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361 Degrees International Limited

361 度國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1361)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF EQUITY INTERESTS
IN A PARTNERSHIP**

Reference is made to the announcement of the Company dated 16 July 2020 in relation to the establishment of the Partnership.

As at the date of this announcement, each of Sanliuyidu China, Jinfa Equity and Zhejiang Yingshi has completed their respective capital contribution in accordance with the limited partnership agreement of the Partnership. The total paid-up capital of the Partnership is RMB1.10 billion, of which Zhejiang Yingshi (as general partner) contributed RMB1.10 million (representing approximately 0.10% equity interests in the Partnership), while Sanliuyidu China and Jinfa Equity (as limited partners) contributed RMB550.11 million (representing approximately 50.01% equity interests in the Partnership) and RMB548.79 million (representing approximately 49.89% equity interests in the Partnership) respectively. The Partnership is accounted for as an indirect non-wholly owned subsidiary of the Company, and its results are consolidated into the Group's financial statements.

THE EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that on 24 April 2023, Sanliuyidu China (an indirect wholly-owned subsidiary of the Company), Sanliuyidu Xiamen (an indirect wholly-owned subsidiary of the Company), Jinfa Equity, Zhejiang Yingshi and the Partnership entered into the Equity Transfer Agreement, pursuant to which (i) Sanliuyidu Xiamen has agreed to acquire approximately 49.89% equity interests in the Partnership from Jinfa Equity at a consideration of RMB548.79 million; and (ii) Sanliuyidu China has agreed to acquire approximately 0.10% equity interests in the Partnership from Zhejiang Yingshi at a consideration of RMB1.10 million.

Upon completion of the Acquisitions, the total paid-up capital of the Partnership will remain to be RMB1.10 billion, of which Sanliuyidu Xiamen and Sanliuyidu China will hold approximately 49.89% and 50.11% equity interests in the Partnership. The Partnership will become an indirect wholly-owned subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

The Board has approved the Acquisitions, and the Directors (including the independent non-executive Directors) have also confirmed that the terms of the Acquisitions are fair and reasonable, the Acquisitions are on normal commercial terms or better and are in the interests of the Company and the Shareholders as a whole. None of the Directors are deemed to have a material interest in the Acquisitions and hence are not required to abstain from voting on the Board resolutions in relation to the Acquisitions.

As at the date of this announcement, Jinfa Equity holds approximately 49.89% equity interests in the Partnership, which is a subsidiary of the Company. Accordingly, Jinfa Equity is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Therefore, the Acquisition from Jinfa Equity would constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios of the Acquisition from Jinfa Equity is more than 5% and the relevant consideration is higher than HK\$10 million, the Acquisition from Jinfa Equity is subject to the reporting and announcement requirements, but is exempt from circular, independent financial advice and Shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 16 July 2020 in relation to the establishment of the Partnership.

As at the date of this announcement, each of Sanliuyidu China, Jinfa Equity and Zhejiang Yingshi has completed their respective capital contribution in accordance with the limited partnership agreement of the Partnership. The total paid-up capital of the Partnership is RMB1.10 billion, of which Zhejiang Yingshi (as general partner) contributed RMB1.10 million (representing approximately 0.10% equity interests in the Partnership), while Sanliuyidu China and Jinfa Equity (as limited partners) contributed RMB550.11 million (representing approximately 50.01% equity interests in the Partnership) and RMB548.79 million (representing approximately 49.89% equity interests in the Partnership) respectively. The Partnership is accounted for as an indirect non-wholly owned subsidiary of the Company, and its results are consolidated into the Group's financial statements.

THE EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that on 24 April 2023, Sanliuyidu China (an indirect wholly-owned subsidiary of the Company), Sanliuyidu Xiamen (an indirect wholly-owned subsidiary of the Company), Jinfa Equity, Zhejiang Yingshi and the Partnership entered into the Equity Transfer Agreement, pursuant to which (i) Sanliuyidu Xiamen has agreed to acquire approximately 49.89% equity interests in the Partnership from Jinfa Equity at a consideration of RMB548.79 million; and (ii) Sanliuyidu China has agreed to acquire approximately 0.10% equity interests in the Partnership from Zhejiang Yingshi at a consideration of RMB1.10 million.

Upon completion of the Acquisitions, the total paid-up capital of the Partnership will remain to be RMB1.10 billion, of which Sanliuyidu Xiamen and Sanliuyidu China will hold approximately 49.89% and 50.11% equity interests in the Partnership. The Partnership will become an indirect wholly-owned subsidiary of the Company.

The principal terms and conditions of the Equity Transfer Agreement are set out below:

Date: 24 April 2023

Parties to the Equity Transfer Agreement:

- (1) Zhejiang Yingshi;
- (2) Jinfa Equity;
- (3) Sanliuyidu China, an indirect wholly-owned subsidiary of the Company;
- (4) Sanliuyidu Xiamen, an indirect wholly-owned subsidiary of the Company; and
- (5) the Partnership.

