may be issued in respect of all share options and awards under the 2024 Share Option Scheme and the 2024 Share Award Scheme would be no more than 129,224,025 shares, representing no more than approximately 5% of the total number of shares of the Company in issue as at the date of the adoption of the 2024 Share Option Scheme and the 2024 Share Award Scheme. Further, the total number of shares which are subject to grants made in any financial year of all share options and awards under the 2024 Share Option Scheme and the 2024 Share Award Scheme would not be more than 12,922,402 shares, representing no more than approximately 0.5% of the total number of shares of the Company in issue as at the date of the adoption of the 2024 Share Option Scheme and the 2024 Share Award Scheme.

During the year ended 31 December 2024, no shares were awarded under the 2024 Share Award Scheme.

33. COMMITMENTS

(a) Capital commitments in relation to investment in a limited partnership

Pursuant to the subscription agreement (including the deeds of amendment) entered into by the Group and the general partner of a limited partnership (the "Limited Partnership"), the Group had capital commitments of US$15.9 million (2023: US$16.5 million) in relation to the investment in the Limited Partnership as at 31 December 2024.

(b) Capital commitments in relation to acquisition of property, plant and equipment

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2024 **RMB'000**	2023 RMB'000
Property, plant and equipment	**617,871**	840,617

34. RELATED-PARTY TRANSACTIONS

Related party is a party that is related to the Group if directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group (including the Company or its wholly or non-wholly owned subsidiaries); or the party has an interest in the Group that gives it significant influence over the Group; or the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual who is a member of the key management personnel of the Group.

Besides as disclosed elsewhere in these consolidated financial statements, the Group has following related-party transactions during the year:

(a) Sales of goods to:

	2024 RMB'000	2023 RMB'000
Subsidiaries of Viva Goods Company Limited ("Viva Goods", formerly known as Viva China Holdings Limited; a substantial shareholder of the Company) (Note i)	**8,046**	8,771
Subsidiary of Li-Ning Aigle Ventures	**112**	149
Others	**–**	1
	8,158	8,921

(b) Provision of services to:

	2024 RMB'000	2023 RMB'000
Subsidiaries of Viva Goods *(Note i)*	**9,427**	7,648
Subsidiary of Li-Ning Aigle Ventures	**649**	674
Guangxi Ning Tai (a joint venture of the Group)	**656**	248
Guangxi Ning Zhan (a joint venture of the Group)	**124**	198
	10,856	8,768

(c) Purchases of goods from:

	2024 RMB'000	2023 RMB'000
Hubei Dong Neng (an associate of the Group)	**567,270**	566,437
Subsidiaries of Viva Goods *(Note i)*	**261,634**	228,290
Guangxi Ning Tai (a joint venture of the Group)	**209,414**	235,474
Guangxi Ning Zhan (a joint venture of the Group)	**106,942**	77,620
Subsidiary of Li-Ning Aigle Ventures	**336**	511
Double Happiness (an associate of the Group)	**24**	13
	1,145,620	1,108,345

34. *RELATED-PARTY TRANSACTIONS (CONTINUED)*

(d) Purchases of services from:

	2024 RMB'000	2023 RMB'000
Subsidiaries of Viva Goods *(Note i)*	**251,118**	236,432
Danskin China (an associate of the Group)	**9,000**	8,000
Double Happiness (an associate of the Group)	**710**	7,488
	260,828	251,920

In the opinion of the directors, these transactions were entered into at terms as agreed with the related parties in the ordinary course of business.

(e) Key management compensation (Note ii)

Key management include directors (executive and non-executive) and senior management. The compensation paid or payable to key management for employee services is shown below:

	2024 RMB'000	2023 RMB'000
Salaries and other benefits	**123,232**	103,543
Contribution to retirement benefit scheme	**2,768**	2,707
Employee share schemes for value of services provided	**60,531**	132,573
	186,531	238,823

Notes:

(i) During the year ended 31 December 2024, the above transactions with subsidiaries of Viva Goods constituted connected transactions under the Listing Rules.

(ii) The key management compensation disclosed above include RMB52,937,000 (31 December 2023: RMB45,288,000) of wages and welfare payables which were unpaid as at year end and are included in other payables and accruals.

