LI NING COMPANY LIMITED
李寧有限公司

(Incorporated in the Cayman Islands with limited liability)

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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- During the year, the Company maintained steady growth by optimising its business structure and enhancing operational efficiency:
  - Revenue rose by 3.9% to RMB28,676 million; gross profit margin increased by one percentage point to 49.4%
  - Net operating cash inflow increased by 12.4% to RMB5,268 million
- Net profit attributable to equity holders was RMB3,013 million with net profit margin of 10.5%;
- Working capital remained at a healthy level:
  - The percentage of gross average working capital to revenue was 7.4%
  - The cash conversion cycle maintained at 35 days
- The Board has recommended the payment of 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%.

OPERATIONAL HIGHLIGHTS

- The retail sell-through for the overall platform remained flat, including online and offline channels.
- Channel inventory increased by high-single-digit comparing to the same period last year. The inventory turnover and ageing structure remained at a healthy level.
- Offline new product sell-through accounted for 85% of overall offline sell-through, maintaining at healthy and reasonable level.

ANNUAL RESULTS

The board of directors (the "Board") of Li Ning Company Limited (the "Company" or "Li Ning Company") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2024, together with comparative figures of 2023, as follows:

CONSOLIDATED BALANCE SHEET

		As at 31 December	
	Note	**2024**	2023
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**4,610,454**	4,123,948
Rights-of-use assets		**1,576,667**	2,184,054
Investment properties		**2,913,826**	1,560,455
Land use rights		**150,864**	154,654
Intangible assets		**234,736**	220,867
Deferred income tax assets		**949,424**	800,960
Other assets		**5,450**	203,074
Investments accounted for using the equity method		**1,743,938**	1,606,601
Investments measured at fair value through profit or loss		**450,316**	428,189
Other receivables		**166,519**	234,876
Term bank deposits		**2,377,970**	9,037,142
Total non-current assets		**15,180,164**	20,554,820
Current assets			
Inventories	*4*	**2,598,226**	2,493,206
Other assets – current portion		**893,775**	838,175
Trade receivables	*5*	**1,004,591**	1,205,532
Other receivables – current portion		**245,432**	177,694
Restricted bank deposits		**23,261**	806
Term bank deposits – current portion		**8,264,361**	3,493,687
Cash and cash equivalents		**7,498,596**	5,443,883
Total current assets		**20,528,242**	13,652,983
Total assets		**35,708,406**	34,207,803

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Ordinary shares		**235,853**	239,546
Share premium		**9,011,394**	10,172,638
Treasury shares		**(290,896)**	(1,037,927)
Other reserves		**2,251,666**	2,021,513
Retained earnings		**14,895,672**	13,010,871
Total equity		**26,103,689**	24,406,641
LIABILITIES			
Non-current liabilities			
License fees payable		**16,500**	8,581
Lease liabilities		**1,384,527**	1,825,288
Deferred income tax liabilities		**568,753**	627,231
Deferred income		**48,991**	71,586
Total non-current liabilities		**2,018,771**	2,532,686
Current liabilities			
Trade payables	*6*	**1,625,132**	1,789,796
Contract liabilities	*3*	**368,518**	552,537
Lease liabilities – current portion		**551,610**	716,665
Other payables and accruals		**4,049,422**	3,255,710
License fees payable – current portion		**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

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Revenue	*3*	**28,675,643**	27,598,491
Cost of sales	*7*	**(14,519,540)**	(14,246,436)
Gross profit		**14,156,103**	13,352,055
Selling and distribution expenses	*7*	**(9,198,907)**	(9,080,121)
Administrative expenses	*7*	**(1,427,907)**	(1,256,152)
(Provision for)/reversal of expected credit loss allowance for financial assets – net		**(5,274)**	19,638
Other income and other gains – net	*8*	**154,191**	523,667
Operating profit		**3,678,206**	3,559,087
Finance income	*9*	**429,525**	500,556
Finance expenses	*9*	**(254,421)**	(181,446)
Finance income – net	*9*	**175,104**	319,110
Share of profit of investments accounted for using the equity method		**256,299**	377,972
Profit before income tax		**4,109,609**	4,256,169
Income tax expense	*10*	**(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	*11*	**116.98**	123.21
Diluted earnings per share	*11*	**116.52**	122.66

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2024	2023
	RMB'000	*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	**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

Notes:

1. **General Information**

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

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

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

These consolidated financial results are presented in Renminbi (“RMB”), unless otherwise stated. These consolidated financial results have been approved for issue by the Board on 27 March 2025.

