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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

- In the first half of the year, the Group recorded the following operating results:
 - Revenue rose by 3.3% to RMB14,817 million; gross profit margin declined by 0.4 percentage points to 50%
 - Net operating cash inflow was RMB2,411 million
 - Net profit attributable to equity holders was RMB1,737 million with net profit margin of 11.7%, and EBITDA margin was 23.7%
- Working capital remained at a healthy level:
 - The percentage of gross average working capital to revenue was 7.3%
 - The cash conversion cycle was flat at 31 days compared to the same period last year
- The Board resolved to declare an interim dividend of RMB33.59 cents per ordinary share of the Company issued or to be issued upon conversion of convertible securities for the six months ended 30 June 2025.

OPERATIONAL HIGHLIGHTS

- The retail sell-through for the overall platform increased by low-single-digit from last year, including online and offline channels.
- Channel inventory increased by low-single-digit comparing to the same period last year. The inventory turnover and ageing structure remained at a healthy level.
- Offline channel new products sell-through accounted for 84% of overall offline channel sell-through, maintaining a healthy and reasonable level.

INTERIM RESULTS

The board of directors (the “Board”) of Li Ning Company Limited (the “Company” or “Li Ning Company”) announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2025, together with comparative figures of 2024, as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

	Note	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	4	14,816,763	14,345,288
Cost of sales	7	(7,401,960)	(7,109,686)
Gross profit		7,414,803	7,235,602
Selling and distribution expenses	7	(4,292,730)	(4,326,883)
Administrative expenses	7	(776,642)	(680,297)
Provision for expected credit loss allowance for financial assets – net		(841)	(10,268)
Other income and other gains – net	5	93,895	183,741
Operating profit		2,438,485	2,401,895
Finance income	6	193,993	221,238
Finance expenses	6	(159,686)	(120,863)
Finance income – net	6	34,307	100,375
Share of profits of:			
Joint ventures		13,289	28,254
Associates		120,435	82,606
Profit before income tax		2,606,516	2,613,130
Income tax expense	8	(869,094)	(661,098)
Profit for the period		1,737,422	1,952,032
Profit is attributable to:			
Equity holders of the Company		1,737,422	1,952,032
Non-controlling interests		–	–
		1,737,422	1,952,032
Earnings per share for profit attributable to equity holders of the Company for the period (expressed in RMB cents per share)			
Basic earnings per share	10	67.43	75.80
Diluted earnings per share	10	67.19	75.49

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	2025 <i>RMB'000</i> (Unaudited)	2024 <i>RMB'000</i> (Unaudited)
Profit for the period	1,737,422	1,952,032
Other comprehensive income:		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
<i>Exchange differences:</i>		
Exchange differences on translation of foreign operations	<u>(41,697)</u>	<u>12,493</u>
Total comprehensive income for the period	<u>1,695,725</u>	<u>1,964,525</u>
Attributable to:		
Equity holders of the Company	1,695,725	1,964,525
Non-controlling interests	<u>—</u>	<u>—</u>
Total comprehensive income for the period	<u>1,695,725</u>	<u>1,964,525</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Note	30 June 2025 <i>RMB'000</i> (Unaudited)	31 December 2024 <i>RMB'000</i> (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		4,615,327	4,610,454
Right-of-use assets		1,392,122	1,576,667
Investment properties		2,737,750	2,913,826
Land use rights		148,969	150,864
Intangible assets		156,064	234,736
Deferred income tax assets		963,833	949,424
Other assets		7,165	5,450
Investments accounted for using the equity method		1,876,402	1,743,938
Investments measured at fair value through profit or loss		448,521	450,316
Other receivables		153,234	166,519
Time deposits		2,138,025	2,377,970
Total non-current assets		14,637,412	15,180,164
Current assets			
Inventories	11	2,428,290	2,598,226
Other assets – current portion		1,064,042	893,775
Trade receivables	12	1,352,242	1,004,591
Other receivables – current portion		245,571	245,432
Restricted bank deposits		400	23,261
Time deposits – current portion		5,254,388	8,264,361
Cash and cash equivalents		11,798,043	7,498,596
Total current assets		22,142,976	20,528,242
Total assets		36,780,388	35,708,406

	<i>Note</i>	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Ordinary shares		235,854	235,853
Share premium		9,017,219	9,011,394
Treasury shares		(277,308)	(290,896)
Other reserves		2,095,982	2,251,666
Retained earnings		16,096,946	14,895,672
Total equity		27,168,693	26,103,689
LIABILITIES			
Non-current liabilities			
License fees payable		8,250	16,500
Lease liabilities		1,287,126	1,384,527
Deferred income tax liabilities		579,355	568,753
Deferred income		45,832	48,991
Total non-current liabilities		1,920,563	2,018,771
Current liabilities			
Trade payables	13	1,872,089	1,625,132
Contract liabilities		189,167	368,518
Lease liabilities – current portion		490,187	551,610
Other payables and accruals		4,319,510	4,049,422
License fees payable – current portion		59,974	40,917
Current income tax liabilities		760,205	950,347
Total current liabilities		7,691,132	7,585,946
Total liabilities		9,611,695	9,604,717
Total equity and liabilities		36,780,388	35,708,406

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 interim condensed consolidated results are presented in Renminbi (“RMB”), unless otherwise stated. These interim condensed consolidated results have been approved for issue by the Board on 21 August 2025.

These interim condensed consolidated results have not been audited.

2. Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024.

3. Accounting policies

The accounting policies adopted in the preparation of these interim condensed consolidated results are consistent with those applied in the preparation of the Group’s annual financial statements for the year ended 31 December 2024, except for the adoption of the following amended IFRS Accounting Standard for the first time for the current period’s financial information.

Amendments to IAS 21

Lack of Exchangeability

The nature and impact of the amended IFRS Accounting Standard are described below:

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group’s presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

4. 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 performance 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 the Group's revenue. Also, none of the Group's non-current assets is located outside the PRC. Accordingly, no geographical information is presented.

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

Revenue breakdown by product category:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Footwear	8,230,716	7,844,159
Apparel	5,192,797	5,375,222
Equipment and accessories	1,393,250	1,125,907
Total	14,816,763	14,345,288

Revenue breakdown by sales channel:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
The PRC market		
Sales to franchised distributors	6,883,188	6,590,009
Sales from direct operation	3,383,162	3,502,705
Sales from e-commerce channels	4,300,337	4,004,262
Other regions	250,076	248,312
Total	14,816,763	14,345,288

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

The Group has a large number of customers. For the six months ended 30 June 2025 and 2024, no revenue derived from transactions with a single external customer represented 10% or more of the Group's total revenue.