34. *RELATED-PARTY TRANSACTIONS (CONTINUED)*

(f) Year-end balances

	2024 RMB'000	2023 RMB'000
Receivables from related parties:		
Subsidiaries of Viva Goods	**915**	1,525
Others	**478**	–
	1,393	1,525
Payables to related parties:		
Hubei Dong Neng (an associate of the Group)	**57,370**	63,961
Guangxi Ning Zhan (a joint venture of the Group)	**30,054**	26,466
Subsidiaries of Viva Goods	**10,934**	32,872
Guangxi Ning Tai (a joint venture of the Group)	**3,529**	34,831
Double Happiness (an associate of the Group)	**–**	259
Subsidiary of Li Ning Aigle Ventures	**–**	3
	101,887	158,392

The receivables from related parties arise mainly from sale transactions and are generally due three months after the date of sales. The receivables are unsecured in nature and bear no interest.

The payables to related parties arise mainly from purchase transactions and on average are generally due two months after the date of purchase. The payables bear no interest.

35. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**20**	34
Right-of-use assets		**–**	1,454
Investment in subsidiaries		**3,719,587**	3,455,323
Long-term receivables		**2,392**	3,686,175
Deferred income tax assets		**–**	21
Total non-current assets		**3,721,999**	7,143,007
Current assets			
Other receivables		**32**	8
Dividends receivable		**3,577,358**	2,024,900
Restricted bank deposits		**–**	806
Cash and cash equivalents		**3,284,926**	1,006,074
Total current assets		**6,862,316**	3,031,788
Total assets		**10,584,315**	10,174,795
EQUITY			
Ordinary shares		**235,853**	239,546
Share premium		**9,011,394**	10,172,638
Treasury shares	(a)	**–**	(705,705)
Other reserves	(a)	**449,178**	423,215
Retained earnings	(a)	**871,734**	7,978
Total equity		**10,568,159**	10,137,672

35. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(CONTINUED)*

		As at 31 December	
	Note	**2024**	2023
		RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		**–**	148
Deferred income tax liabilities		**–**	9,683
Total non-current liabilities		**–**	9,831
Current liabilities			
Other payables and accruals		**16,156**	25,858
Lease liabilities – current portion		**–**	1,434
Total current liabilities		**16,156**	27,292
Total liabilities		**16,156**	37,123
Total equity and liabilities		**10,584,315**	10,174,795

The balance sheet of the Company was approved by the Board of Directors on 27 March 2025 and was signed on its behalf.

Li Ning
Executive Chairman & Joint Chief Executive Officer

Kosaka Takeshi
Joint Chief Executive Officer

35. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(a) Reserve movement of the Company

	Treasury shares RMB'000	Retained earnings RMB'000	Capital reserves RMB'000	Share-based compensation reserves RMB'000	Convertible securities reserves RMB'000	Total RMB'000
As at 1 January 2023	–	714,684	83,387	259,545	2,408	1,060,024
Profit for the year	–	247,930	–	–	–	247,930
Value of services provided under share option scheme and Restricted Share Award Scheme	–	–	–	183,456	–	183,456
Exercise of share options and vesting of shares under Restricted Share Award Scheme	–	–	–	(105,547)	–	(105,547)
Purchase of own shares	(958,176)	–	–	–	–	(958,176)
Cancellation of repurchased shares	252,471	–	–	–	–	252,471
Shares converted from convertible securities	–	–	–	–	(34)	(34)
Dividend paid	–	(954,636)	–	–	–	(954,636)
As at 31 December 2023	(705,705)	7,978	83,387	337,454	2,374	(274,512)
As at 1 January 2024	**(705,705)**	**7,978**	**83,387**	**337,454**	**2,374**	**(274,512)**
Profit for the year	**–**	**1,834,141**	**–**	**–**	**–**	**1,834,141**
Value of services provided under share option scheme and Restricted Share Award Scheme	**–**	**–**	**–**	**77,700**	**–**	**77,700**
Exercise of share options and vesting of shares under Restricted Share Award Scheme	**–**	**–**	**–**	**(51,730)**	**–**	**(51,730)**
Cancellation of repurchased shares	**705,705**	**–**	**–**	**–**	**–**	**705,705**
Shares converted from convertible securities	**–**	**–**	**–**	**–**	**(7)**	**(7)**
Dividend paid	**–**	**(970,385)**	**–**	**–**	**–**	**(970,385)**
As at 31 December 2024	**–**	**871,734**	**83,387**	**363,424**	**2,367**	**1,320,912**

36. BENEFITS AND INTERESTS OF DIRECTORS

The remuneration of each director for the year ended 31 December 2024 is set out below:

Name of Director	Fees RMB'000	Salary RMB'000	Discretionary bonus RMB'000	Allowance (including housing and other allowances) and benefits in kind (Note (i)) RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Total RMB'000
Mr. Li Ning	–	15,000	20,000	20,948	1,606	57,554
Mr. Kosaka Takeshi	–	16,872	17,991	11,045	132	46,040
Ms. Wang Ya Fei	270	–	–	269	–	539
Mr. Koo Fook Sun, Louis	270	–	–	269	–	539
Mr. Chan Chung Bun, Bunny	250	–	–	269	–	519
Mr. Li Qilin	1,200	1,000	1,707	2,790	15	6,712
Ms. Wang Ya Juan	250	–	–	–	–	250

The remuneration of each director for the year ended 31 December 2023 is set out below:

Name of Director	Fees RMB'000	Salary RMB'000	Discretionary bonus RMB'000	Allowance (including housing and other allowances) and benefits in kind (Note (i)) RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Total RMB'000
Mr. Li Ning	–	15,000	17,044	28,576	1,693	62,313
Mr. Kosaka Takeshi	–	15,367	15,034	25,816	135	56,352
Ms. Wang Ya Fei	270	–	–	655	–	925
Mr. Koo Fook Sun, Louis	270	–	–	655	–	925
Mr. Chan Chung Bun, Bunny	250	–	–	655	–	905
Mr. Li Qilin	2,100	–	–	3,776	–	5,876
Ms. Wang Ya Juan	250	–	–	–	–	250

(i) Other benefits include insurance premium and fair value of share options and awarded shares charged to the consolidated income statement during the year.

The following disclosures are made pursuant to section 383(1)(a) to (f) of the Companies Ordinance Cap. 622 and Parts 2 to 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation Cap. 622G:

During the year, no director of the Company waived any emoluments and no emoluments were paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group (2023: nil). No emoluments, retirement benefits, payments, compensation, or benefits in respect of termination of directors' services or for the loss of office as a director (of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group) were paid or made, directly or indirectly, to the directors; nor are any payable (2023: nil). No consideration was provided to or receivable by third parties for making available directors' services (2023: nil). There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2023: none).

Save for contracts amongst group companies and the connected transaction with Viva Goods as disclosed in Note 34, there were no other significant transactions, arrangements and contracts in relation to the Group's business that subsisted at the end of the year or at any time during the year (2023: none) in which a director of the Company and their connected entities had a material interest, whether directly or indirectly.

37. SUMMARY OF OTHER ACCOUNTING POLICIES

(a) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Management who makes strategic decisions.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated income statement as part of finance income or finance expenses, see Note 27.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet

- income and expenses for each consolidated income statement and consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- all resulting exchange differences are recognised in other comprehensive income.

37. SUMMARY OF OTHER ACCOUNTING POLICIES *(CONTINUED)*

(c) Foreign currency translation *(Continued)*

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(d) Land use rights

Land use rights, which are accounted for in accordance with the accounting policies for right-of-use assets (Note 2.2 (m)), are stated at cost less accumulated amortisation and accumulated impairment losses. Cost represents consideration paid for the rights to use the land on which various plants and buildings are situated for periods varying from 20 to 50 years. Amortisation of land use rights is calculated on a straight-line basis over the period of the land use rights.

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(f) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(g) Share capital/Convertible securities

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's ordinary share (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(ii) Convertible securities

Convertible securities with no contractual obligation to be settled in cash are classified as equity upon initial recognition.

37. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

(h) Trade payables

Trade payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured, and are presented as current liabilities unless payment is not due within 12 months after the reporting period (or within the normal operating cycle of the business if longer). They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(i) License fees payable

License fees payable are initially recorded at the fair value, which represents the present value of the fixed minimum periodic payments to be made in subsequent years. They are subsequently stated at amortised cost using the effective interest method less payments made.

Interests incurred on license fees payable are charged to the consolidated income statement as interest expense. Changes in estimate of the expected cash flows are recognised as selling and distribution expenses in the consolidated income statement. The revised expected cash flows are discounted using the original effective rate to arrive at the carrying amount of the liability.

(j) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement as other income (when the financial liability derecognised is greater than the consideration paid) or finance costs (when the financial liability derecognised is less than the consideration paid).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(k) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

37. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

(l) Employee benefits

The Group operates various post-employment schemes, including defined contribution pension plans and post-employment medical plans.