Consideration: The aggregate consideration for the Acquisitions is RMB549.89 million.

The consideration for the Acquisition from Jinfa Equity is RMB548.79 million; and the consideration for the Acquisition from Zhejiang Yingshi is RMB1.10 million, which are determined and agreed upon between the parties based on arm's length negotiations and with reference to the respective amount of capital contribution by Jinfa Equity and Zhejiang Yingshi.

The consideration for the Acquisitions will be funded by the internal resources of the Group.

Distribution of unpaid investment proceeds:	As at 31 March 2023, the unpaid investment proceeds payable by the Partnership is approximately RMB62.18 million, which shall be distributed among Zhejiang Yingshi, Jinfa Equity and Sanliuyidu China before 26 April 2023 according to the proportion of their paid-up capital contributions to the Partnership. Such distribution shall not be regarded as payment of the consideration.
Payment:	Sanliuyidu China shall transfer RMB1.10 million to Zhejiang Yingshi in lump sum before 26 April 2023 (or a date otherwise agreed in writing by the parties). Sanliuyidu Xiamen shall transfer RMB548.79 million to Jinfa Equity in lump sum before 26 April 2023 (or a date otherwise agreed in writing by the parties).
Completion:	Each of Zhejiang Yingshi and Jinfa Equity shall complete all the relevant corporate registration procedures for (i) the Acquisitions; (ii) the change of general partner of the Partnership from Zhejiang Yingshi to Sanliuyidu China; and (iii) the resignation of Jinfa Equity as a limited partner, within 20 business days of the transfer of payment of RMB548.79 million by Sanliuyidu Xiamen.
Management of the Partnership:	Upon completion of the Acquisitions, Sanliuyidu China and Sanliuyidu Xiamen will be the general partner and limited partner of the Partnership respectively.
Other principal terms:	All parties to the Equity Transfer Agreement warrant that they have full ownership and rights of disposal as to their respective equity interests in the Partnership, and there are no mortgages, pledges, liens or other encumbrances over their respective equity interests. All parties to the Equity Transfer Agreement undertake that they have obtained the necessary internal approvals and authorisations required for the signing of the Equity Transfer Agreement.

INFORMATION ON THE PARTIES

The Group

The Group is principally engaged in manufacturing and trading of sports products, including footwear, apparel, accessories and others in the PRC.

Jinfa Equity

Jinfa Equity is a limited partnership established in the PRC and owned by the municipal government of Jinjiang City, Fujian Province, the PRC. Jinfa Equity is principally engaged in, among others, supporting transformation and upgrading of listed enterprises in Jinjiang City, exploring new business sectors, creating new jobs and promoting steady development of the economy of Jinjiang City, the PRC.

As at the date of this announcement, Jinfa Equity is a connected person of the Company at the subsidiary level.

Zhejiang Yingshi

Zhejiang Yingshi is a limited partnership established in the PRC and owned by four individuals. Zhejiang Yingshi is a professional fund manager, which was established in response to the “Phoenix Plan” proposed by the government of Zhejiang Province to promote listing of companies and mergers and acquisitions. Zhejiang Yingshi is committed to assisting local governments to establish investment industry funds and introduce high-quality projects to the local area. Zhejiang Yingshi has been rooted in Zhejiang for five years with a fund size of over USD10 billion.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Zhejiang Yingshi and its ultimate beneficial owners are Independent Third Parties.

Sanliuyidu China

Sanliuyidu China is a company established in the PRC with limited liability and is an indirectly wholly-owned subsidiary of the Company. Sanliuyidu China is primarily engaged in manufacturing and trading of sports products in the PRC.

Sanliuyidu Xiamen

Sanliuyidu Xiamen is a company established in the PRC with limited liability and is an indirectly wholly-owned subsidiary of the Company. Sanliuyidu Xiamen is primarily engaged in trading of sports products in the PRC.

The Partnership

The Partnership is a limited partnership established in accordance with the Partnership Laws of the PRC on 16 July 2020. As at the date of this announcement, the total paid-up capital of the Partnership is RMB1.10 billion.

FINANCIAL INFORMATION OF THE PARTNERSHIP

Set out below are the audited profit and loss before and after taxation of the Partnership for the two financial years ended 31 December 2022 and 31 December 2021, respectively:

	For the year ended 31 December 2022 <i>(million/RMB)</i>	For the year ended 31 December 2021 <i>(million/RMB)</i>
Profit/(Loss) before taxation	51.4	(10.7)
Profit/(Loss) after taxation	51.4	(10.7)

The audited net assets of the Partnership as at 31 December 2022 was approximately RMB1.1 billion.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

Reference is made to the announcement of the Company dated 16 July 2020. The purpose of the Partnership was to make investment into Duoyidu Quanzhou by way of subscription.