5. Other income and other gains – net

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Government grants (<i>Note a</i>)	173,673	141,552
Rental income	52,188	47,198
Depreciation and related expenses on investment properties	(65,015)	(53,286)
Impairment of investment properties (<i>Note b</i>)	(105,938)	–
License fees income	21,747	30,621
Investment gains on wealth management products measured at fair value through profit or loss	17,240	14,971
Fair value gains on investments measured at fair value through profit or loss	–	2,685
	<u>93,895</u>	<u>183,741</u>

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 six months ended 30 June 2025, the entitlement of an aggregate amount of RMB163,670,000 (30 June 2024: RMB129,125,000) was unconditional and at the discretion of the relevant authorities, while the remaining amount of RMB10,003,000 (30 June 2024: RMB12,427,000) 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 six months ended 30 June 2025, the property market in Mainland China and Hong Kong was confronted with a highly challenging and uncertain environment. This environment led to sluggish demand and soft sentiments, ultimately resulting in an overall decline in both the price and rental indices. As a result, Management concluded that there were impairment indications for the Group's investment properties and conducted impairment assessments on the investment properties as at 30 June 2025 in accordance with IAS 36 *Impairment of Assets*. The Group estimated the recoverable amounts of the investment properties with reference to their respective fair values as at 30 June 2025 which were determined using the income approach. Based on the results of the impairment assessments, impairment losses of RMB105,938,000 were recognised against the carrying amount of investment properties during the six months ended 30 June 2025 (30 June 2024: Nil).

6. Finance income and expenses

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance income		
Interest income on bank balances and deposits	193,993	221,238
	<u>193,993</u>	<u>221,238</u>
Finance expenses		
Amortisation of discount – lease liabilities	(50,995)	(68,606)
Net foreign currency exchange loss	(70,921)	(27,446)
Borrowing interests	(24,245)	(12,525)
Amortisation of discount – license fees payable	(285)	(681)
Others	(13,240)	(11,605)
	<u>(159,686)</u>	<u>(120,863)</u>
Finance income – net	<u><u>34,307</u></u>	<u><u>100,375</u></u>

7. Expenses by nature

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories recognised as expenses and included in cost of sales	7,180,828	6,911,525
Advertising and marketing expenses	1,335,904	1,248,791
Staff costs, including directors' emoluments (<i>Note a</i>)	1,140,452	1,217,301
Short-term lease rentals and variable lease payments not included in lease liabilities, and rental related expenses	624,094	646,688
Commission and trade fair related expenses	512,210	446,240
Transportation and logistics expenses	446,218	422,698
Research and product development expenses (<i>Note a</i>)	344,797	317,257
Depreciation on property, plant and equipment (<i>Note a</i>)	344,022	470,250
Depreciation on right-of-use assets	250,817	319,210
Amortisation of land use rights and intangible assets	33,236	31,145
Management consulting expenses	100,707	83,029
Impairment of intangible assets	76,428	–
Impairment of property, plant and equipment	48,430	18,389
Impairment of right-of-use assets	104,311	50,820

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. Income tax expense

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax		
– Corporate income tax (a)	757,901	789,200
– Withholding income tax on dividends and interests from subsidiaries in Mainland China (b)	115,000	6,006
	<u>(3,807)</u>	<u>(134,108)</u>
Deferred income tax		
Income tax expense	<u>869,094</u>	<u>661,098</u>

The Company was incorporated in the Cayman Islands. Under the 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.

- (a) For the six months ended 30 June 2025, provision for the corporate income tax of Mainland China is calculated based on the statutory tax rate of 25% (30 June 2024: 25%) on the taxable profits of each of the group companies, except for one of the Group's subsidiaries incorporated in Guangxi Zhuang Autonomous Region which is subject to preferential tax rate of 9% (2024: 9%). Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong (30 June 2024: 16.5%).
- (b) The Group's dividends and interests from subsidiaries established in Mainland China are subject to withholding tax of 5% and 7% respectively, according to prevailing tax rules of Mainland China.

9. Dividends

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Final dividend declared and paid for the year 2024 of RMB20.73 cents per ordinary share of the Company (2023: RMB18.54 cents per ordinary share of the Company)	<u>536,148</u>	<u>473,560</u>

On 21 August 2025, the board of directors resolved to declare an interim dividend of RMB33.59 cents (six months ended 30 June 2024: RMB37.75 cents) per ordinary share of the Company, amounting to a total of approximately RMB868,711,000 (six months ended 30 June 2024: RMB976,016,000).

The interim dividend has not been recognised as a liability at the end of the reporting period.

10. Earnings per share

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 2,576,734 (2024: 2,575,186) in issue outstanding during the period, as adjusted to reflect the rights issue during the period.

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

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

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	<u>1,737,422</u>	<u>1,952,032</u>
 Number of shares		
	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
<u>Shares</u>		
Weighted average number of ordinary shares outstanding during the period used in the basic earnings per share calculation	<u>2,576,734[#]</u>	<u>2,575,186[#]</u>
Effect of dilution – weighted average number of ordinary shares:		
Restricted shares	<u>9,131</u>	<u>10,362</u>
Share options	<u>44</u>	<u>182</u>
Total	<u>2,585,909</u>	<u>2,585,730</u>

[#] The weighted average number of shares was after taking into account the effect of treasury shares held.

11. Inventories

	30 June 2025 <i>RMB'000</i> (Unaudited)	31 December 2024 <i>RMB'000</i> (Audited)
Raw materials	25,857	19,355
Work in progress	22,341	19,486
Finished goods	2,568,026	2,726,202
	<u>2,616,224</u>	<u>2,765,043</u>
Less: Provision for write-down of inventories to net realisable value	<u>(187,934)</u>	<u>(166,817)</u>
	<u><u>2,428,290</u></u>	<u><u>2,598,226</u></u>

The cost of inventories recognised as expenses and included in cost of sales amounted to RMB7,180,828,000 for the six months ended 30 June 2025 (30 June 2024: RMB6,911,525,000), which included inventory provision of RMB21,117,000 (30 June 2024: RMB9,187,000).

12. Trade receivables

	30 June 2025 <i>RMB'000</i> (Unaudited)	31 December 2024 <i>RMB'000</i> (Audited)
Accounts receivable	1,393,873	1,046,249
Less: Expected credit loss allowance for trade receivables	<u>(41,631)</u>	<u>(41,658)</u>
	<u><u>1,352,242</u></u>	<u><u>1,004,591</u></u>

Customers are normally granted credit terms within 90 days. As at 30 June 2025 and 31 December 2024, the ageing analysis of trade receivables based on invoice date is as follows:

	30 June 2025 <i>RMB'000</i> (Unaudited)	31 December 2024 <i>RMB'000</i> (Audited)
0 to 30 days	898,439	578,293
31 to 60 days	273,902	395,312
61 to 90 days	125,925	28,912
91 to 180 days	62,531	13,085
Over 180 days	33,076	30,647
	<u><u>1,393,873</u></u>	<u><u>1,046,249</u></u>

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

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
As at 1 January	41,658	38,215
Provision for expected credit loss allowance		
for trade receivables	2	10,282
Trade receivables written off during the period as uncollectible	(30)	(121)
Currency translation differences	1	18
	<hr/>	<hr/>
As at 30 June	41,631	48,394
	<hr/> <hr/>	<hr/> <hr/>

13. Trade payables

Trade payables are mainly denominated in RMB. The normal credit period for trade payables generally ranges from 30 to 60 days. Ageing analysis of trade payables based on invoice date at the respective balance sheet date is as follows:

	30 June	31 December
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
0 to 30 days	1,311,861	1,256,889
31 to 60 days	504,913	324,869
61 to 90 days	52,541	23,734
91 to 180 days	1,646	19,364
181 to 365 days	974	28
Over 365 days	154	248
	<hr/>	<hr/>
	1,872,089	1,625,132
	<hr/> <hr/>	<hr/> <hr/>

14. Contingent liabilities

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 中銀投資資產管理有限公司 (Bank of China Investment Asset Management Company Limited) (“BOCIAM”) pursuant to which the Purchasers agreed to acquire the entire share capital in Matsunichi Communications (Hong Kong) Limited (the “Target Company”), the Vendor’s rights in the loan extended to the Target Company, and BOCIAM’s rights in the loan extended to the 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.