Key events during the current reporting period

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 Entity”, 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 Entity to one of its related parties as at the date of completion of the above acquisition (the “Sale Loan”) (collectively, the “Acquisition”). The Target Entity 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 Entity.

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 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. 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, management of the Company (“Management”) considers this Acquisition is an assets deal. As a result, the Group has applied the concentration test and accounted for the Acquisition as an asset acquisition in accordance with IFRS 3, which mainly represented the acquisition of the Property including investment properties of RMB1,699 million and property, plant and equipment of RMB322 million respectively.

2. Basis of Preparation and Accounting Policies

These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial results are for the Group consisting of Li Ning Company Limited and its subsidiaries.

(a) *Compliance with IFRS Accounting Standards and HKCO*

The consolidated financial results 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").

(b) *Historical cost convention*

The consolidated financial results have been prepared on a historical cost basis, except for certain financial assets which are measured at fair value.

(c) *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 material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(d) *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*

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 for the adoption of IFRS 18 for the reporting periods beginning on or after 1 January 2027.

Even though IFRS 18 will not impact the recognition or measurement of items in the financial results, 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 results.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial results.

3. 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:

	Year ended 31 December	
	2024	2023
	RMB'000	*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:

	Year ended 31 December	
	2024	2023
	RMB'000	*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 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.

(b) Liabilities related to contracts with customers

	2024	2023
	RMB'000	*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

	Year ended 31 December	
	2024	2023
	RMB'000	*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.

4. Inventories

	2024	2023
	RMB'000	*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).

5. Trade Receivables

	2024	2023
	RMB'000	*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	2023
	RMB'000	*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	2023
	RMB'000	*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.

6. 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	2023
	RMB'000	*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

7. Expenses by nature

	2024	2023
	RMB'000	*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)*	**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.

8. Other income and other gains – net

	2024	2023
	RMB'000	*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 fair value through profit or loss	**35,195**	80,370
Fair value gains on investments measured at fair value through profit or loss	**23,081**	4,781
Depreciation and related expenses on investment properties	**(113,785)**	(76,274)
Impairment of investment properties *(Note b)*	**(333,372)**	–
	154,191	523,667

Notes:

(a) Government grants were received from several local government authorities as a recognition of the Group's contribution towards the local economic development. Among the government grants recognised during the year ended 31 December 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) was credited to profit or loss from deferred income in accordance with the fulfillment of the respective conditions attaching to the government grants.

(b) 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 conducted impairment assessment on the investment properties as at 31 December 2024 in accordance with IAS 36 "Impairment of assets". 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.

9. Finance income and expenses

	2024	2023
	RMB'000	*RMB'000*
Finance income		
Interest income on bank balances and deposits	**429,525**	476,739
Net foreign currency exchange gain	**–**	23,817
	429,525	500,556
Finance expenses		
Amortisation of discount – license fees payable	**(1,362)**	(1,993)
Amortisation of discount – lease liabilities	**(126,994)**	(144,488)
Net foreign currency exchange loss	**(73,893)**	–
Borrowing interests	**(28,176)**	(16,006)
Others	**(23,996)**	(18,959)
	(254,421)	(181,446)
Finance income – net	**175,104**	319,110

10. Income tax expense

	2024	2023
	RMB'000	*RMB'000*
Current income tax		
– Corporate income tax *(b)*	**1,181,428**	1,020,748
– Withholding income tax on dividends and interests from subsidiaries in Mainland China *(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 expect 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.