(i) Pension obligations

The Group contributes on a monthly basis to various defined contribution retirement benefit plans organised by relevant municipal and provincial governments in the PRC. The municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made.

In Hong Kong, the Group makes contributions to the scheme under the Mandatory Provident Fund Schemes ("MPF") Ordinance, the assets of which are generally held in separate trustee-administrated funds. The pension plans are generally funded by payments from employees and by the Group. There is similar pension scheme in South Korea to which the Group also makes contributions.

The Group's contributions to these defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions. The Group has no other post-employment obligations under the employment contracts.

The abolition of the use of the accrued benefits derived from employers' "mandatory" contributions to MPF and the Occupational Retirement Schemes ("ORSO") to offset the long service payment ("LSP") and severance payment (the "Amendment") accrued from the transition date (no later than 2025) was enacted in Hong Kong on 17 June 2022. The Amendment changes the employer's legal obligation which is considered as a plan amendment under IAS 19. As the Group only has very few employees who are in the scope of the Amendment, the Group is of the view that the Amendment will have immaterial impact to the Group's financial position and performance.

(ii) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans. These plans comprise a share option scheme and a share award scheme. The fair value of the employee services received in exchange for the grant of the options or shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options or shares granted as at date of grant, excluding the impacts of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options or shares that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified non-market vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options and shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(iii) Other benefits

Other directors' and employees' obligations are recorded as a liability and charged to the consolidated income statement when the Group is contractually obliged or when there is a past practice that has created a constructive obligation.

37. *SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)*

(m) Dividend distribution

Dividend distribution to the Company's equity holders, is recognised as a liability in the Group and the Company's financial statements in the period in which the dividends are approved by the Company's equity holders in case of final dividend and the Company's directors in case of interim/special dividend.

(n) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (if any).

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

38. *EVENTS AFTER THE BALANCE SHEET DATE*

As announced by the Company on 31 December 2020, 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 Bank of China Investment Asset Management Company Limited ("BOCIAM") pursuant to which the Purchasers have 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 PRC 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 became an indirect wholly-owned subsidiary of the Company. The Target Company was subsequently renamed as Li Ning Communications (Hong Kong) Limited.

On 24 March 2025, the Target Company received a statutory demand (the "Statutory Demand") from one of the joint and several liquidators of Vast Gold Holdings Limited (in liquidation) ("Vast Gold") and Active Legend Limited (in liquidation) ("Active Legend"), 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 and confirmed by the Target Company and Mr. Pan Sutong on the same day. In the Statutory Demand, the liquidator further alleged that the Subject Loan still remained outstanding at a total amount of HK$1,955,338,833 (including the loan principal, interest and default interest amounts).

Before the Target Company received the Statutory Demand on 24 March 2025, the Company was not aware of the existence of the Subject Loan and any matter related thereto, and the Target Company has not received any repayment demand or other correspondence from Active Legend or Vast Gold since 28 January 2021.

The Group has sought legal advice. 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 continue to seek legal advice and will vigorously defend against the claim made in the Statutory Demand.

GLOSSARY

In this annual report, unless the context states otherwise, the following expressions have the following meanings:

"2013 Open Offer"	the open offer of convertible securities issued by the Company as set out in the listing document of the Company dated 27 March 2013
"2014 Share Option Scheme"	the share option scheme adopted by the Company on 30 May 2014 and expired on 30 May 2024 upon expiration of the 10 years scheme period
"2015 Open Offer"	the open offer of offer securities issued by the Company as set out in the listing document of the Company dated 9 January 2015
"2016 Restricted Share Award Scheme"	the restricted share award scheme adopted by the Company on 14 July 2016
"2025 AGM"	the annual general meeting of the Company to be held on Thursday, 12 June 2025
"2024 Share Award Scheme"	the share award scheme adopted by the Company on 13 June 2024
"2024 Share Option Scheme"	the share option scheme adopted by the Company on 13 June 2024
"Articles of Association"	the articles of association of the Company as amended from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Company" or "Li Ning Company"	Li Ning Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"CS"	convertible securities issued under 2013 Open Offer or 2015 Open Offer
"CS Holder(s)"	holder(s) of CS
"Director(s)"	the director(s) of the Company
"Group" or "Li Ning Group"	the Company and its subsidiaries
"HK$"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"PRC" or "China"	the People's Republic of China

"Restricted Shares"	shares granted under the 2016 Restricted Share Award Scheme which are subject to restrictions and limitations
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent.

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