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

On 24 June 2025, Active Legend and Vast Gold served on the Target Company a writ of summons issued in the High Court of the Hong Kong Special Administration Region under action number HCA 770/2025 (the “Writ of Summons”).

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

The Group has been seeking legal advice since the Statutory Demand has been received by the Target Company. Based on the facts and circumstances available to the Group, the Group believes that there is no obligation for the Target Company to repay the Subject Loan. The Target Company will vigorously defend against the claim referred to in the Writ of Summons. The Company will make further announcement(s) on this matter when there is substantial development.

15. Events after the reporting period

On 15 July 2025 and 17 July 2025, the Company granted a total of 14,174,100 restricted shares and 11,017,500 share options to certain directors of the Company and other qualified participants. The options are exercisable at HK\$16.14 each upon satisfaction of the corresponding exercise conditions to subscribe for an equivalent number of ordinary shares of the Company with a par value of HK\$0.10 each.

DIVIDENDS

The Board resolved to declare an interim dividend of RMB33.59 cents per ordinary share of the Company issued or to be issued upon conversion of convertible securities for the six months ended 30 June 2025 (30 June 2024: RMB37.75 cents). Such interim dividend 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 21 August 2025 and will not be subject to any withholding tax. Such interim dividend will be paid:

- (i) on 5 September 2025 to ordinary shareholders whose names shall appear on the register of members of the Company on 28 August 2025;
- (ii) on 5 September 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 28 August 2025; and
- (iii) on 10 September 2025 (i.e. the third business day after 5 September 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 28 August 2025.

For the avoidance of doubt, any convertible securities subject to a conversion notice completed, executed and deposited on or before the interim dividend record date (being 28 August 2025) shall be entitled to the distribution of such interim dividend of the Company. For details of calculation of distribution of the interim 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 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 was declared payable and approved by the shareholders at the annual general meeting of the Company on 12 June 2025 and subsequently paid in June 2025.

CLOSURE OF REGISTER OF MEMBERS AND HOLDERS OF CONVERTIBLE SECURITIES

For determining shareholders and holders of convertible securities of the Company who are ascertaining entitlement to the interim dividend, the register of members and register of holders of convertible securities of the Company will be closed as set out below:

Latest time to lodge transfer documents	4:30 p.m. on 26 August 2025 (Tuesday)
Period of closure of register of members and register of holders of convertible securities	27 August 2025 (Wednesday) to 28 August 2025 (Thursday) (both days inclusive)
Interim dividend record date	28 August 2025 (Thursday)

In order to qualify for the interim dividend, all transfer documents must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before the above latest time to lodge transfer documents. During the above closure periods, no transfer of Shares or CS will be registered.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

The key operating and financial performance indicators of the Group for the six months ended 30 June 2025 are set out below:

	Six months ended 30 June		Change
	2025	2024	(%)
	(Unaudited)	(Unaudited)	
Income statement items			
<i>(All amounts in RMB thousands unless otherwise stated)</i>			
Revenue	14,816,763	14,345,288	3.3
Gross profit	7,414,803	7,235,602	2.5
Operating profit	2,438,485	2,401,895	1.5
Earnings before interest, tax, depreciation and amortisation (EBITDA) (Note 1)	3,512,607	3,443,608	2.0
Profit attributable to equity holders	1,737,422	1,952,032	(11.0)
Basic earnings per share (RMB cents) (Note 2)	67.43	75.80	(11.0)
Key financial ratios			
Profitability ratios			
Gross profit margin (%)	50.0	50.4	
Operating profit margin (%)	16.5	16.7	
Effective tax rate (%)	33.3	25.3	
Margin of profit attributable to equity holders (%)	11.7	13.6	
Return on equity attributable to equity holders (%) (Note 3)	6.5	7.8	
Expenses to revenue ratios			
Staff costs (%)	7.7	8.5	
Advertising and marketing expenses (%)	9.0	8.7	
Research and product development expenses (%)	2.3	2.2	
Asset efficiency			
Average inventory turnover (days) (Note 4)	61	62	
Average trade receivables turnover (days) (Note 5)	14	15	
Average trade payables turnover (days) (Note 6)	44	46	
	30 June 2025	31 December 2024	
Debt-to-equity ratio (%) (Note 7)	35.4	36.8	
Net asset value per share (RMB cents) (Note 8)	1,054.73	1,013.56	

Notes:

1. The calculation of earnings before interest, tax, depreciation and amortisation (EBITDA) is based on profit for the period, excluding the sum of income tax expense, finance income – net, depreciation and impairment on property, plant and equipment, depreciation and impairment on investment properties, amortisation and impairment of land use rights and intangible assets (excluding goodwill) and depreciation and impairment on right-of-use assets.
 2. Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue less shares held for Restricted Share Award Scheme and Shares repurchased by the Company for cancellation during the period. 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 period, divided by the average of opening and closing balances of capital and reserves attributable to equity holders of the Company of the period.
 4. The calculation of average inventory turnover (days) is based on the average of opening and closing inventory balances of the period, divided by cost of sales and multiplied by the total number of days in the period.
 5. The calculation of average trade receivables turnover (days) is based on the average of opening and closing balances of trade receivables of the period, divided by revenue and multiplied by the total number of days in the period.
 6. The calculation of average trade payables turnover (days) is based on the average of opening and closing balances of trade payables of the period, divided by total purchases and multiplied by the total number of days in the period.
 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 period/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 period/year.
- * *The aforesaid indicators provided by the Group may not necessarily be the same in terms of 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

For the six months ended 30 June 2025, the Group steadily consolidated its operational foundation and actively accumulated momentum for business development, achieving steady revenue growth of 3.3% year-on-year to RMB14,816,763,000. Changes in revenue from all channels were as follows: (1) during the period, e-commerce revenue increased by 7.4% year-on-year, representing the largest contribution to overall revenue growth, driven by the continued optimisation of platform operations, enhanced online marketing strategies, and the improvement of the membership service system, resulting in simultaneous growth in both sales scale and customer loyalty; (2) revenue from franchised distributors increased steadily by 4.4% year-on-year, further increasing its contribution to 46.5% of total revenue, and continued to serve as a core pillar of the Group's channel structure; and (3) the retail channel remained under pressure, with revenue decreasing by 3.4% year-on-year, due to adjustments to the directly-operated store layout and a shift in consumer scenarios. The Group will remain focused on identifying different growth opportunities across various channels and is committed to achieving sustainable revenue growth in the future.