11. 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 the restricted share award scheme adopted by the Company on 14 July 2016 (the "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 convertible securities. In January 2015, the Company completed the issuance of offer securities which included the issuance of both ordinary shares and convertible securities. The below market subscription price of these two events had effectively resulted in 245,000 ordinary shares of the Company (31 December 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 convertible securities 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

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	2023
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 share *(in thousands)*	**2,585,675**	2,598,132
Diluted earnings per share *(RMB cents)*	**116.52**	122.66

12. 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 of the Company (2023: RMB36.20 cents per ordinary share of the Company), paid out of retained earnings of the Company	**970,385**	954,636
Final dividend recommended after the end of the reporting period of RMB20.73 cents per ordinary share of the Company (2023: RMB18.54 cents per ordinary share of the Company)	**536,074**	473,560
	1,506,459	1,428,196

Such proposed final dividend is not reflected as a dividend payable in the financial results, 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 approximately 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 of the Company (2022: RMB46.27 cents per ordinary share of the Company), paid out of share premium of the Company	**473,560**	1,220,193

13. 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.

FINAL DIVIDEND

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

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

(ii) on 27 June 2025 to holders of convertible securities issued under the open offer of offer securities of the Company as set out in the listing document of the Company dated 9 January 2015 and remain outstanding on 19 June 2025; and

(iii) on 3 July 2025 (i.e. the third business day after 27 June 2025) to holders of convertible securities issued under the open offer of convertible securities of the Company as set out in the listing document of the Company dated 27 March 2013 and remain outstanding on 19 June 2025.

For the avoidance of doubt, any convertible securities subject to a conversion notice completed, executed and deposited on or before the final dividend record date (being 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 convertible security is entitled to, please refer to the listing documents of the Company dated 27 March 2013 and 9 January 2015 respectively.

The Company declared an interim dividend of RMB37.75 cents per ordinary share of the Company issued or to be issued upon conversion of convertible securities for the six months ended 30 June 2024 (2023: RMB36.20 cents) on 15 August 2024, and such interim dividend has been paid in September 2024.

CLOSURE OF REGISTER OF MEMBERS AND HOLDERS OF CONVERTIBLE SECURITIES

For the purpose of determining shareholders of the Company who are entitled to attend and vote at the forthcoming AGM to be held on 12 June 2025 and shareholders and holders of convertible securities of the Company qualifying for the proposed final dividend to be approved at the AGM, the register of members and register of holders of convertible securities of the Company will be closed as set out below:

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

Latest time to lodge transfer documents	4:30 p.m. on 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)
AGM date	12 June 2025 (Thursday)

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

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

Latest time to lodge transfer documents	4:30 p.m. on 17 June 2025 (Tuesday)
Period of closure of register of members and register of holders of convertible securities	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 convertible securities of the Company will be registered.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Overview

The key operating and financial performance indicators of the Group for the year ended 31 December 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**
		% of total		*% of total*	**Change**
	RMB'000	***revenue***	*RMB'000*	*revenue*	***(%)***
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**
			% of		*% of*	**Change**
	Note	***RMB'000***	***revenue***	*RMB'000*	*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	2023
	RMB'000	*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"(超䨻) 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

	31 December 2024			31 December 2023			
Regions	**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 is expected to grow substantially. 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.

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 restricted share award scheme of the Company (the "Restricted Share Award Scheme") pursuant to the trust deed and the rules of Restricted Share Award Scheme, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities during the year ended 31 December 2024. As at 31 December 2024, the Company does not have any treasury shares (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules")).

CORPORATE GOVERNANCE

The Company endeavours to uphold a high standard of corporate governance by continued review and enhancement of its corporate governance practices, which enables the Company to keep abreast of the corporate governance level oriented to its business needs in a timely and effective manner. During the year ended 31 December 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 reason as explained below.

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

Details of the corporate governance practices of the Company will be set out in the Corporate Governance Report contained in the 2024 annual report of the Company.

AUDIT COMMITTEE

The Audit Committee of the Company, consisting of three independent non-executive directors of the Company, has reviewed the accounting principles and practices adopted by the Group, and has also reviewed auditing, internal control and financial reporting matters, including the review of the annual results of the Company for the year ended 31 December 2024.

ANNUAL GENERAL MEETING

The AGM of the Company will be held at 11:00 am on Thursday, 12 June 2025.

The notice of the AGM will be despatched to the shareholders of the Company together with the 2024 annual report of the Company on or around 30 April 2025 and published on the website of the Company (http://ir.lining.com) and the "HKEXnews" website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).

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

Hong Kong, 27 March 2025

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