Duoyidu Quanzhou is a limited liability company established in the PRC and is principally engaged in the online distribution and sales of the web-exclusive sports products of the Group. As at the date of this announcement, Duoyidu Quanzhou is owned as to approximately 35.85%, 51.32% and 12.83% by the Partnership, Sanliuyidu Xiamen and Yixian Investment. The Company's effective equity interests in Duoyidu Quanzhou (held through the Partnership and Sanliuyidu Xiamen) is approximately 69.25%. Duoyidu Quanzhou is accounted for as an indirect non-wholly owned subsidiary of the Company and its results are consolidated into the Group's financial statements.

Upon completion of the Acquisitions, the Partnership will become an indirect wholly-owned subsidiary of the Company. Accordingly, the Company's effective equity interests in Duoyidu Quanzhou (held through the Partnership and Sanliuyidu Xiamen) will increase to approximately 87.17%. The Acquisitions will increase the Company's control in Duoyidu Quanzhou and will strengthen the Company's ability to continue the expansion of e-commerce business.

The Group has strong faith in the prospect and development of e-commerce in China. According to Alizila (News from Alibaba), approximately 1 billion local consumers shopped on e-commerce channels across China in 2022. In particular, outdoor sports products was one of the fastest growing segments in China's e-commerce market. As online shopping has become a matured habit in young generations, the Board believes that the Acquisitions will further solidify the Group's strategy in developing a comprehensive omni-channel, e-commerce platform and further unleash the brand power of 361 Degrees.

IMPLICATIONS UNDER THE LISTING RULES

The Board has approved the Acquisitions, and the Directors (including the independent non-executive Directors) have also confirmed that the terms of the Acquisitions are fair and reasonable, the Acquisitions are on normal commercial terms or better and are in the interests of the Company and the Shareholders as a whole. None of the Directors are deemed to have a material interest in the Acquisitions and hence are not required to abstain from voting on the Board resolutions in relation to the Acquisitions.

As at the date of this announcement, Jinfa Equity holds approximately 49.89% equity interests in the Partnership, which is a subsidiary of the Company. Accordingly, Jinfa Equity is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Therefore, the Acquisition from Jinfa Equity would constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios of the Acquisition from Jinfa Equity is more than 5% and the relevant consideration is higher than HK\$10 million, the Acquisition from Jinfa Equity is subject to the reporting and announcement requirements, but is exempt from circular, independent financial advice and Shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Acquisitions”	Acquisition from Jinfa Equity and Acquisition from Zhejiang Yingshi, collectively
“Acquisition from Jinfa Equity”	the acquisition of approximately 49.89% equity interests in the Partnership from Jinfa Equity by Sanliuyidu Xiamen pursuant to the Equity Transfer Agreement
“Acquisition from Zhejiang Yingshi”	the acquisition of approximately 0.10% equity interests in the Partnership from Zhejiang Yingshi by Sanliuyidu China pursuant to the Equity Transfer Agreement
“Board”	the board of Directors
“Company”	361 Degrees International Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Duoyidu Quanzhou”	Duoyidu (Quanzhou) E-commerce Co., Ltd (多一度(泉州)電子商務有限公司), a limited liability company established in the PRC and an indirect non-wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who or company(ies) who is/are third party(ies) independent of the Company and its connected person
“Equity Transfer Agreement”	the equity transfer agreement dated 24 April 2023 entered into by Sanliuyidu China, Jinfa Equity, Zhejiang Yingshi, Sanliuyidu Xiamen and the Partnership in relation to the Acquisitions
“Jinfa Equity”	Jinjiang City Jinfa Equity Investment Partnership (Limited Partnership)* (晉江市晉發股權投資合夥企業(有限合夥)), a limited partnership established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Partnership”	Jinjiang City Jinfa No. 1 Equity Investment Partnership (Limited Partnership)* (晉江市晉發一號股權投資合夥企業(有限合夥)), a limited partnership established in accordance with the Partnership Laws of the PRC on 16 July 2020

“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sanliuyidu China”	Sanliuyidu (China) Co., Ltd. (三六一度(中國)有限公司), a company established in the PRC with limited liability
“Sanliuyidu Xiamen”	Sanliuyidu Xiamen Industry & Trade Co., Limited (三六一度(廈門)工貿有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yixian Investment”	Jinjiang Yixian Investment Consulting Co., Ltd.* (晉江市逸賢投資諮詢有限公司), a limited liability company established in the PRC
“Zhejiang Yingshi”	Zhejiang Yingshi Private Equity Fund Management Partnership (Limited Partnership) * (浙江盈實私募基金管理合夥企業(有限合夥)) (formerly known as Zhejiang Yingshi Equity Investment Fund Management Partnership (Limited Partnership)* (浙江盈實股權投資基金管理合夥企業(有限合夥))), a limited partnership established in the PRC
%	per cent

* For identification purpose only

By order of the Board
361 Degrees International Limited
Ding Huihuang
Chairman

Hong Kong, 24 April 2023

As at the date of this announcement, the Directors are as follows:

Executive Directors:

Mr. Ding Wuhao
Mr. Ding Huihuang (*Chairman*)
Mr. Ding Huirong
Mr. Wang Jiabi

Independent non-executive Directors:

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