Revenue breakdown by product category

	Six months ended 30 June				Revenue Change (%)
	2025		2024		
	<i>RMB'000</i>	<i>% of total revenue</i>	<i>RMB'000</i>	<i>% of total revenue</i>	
Footwear	8,230,716	55.6	7,844,159	54.7	4.9
Apparel	5,192,797	35.0	5,375,222	37.5	(3.4)
Equipment and accessories	1,393,250	9.4	1,125,907	7.8	23.7
Total	14,816,763	100.0	14,345,288	100.0	3.3

Revenue breakdown (in %) by sales channel

	Six months ended 30 June		Change (%)
	2025 % of revenue	2024 % of revenue	
The PRC market			
Sales to franchised distributors	46.5	46.0	0.5
Sales from direct operation	22.8	24.4	(1.6)
Sales from e-commerce channels	29.0	27.9	1.1
Other regions	1.7	1.7	–
Total	100.0	100.0	–

Revenue breakdown by geographical location

	Note	RMB'000	Six months ended 30 June		Revenue Change (%)
			2025 % of revenue	2024 RMB'000 % of revenue	
The PRC market					
Northern region	1	7,034,893	47.5	6,841,952 47.7	2.8
Southern region	2	7,531,794	50.8	7,255,024 50.6	3.8
Other regions		250,076	1.7	248,312 1.7	0.7
Total		14,816,763	100.0	14,345,288 100.0	3.3

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 six months ended 30 June 2025, the overall cost of sales of the Group amounted to RMB7,401,960,000 (2024: RMB7,109,686,000), and the overall gross profit margin was 50.0% (2024: 50.4%). During the period, the gross profit margin decreased by 0.4 percentage points as compared to the corresponding period of last year. The decline in gross profit margin was primarily attributable to adjustments in channel structure, with a lower proportion of revenue from direct-to-customer channels, the increase in discount offerings due to intensified promotional competition in self-operated channels, resulting in a slight decline in gross profit margin.

Selling and Distribution Expenses

For the six months ended 30 June 2025, the Group's overall selling and distribution expenses amounted to RMB4,292,730,000 (2024: RMB4,326,883,000), accounting for 29.0% (2024: 30.2%) of the Group's total revenue.

The selling and distribution expenses decreased by 0.8% as compared to the corresponding period of last year. The Group continued to optimise its channel layout by closing underperforming directly-operated stores, thereby effectively reducing operating costs such as store decoration and fixture amortisation. The decline in revenue from directly-operated channels also resulted from a reduction in certain revenue-related costs, including rental and staff costs. Meanwhile, to strengthen brand competitiveness and support long-term growth momentum, the Company strategically increased investment in marketing, with a particular focus on sports marketing and premium brand building, thereby achieving a dynamic optimisation of the cost structure.

Administrative Expenses

For the six months ended 30 June 2025, the Group's overall administrative expenses amounted to RMB776,642,000 (2024: RMB680,297,000), accounting for 5.2% (2024: 4.7%) of the Group's total revenue with a year-on-year increase of 0.5 percentage points. Administrative expenses mainly comprised staff costs, management consulting fees, depreciation and amortisation charges, research and product development expenses, taxes and other miscellaneous daily expenses.

The increase in administrative expenses was mainly attributable to the impairment of goodwill in the amount of RMB72,387,000 fully recognised during the period, which resulted from the acquisition of the Kason in 2009.

Share of Profit of Joint Ventures and Associates

For the six months ended 30 June 2025, the Group's share of profit of joint ventures and associates amounted to RMB133,724,000 (2024: RMB110,860,000).

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

For the six months ended 30 June 2025, the Group's EBITDA amounted to RMB3,512,607,000 (2024: RMB3,443,608,000), representing a year-on-year increase of 2.0%.

Reconciliations of EBITDA and the profit for the period are as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Reconciliation of profit for the period to EBITDA:		
Profit for the period	1,737,422	1,952,032
Income tax expense	869,094	661,098
Finance income	(193,993)	(221,238)
Finance expenses (including amortisation of discount on lease liabilities)	159,686	120,863
Depreciation on property, plant and equipment	344,022	470,250
Impairment of property, plant and equipment (<i>Note 1</i>)	48,430	18,389
Amortisation of land use rights and intangible assets	33,236	31,145
Impairment of trademark rights under intangible assets (<i>Note 1</i>)	4,041	–
Depreciation on right-of-use assets	250,817	319,210
Impairment of right-of-use assets (<i>Note 1</i>)	104,311	50,820
Depreciation on investment properties	49,603	41,039
Impairment of investment properties (<i>Note 1,2</i>)	105,938	–
EBITDA	<u>3,512,607</u>	<u>3,443,608</u>

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 six months ended 30 June 2025, the property market in Mainland China and Hong Kong was confronted with a highly challenging and uncertain environment. This environment led to sluggish demand and soft sentiments, ultimately resulting in an overall decline in both the price and rental indices. As a result, Management concluded that there were impairment indications for the Group's investment properties and conducted impairment assessment on the investment properties as at 30 June 2025 in accordance with IAS 36 *Impairment of Assets*. The Group estimated the recoverable amounts of the investment properties with reference to their respective fair values as at 30 June 2025 which were determined using the income approach. Based on the results of the impairment assessments, impairment losses of RMB105,938,000 were recognised against the carrying amount of investment properties during the six months ended 30 June 2025 (30 June 2024: Nil).

Finance Income – Net

For the six months ended 30 June 2025, the Group's net finance income amounted to RMB34,307,000 (2024: RMB100,375,000). The year-on-year decrease in net finance income was due to the increase of exchange losses for the period, and the decrease of interest income as a result of the decrease in interest rates.

Income Tax Expense

For the six months ended 30 June 2025, the income tax expense of the Group amounted to RMB869,094,000 (2024: RMB661,098,000) and the effective tax rate was 33.3% (2024: 25.3%). Mainly based on exchange rate fluctuations, fund yield and other comprehensive factors, the Company made a more reasonable plan for the domestic and foreign capital structure, so the corresponding withholding income tax was accrued, resulting in the increase in tax rate for the period.

Overall Profitability Indicators

During the period, the Group recorded steady revenue growth. While gross profit margin declined year-on-year, the expense achieved a slight improvement. However, the tax rate increased significantly. As a result of the combined impact, profit attributable to equity holders of the Company decreased. During the period, the Group's profit attributable to equity holders amounted to RMB1,737,422,000 (2024: RMB1,952,032,000). The margin of profit attributable to equity holders was 11.7% (2024: 13.6%), and return on equity attributable to equity holders was 6.5% (2024: 7.8%).

Provision for Inventories

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

As at 30 June 2025, the accumulated provision for inventories was RMB187,934,000 (31 December 2024: RMB166,817,000). The Group will continue to exercise control over the inventory ageing structure and inventory turnover rate so as to maintain the same at a reasonable level.

Expected Credit Loss Allowance

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

As at 30 June 2025, the accumulated expected credit loss allowance was RMB46,484,000 (31 December 2024: RMB45,678,000), among which the accumulated expected credit loss allowance for trade receivables was RMB41,631,000 (31 December 2024: RMB41,658,000) and the accumulated expected credit loss allowance for other receivables was RMB4,853,000 (31 December 2024: RMB4,020,000). The trade receivables and other receivables of the Group written off during the six months ended 30 June 2025 as uncollectible and the effect of change in exchange rate amounted to RMB35,000 (2024: RMB29,000). The Group will continue to monitor the ageing structure and settlements to maintain a sound receivable turnover ratio.

Liquidity and Financial Resource

The Group's net cash generated from operating activities for the six months ended 30 June 2025 amounted to RMB2,411,101,000 (2024: RMB2,730,305,000). As at 30 June 2025, cash and cash equivalents (including cash at banks and in hand, and time deposits with original maturity of no more than three months) amounted to RMB11,798,043,000, representing a net increase of RMB4,299,447,000, as compared with the position as at 31 December 2024. Adding back the amount recorded as time deposits, cash balance amounted to RMB19,190,456,000, which represented a net increase of RMB1,049,529,000 as compared to 31 December 2024. The increase was due to the following items:

	Six months ended 30 June 2025 RMB'000 (Unaudited)
Item	
Operating activities:	
Net cash generated from operating activities	2,411,101
Investing activities:	
Net cash generated from investing activities (including placement and redemption of time deposits)	2,895,561
Financing activities:	
Net cash used in financing activities	(933,187)
Add: Exchange losses on cash and cash equivalents	<u>(74,028)</u>
Net increase in cash and cash equivalents	4,299,447
Add: Net decrease in time deposits	<u>(3,249,918)</u>
Net increase in cash balance	<u>1,049,529</u>

During the period, the decrease in retail revenue led to a reduction in retail collections. In addition, tax payments increased, resulting in a year-on-year decrease in net cash generated from operating activities. Meanwhile, the maturity and redemption of time deposits led to a significant increase in net cash generated from investing activities. The Group will continue to place extra emphasis on cash flow management to ensure the stable development of the Company in the long term.

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

For the six months ended 30 June 2025, RMB382,187,000 of the net proceeds from the top-up placing had been used. As at 30 June 2025, RMB529,434,000 of the net proceeds from the top-up placing were unutilised and are intended to be used as follows:

Intended use of net proceeds	Percentage of total net proceeds	Unutilised net proceeds as at 31 December 2024 <i>(approximately RMB'000)</i>	Amount used during the six months ended 30 June 2025 <i>(approximately RMB'000)</i>	Unutilised net proceeds as at 30 June 2025 <i>(approximately RMB'000)</i>	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 ⁽²⁾	40%	–	–	–	–
Investment in reengineered infrastructure and further improvement of the supply chain system	30%	911,621	382,187	529,434	Before 31 December 2026
Development of the brand and IT system ⁽²⁾	20%	–	–	–	–
General working capital ⁽²⁾	10%	–	–	–	–
Total	100%	911,621	382,187	529,434	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. As at 30 June 2025, the net proceeds allocated for investment in newly launched product categories as well as future business investments when opportunity arises, including international business expansion, brand and IT system development and general working capital have been fully utilised.

As at 30 June 2025, the Group's banking facilities amounted to RMB14,741,000,000, without outstanding borrowings.

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

The completion of the Acquisition took place on 28 January 2024. Upon completion, the Target Company has become an indirect wholly-owned subsidiary of the Company and the financial results of which are consolidated into the financial statements of the Group. Following the completion of the Acquisition, the Group will continue to perform the original leases of the major portion of the Property, and the remaining portion of the Property will be used as the Hong Kong headquarters of the Group. 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 of 30 June 2025, the carrying value of the Property was RMB1,847,079,000 after depreciation and impairment, representing a percentage of approximately 5.0% of the Group's total assets.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the six months ended 30 June 2025, the Group has not made any other material acquisitions or disposals of subsidiaries, associates and joint ventures.

Future Plans for Significant Investments and Capital Assets

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

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

As of 30 June 2025, the Subsidiary had successfully acquired the land use right over the relevant land and had been making investments on the construction of the supply chain base. As at 30 June 2025, the carrying amount of the non-current assets after depreciation and impairment under the investment was RMB1,945,279,000, representing approximately 5.3% of the Group's total assets. The remaining investment amount will be funded by the Group's unutilised net proceeds from the top-up placing of shares and internal resources.

Pledge of Assets

As at 30 June 2025 and 31 December 2024, the Group had no pledged assets.

Contingent Liabilities

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 中銀投資資產管理有限公司 (Bank of China Investment Asset Management Company Limited) (“BOCIAM”) pursuant to which the Purchasers agreed to acquire the entire share capital in Matsunichi Communications (Hong Kong) Limited (the “Target Company”), the Vendor’s rights in the loan extended to the Target Company, and BOCIAM’s rights in the loan extended to the 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.

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

On 24 June 2025, Active Legend and Vast Gold served on the Target Company a writ of summons issued in the High Court of the Hong Kong Special Administration Region under action number HCA 770/2025 (the “Writ of Summons”).

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

The Group has been seeking legal advice since the Statutory Demand has been received by the Target Company. Based on the facts and circumstances available to the Group, the Group believes that there is no obligation for the Target Company to repay the Subject Loan. The Target Company will vigorously defend against the claim referred to in the Writ of Summons. The Company will make further announcement(s) on this matter when there is substantial development.

BUSINESS REVIEW

In the first half of 2025, facing a volatile external environment, the Chinese government intensified the implementation of more proactive counter-cyclical regulatory policies, with domestic demand remaining relatively stable and macroeconomic operations maintaining steady performance. Although the consumer market continued a moderate recovery trend overall in the first half of the year, the year-on-year growth rate of total retail sales of consumer goods slowed in June, consumer confidence fluctuated, and consumer behaviour became more rational, with significantly increased attention to product quality-to-price ratio. Against this backdrop, the Group steadily consolidated its operational foundation and actively accumulated momentum for business development, with results in the first half of the year generally in line with expectations. During the period, the Group's deployment in key areas such as product upgrade, brand marketing, and channel optimisation progressed steadily as planned.

In terms of product upgrade, the Group adhered to the core strategy of "Single Brand, Multi-categories, Diversified Channels", continuously increasing R&D investment and technological innovation efforts, jointly promoting sports innovation empowered by aerospace technology with the China National Space Administration News and Publicity Center. At the same time, based on consumer demand and market trends, the Group launched products with high quality-to-price ratio, and systematically advanced comprehensive optimisation of the product matrix. On the basis of consolidating competitive advantages in the six core categories of running, basketball, training, badminton, table tennis, and sports casual, the Group, with a proactive business mindset, fully promoted product innovation and market expansion in various sub-segment categories, injecting new momentum into long-term growth.

In terms of brand marketing, the Group's cooperation rights with the Chinese Olympic Committee ("COC") have been successfully finalised, and the recognition of its identity as an official partner is being gradually promoted. The Group effectively utilised the platform resources of COC to strengthen mindshare in the brand's professional sports attributes, leading consumers to intuitively perceive the important journey of Chinese sports progressing alongside the LI-NING brand. At the same time, relying on its cooperation with the Palace Museum, the Group has integrated traditional cultural elements with professional sports and sports casual products, demonstrating the brand's unique capability and advantage in inheriting the value of Chinese culture.

In terms of channel optimisation, the Group continued to build a more resilient and growth-oriented omnichannel matrix, promoting coordinated development of online and offline channels. Online, the Group has continuously improved overall channel layout, significantly enhancing channel efficiency through strengthened governance and control, while actively exploring new retail business models to provide sustained momentum for brand development. Offline, the Group has focused on optimising single-store efficiency and service quality, expanding channels in emerging markets, and continuously advancing AI-powered digital empowerment and terminal experience enhancement to deliver "LI-NING's Experience Value" to consumers.

Deepening Olympic marketing strategy to strengthen positioning as a professional sports brand

Leveraging years of efforts and accumulated experience in professional sports, and relying on superior product excellence and brand strength, the Group successfully signed an agreement in 2025 to become the official sportswear partner for the Chinese Olympic Committee and the Chinese Sports Delegation from 2025 to 2028. During the reporting period, anchored by its core theme of the marketing theme of “China’s Glory, LI-NING’s Support” (中國榮耀，李寧同行) under its new Olympic identity, the Group made efforts to reinforce its professional image as an unwavering supporter of Chinese sports, and further cemented its core positioning as a professional sports brand.

During the first half of the year, the Group proactively promoted its Olympic identity to retail stores. Through nationwide store visual refreshes, co-branded logo installations, and exclusive core visual displays, customers were enabled to intuitively experience the brand’s shared journey with Chinese sports, laying a solid foundation for subsequent marketing exercises. During the same period, the Group launched the “Glory by Me, Sports in China” (榮耀由我，運動中國) mini-program interactive experience, deeply connecting with 5,209 stores nationwide. It engaged more than 156,000 participants online and offline and significantly enhanced brand volume.

In June 2025, the Li Ning brand actively supported the Chinese Olympic Committee in organising International Olympic Day activities by promoting the Olympic spirit and boosting national fitness initiatives. During the event, the Li Ning brand recruited runners and engaged in community activities across four cities, reaching over 13,000 participants. It also provided interactive experiences for runners, inviting them to experience the performance of the “Yueying 5 PRO” (越影5 PRO) featuring cutting-edge cushioning technology, so as to leverage this opportunity to simultaneously enhance the brand’s influence and the reputation of its core products.

Furthermore, the Group and the Aerospace Technology Innovation and Application Platform jointly established the Aerospace Technology Innovation and Application Laboratory, dedicated to applying advanced aerospace technology to Li Ning’s professional sports equipment, thus continuously empowering the Chinese Olympic Committee. The Group made sustained breakthroughs in technological R&D, with the Aerospace Technology Innovation and Application Laboratory delivering remarkable achievements. Two technological advancements, “Aerospace Quick-drying” (航天速乾) and “Aerospace UV Defense” (航天防曬) applied in professional sports equipment were officially unveiled on China Space Day. These technological achievements further reinforced the brand’s professional DNA and further deepened its positioning as a professional sports brand in consumers’ perception.

As a professional sports brand, the Group believes that continuously increasing strategic investment in professional sports resources represents vital preparation for future growth. Leveraging the partnership with the Chinese Olympic Committee, the Li Ning brand will further strengthen its brand power, while simultaneously building cultural value and accumulating brand momentum, thus generating long-term, sustainable returns for the brand.

Deepen the Strategy of “Single Brand, Multi-categories, Diversified Channels” to Upgrade LI-NING’s Experience Value

Enhance core competitiveness in professional sports with universal marketing matrix to expand brand influence

In the first half of 2025, the Group focused on the six core categories of running, basketball, training, badminton, table tennis and sports casual, while actively grasping market trends and exploring new sports subcategories, such as outdoor sports, tennis and pickleball. The Group continued to strengthen its product capabilities through technological innovation and enhance the deployment of professional sports resources, based on 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, promote brand recognition and popularity and enhance brand influence through diversified and comprehensive marketing campaigns.

Running

In the first half of 2025, LI-NING’s running category continued to maintain technology-driven approach, launch products for different scenarios and consumer needs. The Group strategically strengthened its presence in China’s leading marathon events by leveraging top-tier domestic and international athlete resources, thereby reinforcing professional brand recognition and influence through credible endorsements.

In the professional running shoes matrix, the three core IPs: “Super Light” (超輕), “Rouge Rabbit” (赤兔), and “Feidian” (飛電), achieved a total sales volume exceeding 5.26 million pairs during the period, steadily promoting the brand’s professional positioning. The Group launched upgraded products of all three series. The “Feidian” (飛電) series was fully upgraded with the “Super BOOM” (超靚) midsole technology, delivering up to 89% energy return. The “Rouge Rabbit” (赤兔) series integrated LI-NING’s signature technologies including “Boom” (靚) and “Boom Fiber” (靚絲) to support runners in achieving progressive breakthroughs. The “Super Light” (超輕) series continued to attract a strong and loyal fan base by its balance between professional and everyday performance. In addition, the Group also launched the “Jinghong” (驚鴻) running shoes specifically designed for female runners. This product has become one of the most popular choices among female consumers, providing strong support for the Group’s brand building and product sales in the women’s sports market.

In running apparel, the Group focused on different running scenarios for the needs of marathon participants and daily road runners, addressing their problems through materials, styles, and functional technology, and improving the product experience of core consumers. The racing “Dragonflight” (龍雀) vest, following the concept of “Dragonflight” (龍雀) series launched in 2024, became popular in the running apparel market this year with its differentiated product selling points, excellent product performance, and unique visual presentation. In addition, the Group has also launched “Pangolin” (川山甲) trail running jacket for the trail running subcategory. With its top-grade outdoor fabrics and LI-NING technological craftsmanship, it enables runners to face complicated weather conditions during trail races with confidence and ease, improving their performance.

In terms of marketing, in the first half of the year, the Group secured sponsorship of two key marathon events, the Wuxi Marathon and the Beijing Half Marathon. LI-NING leverages its advantages in different aspects, including professional, cultural, technological, and communication support, to elevate the event and provide 55,000 contestants with a professional and unique LI-NING experience. Meanwhile, LI-NING actively deployed resources for top athletes domestically and internationally. In the first half of the year, LI-NING supported athletes to achieve 44 championships and appear on the podium 84 times in international and domestic competitions.

Basketball

The Group continued to focus on its three core basketball product lines: Professional Basketball, “Wade” (韋德), and “BADFIVE” (反伍). The Group further strengthened the brand’s market influence by their distinct styles and product positioning.

In Professional Basketball, the Group continued to enhance brand exposure through the CBA League and the popularity of the NBA Draft. During the 2024-2025 CBA All-Star Weekend, the Group launched the All-Star Sneaker Carnival under the theme “LI-NING Basketball’s No.1 Manufacturing Factory,” showcasing the strong technical and professional capabilities of the LI-NING basketball team. In addition, the Group seized the lightweight market by launching the popular product “ULTRALIGHT 2025”, which integrates “Super BOOM” (超轟) technology and leverages online sales channels. Since its launch at the end of last year, the product has achieved cumulative sales of over 100,000 pairs across all channels. In apparel, the Group actively leveraged sports marketing and apparel product exposure during important events such as signing with NBA athlete Jimmy Butler and signing NBA Draft Yang Hansen, and CBA league to reinforce its professional sports image and expand its business share.

In “Wade” (韋德) basketball, the Group leveraged the signing of CBA All-Star import Kenneth Lofton Jr. to launch the new “Wade 808 ULTRA”, equipped with an embedded “Super BOOM” (超轟) midsole to provide a new level of comfort and practical experience. The Group focused on high-end stores in sales channels to enhance consumers’ awareness of product IP and high-priced team shoes. In 2025, the LI-NING’s signed athlete D’Angelo Russell embarked on a China tour, during which the first tailor-made signature shoes “DLO1” were launched. The initial release was combined with both his tour and the 618 Shopping Festival, successfully converting product popularity into actual sales, resulting in a rapid sell-through and establishing the new “DLO” IP. As the first Chinese brand to enter Fanatics Fest, the “Wade” basketball achieved 100% sell-through on the international stage with the limited-edition “DLO1 X KICKCREW” colorway, further enhancing its brand influence and market competitiveness.

The “BADFIVE” (反伍) basketball shoes began to focus on Chinese outdoor basketball players this year. Based on their playing styles, the Group introduced the “SNIPER” (遊擊) series for running and shooting, the “HUNTING” (追獵) series for changing directions, and the all-around “BADFIVE” (反伍) basketball shoes, with the latest “Super BOOM” (超轟) technology and highly durable rubber to enhance performance and enrich the product matrix. Meanwhile, the Group continues to invest in practical products through the collaboration with products, events and channels. With the differentiated positioning of “BADFIVE” (反伍) street basketball, it further strengthened brand recognition in the basketball segment.

Training

In the first half of 2025, the Group's training category, with technological innovation as its strategic core, successfully established a sports equipment product matrix that combines technological empowerment with market advantages, driving high-quality growth in both the men's and women's fitness consumer markets.

The Group has a deep insight into the sports preferences and diverse needs of female consumers, covering multiple scenarios such as yoga, hot sweat and comprehensive training. Seizing the trend of athleisure wear, the Group integrated functional technology with fashionable design. During the period, it continued to enrich its exclusive IP matrix for women's fitness, effectively catering to the diverse needs of modern women from professional training to daily wear. Products such as windbreakers featuring "smart protection technology" (智能防護科技) and ultra-soft sweatshirts and pants are highly acclaimed by customers. The "Air-Cooling T-Shirt" (冷氣涼感T恤), certified by aerospace technology standards, has significantly elevated the brand's professional and technological profile. In terms of marketing, the Group meticulously orchestrated LI-NING's first cross-category women's footwear and apparel marketing campaign, leveraging the star power of celebrity matrix and fitness KOLs to launch the thematic campaign "Grace in Motion" (美妙如輕而至). Through targeted online promotion and offline community experience, the Group captured the attention of core female consumer groups, achieving dual growth in content penetration and search buzz, thereby solidifying its leading position in the market segment.

Men's training products focus on functional technology and continue to build a cost-effective product matrix. Leveraging the "AT" technology platform, the Group adhered to the design philosophy of "professional function + sports gene" (專業功能+運動基因) to deeply integrates professional visual presentation with functional technology, striving to meet the specialized needs across diverse sports scenarios. Core product "Functional Pants" (功能褲裝) delivered outstanding results, achieving million-unit shipments. "Quick-Drying T-Shirts" (瞬吸速乾T恤) drove performance growth with a high sell-out rate. In terms of marketing, leveraging the dual endorsement advantages of aerospace technology and professional athletes, the Group successfully achieved a leading position in both total online share of voice and engagement metrics through co-created media content and athlete topic marketing.

Badminton

In the first half of 2025, the badminton category significantly expanded its influence across sportswear, footwear, and equipment fields through continuous technological innovation, product upgrades and precise market layout, solidifying its foothold in consumers' mindset.

LI-NING's Badminton Competition Series has consistently garnered attention and acclaim from China's National Youth Team, elite international players and teams as well as consumers. In the first half of the year, the Group provided corresponding product solutions for different competition story packages by segmenting the needs of target groups. The international team competition uniforms use cutting-edge fabric technologies such as seamless knitting and COOLMAX yarn, earning unanimous acclaim from Indonesian and Singaporean teams. The China Youth Team's competition uniform story package is designed for young Chinese badminton talents, offering professional on-court and off-court products that better suit the new generation of Chinese youth players. It not only enhances performance in competitions but also meets product needs for other scenarios. While reinforcing LI-NING's technological and professional image, it resonates with the new generation of young consumers.

Regarding badminton shoe products, the Group continued to optimise its product categorization and grading in the first half of the year to fill product gaps and extend popular products with strong sales and reputation. As the flagship model of the comprehensive balanced series, "Halberd 2.0" (戰戟 2.0) maintained strong sales momentum throughout the first half of the year.

In terms of equipment, the Group increased investment in materials, processes and automation equipment, continuously enhancing product professionalism. Equipment product sales maintained rapid growth in the first half of the year. The Group consistently enhanced its badminton racket product lines in three major series of attack, control and speed. In the first half of the year, we launched new professional products such as "Thunderstorm 80 Light" (雷霆80 Light), "Thunderstorm 90NEW" (雷霆90NEW) as well as sequel products "Thunderstorm 80" (雷霆80) and "Halberd 8000" (戰戟8000). The brand's competitiveness and market share demonstrated sustained growth.

For marketing campaigns, LI-NING Badminton adopted "Quality Products, Made by LI-NING, Made in China" (好產品，李寧造，中國造) as its category campaign theme. With professionalism as the core, the Group focused on sponsored resources, key international tournaments, and brand campaigns to promote newly launched products and integrated media platforms to continuously enhance brand reputation and drive the division sales targets growth. In the first half of the year, the Group sponsored key domestic and international tournaments, including the China (Ruichang) International Badminton Masters and the 2025 Singapore Open, and renewed its contract with the Indonesian national team, while continuing its sponsorship of domestic and international top-tier badminton players. The professionalism of LI-NING badminton products is demonstrated by the competitive performance of international high-level athletes and the professional image and brand influence of LI-NING badminton are continuously strengthened.

Table Tennis

In the first half of the year, the table tennis category maintained its market-leading position. The Group precisely aligned with industry development trends, regarded product enhancement and global event marketing as core drivers. LI-NING has strengthened its professional brand image in both professional competition and mass consumer markets, and steadily consolidated its leading position in the industry.

In product innovation, the Group continued to deepen the technological innovation in table tennis shoes and apparel, while actively building a comprehensive scenario product matrix to provide consumers with an all-round, superior sports experience. In the field of shoes, the uppers featured breakthrough “Boom Fiber technology” (䨔絲科技), achieving an ideal balance between lightweight performance and strong support. The newly developed midsole adjustment system integrated key technologies such as “Boom” (䨔), “Bounse+”, “Cloud Plus” (雲plus), “Cushion”, and carbon plates, providing reliable protection for high-intensity sports. The outsole and last designs also combined technological and functional design to improve both comfort and sports functions. In the field of apparel, the 25th competition apparel adopted aerospace materials and yarn antibacterial processing, improving moisture absorption and quick-drying capabilities while highlighting sustainability. In terms of product portfolio strategy, the Group built a multi-tiered product matrix including the “Champion Series” (冠軍系列) for professional athletes, the “Elite Series” (菁英系列) for advanced users, and the “Rookie Series” (新秀系列) for entry-level consumers. This was complemented by the “Table Tennis Carnival” IP, which generated widespread attention among target audiences, achieving multi-dimensional product exposure from professional equipment to IP peripherals, thereby meeting the diverse needs of different consumer groups.

In marketing and promotion, the Group leveraged event marketing as its core strategy to fully unleash the brand potential. As an official partner of the WTT tournament series, the Group maintained deep collaboration across 18 top international tournaments, significantly enhancing brand awareness and reputation. The Doha World Table Tennis Championships marketing campaign achieved groundbreaking results, reaching 760 million viewers with live broadcast viewership exceeding 6.2%. The topic viewing volume on Weibo exceeded 16.08 billion, setting a new record for communication within the table tennis sector. By establishing a strong connection between the international performance of the national table tennis team with the professional equipment of LI-NING, the Group shaped the perception of LI-NING as the “First Choice in Professional Table Tennis”. During the period, LI-NING continued to upgrade its offerings through technological innovation and expanded its market reach through marketing, steadily enhancing both brand influence and competitive strength.

Sports Casual

In the first half of 2025, LI-NING's sports casual segment continued to focus on Chinese culture, integrating traditional aesthetics with contemporary design. The collaboration with the Palace Museum introduced cultural elements such as turret towers and roof charms into everyday apparel, while the co-branded collection with Disney fused classic IP characters and retro trends into thin-sole footwear. Leveraging the campaigns of the Chinese New Year, Shanghai Fashion Week, the Sports Inspiration Story, and a comprehensive social media matrix, the Group achieved extensive penetration, further reinforcing its positioning as a "Cultural Leader". From a product strategy perspective, the Group focused on scenario functional upgrades and cost-effectiveness optimisation. It developed a differentiated product matrix for diverse scenarios including commuting and outdoor activities, thereby strengthening both consumer emotional connection and market competitiveness.

The sports casual shoes demonstrated steady growth. In the first quarter, the performance of court-style and lifestyle sneakers exceeded expectations, with key products such as "BUOU" (布歐) and "CAT PAW", achieving significant year-on-year growth in sales. The "SOFT" series achieved an 800% surge in brand search volume on Xiaohongshu (小紅書) through targeted marketing, with topic views reaching 4.7 million, achieving the highest penetration rate in the commuting shoes category and reaching 100 million total impressions across platforms. In addition, the newly launched women's IP "XING MANG" (星芒) recorded a 48% sell-through rate within 60 days of launch, demonstrating strong growth potential.

During the period, "China LI-NING" further deepened strategic cooperation with leading fashion brands, continually expanding its brand influence. Collaborations included the "Rich Everyday" (日進鬥金) series with M.E.D.M, a co-branded collection with TYAKASHA blending playful fashion with traditional sports DNA, and outdoor experiential events themed "Exploring Mountains and Waters" (遊山玩水) in partnership with G-SHOCK and CHUMS, all of which drew wide consumer attention and steadily enhanced brand voice. In February 2025, "China LI-NING" further deepened its international deployment through a co-branded initiative with STAPLE, hosting simultaneous pop-up events in China and New York that attracted global fashion media, KOLs, and sports enthusiasts, reinforcing the brand's penetration in the global fashion sector.

"LI-NING 1990" regarded golf as the core, blending technological innovation and fashion, being endorsed by international tournaments and professional athletes, in order to build a brand image that combines professional sports with high-end fashion. In the first half of 2025, the "golf collection" underwent a full upgrade, utilising cooling technology and functional fabrics to enhance professional performance and wearing experience. The newly launched "Qi Cheng Series" (啟承系列) G902 golf shoes featured "Carbon Core" technology and were widely recognised by professional users for their superior functionality and design. Meanwhile, the "Guan Lan" (觀嵐) commuting shoes achieved a sell-through rate of over 50% within 60 days of launch, and the co-branded "Xin Wu G" (心舞G) women's golf shoes gained popularity among female consumers due to their distinctive design and performance. Furthermore, the Group also continued to cultivate brand IPs. With the "Gold Medal" series promoting Olympic spirit and the "Blue" series interpreting Eastern aesthetics, the Group further reinforced the brand's differentiated positioning in both professional sports and high-end fashion sectors.

Outdoor

The Group continues to focus on market positioning, product development and marketing promotion, driving the new outdoor category to gradually capture consumer attention and further expand market share. In the first half of the year, the outdoor category saw significant growth in all-channel GMV, with footwear products delivering satisfactory performance.

In terms of product R&D, LI-NING Outdoor continued to enrich its “Wanlongjia” (萬龍甲) windbreaker jacket series in the first half of the year. The collection is made of ultra-light 7D fabric and equipped with industry-exclusive fabrics and production processes including “dual-vent nanotechnology for rainstorm protection” (防暴雨雙透納米科技). The product matrix has expanded to the active breathable and rainstorm-proof “Wanlongjia Breath” (萬龍甲Breath), the rainstorm-proof “Wanlongjia Protection” (萬龍甲Protection) and the ultra-light and rainproof “Wanlongjia Ultralight” (萬龍甲Ultralight).

In terms of market positioning, the Group precisely targeted younger consumer groups, focusing on light hiking enthusiasts, individuals who spend time outdoors, and young professionals seeking outdoor experiences. In the first half of the year, the Group refined its footwear price matrix and enriched its product line tailored for different scenarios and styles, including the “Counter Flow” (行川) hiking shoe, the “Counter Flow” (行景) shoe featuring business commuting-styled, and the “Xun” (潯) series of creek walking shoes and sandals which is a relaxing, outdoor style.

In terms of marketing and promotion, the Group continued to expand its marketing resources by establishing in-depth partnerships with leading domestic light outdoor hiking platforms. Focusing on popular hiking routes favored by domestic young people, the Group showcased the performance of its core IPs, “Counter Flow” (行川) and “Wanlongjia” (萬龍甲) in real outdoor scenarios, earning widespread acclaim from outdoor tour leaders and seasoned outdoor enthusiasts. Furthermore, the LI-NING “Counter” (行) family of outdoor hiking shoes, represented by the “Counter Flow” (行川), has also seen an exponential increase in search index on mainstream social platforms with its cool design style and functional performance of zero-fatigue hiking, becoming the representative of the new generation of trendy outdoor shoes.

Tennis and pickleball

The Group also continued to enhance its professional pickleball and tennis product portfolios, comprehensively catering to the needs of users at all levels, from entry-level to professional. Tennis and pickleball apparel, shoes and equipment products were launched, along with a full range of tennis and pickleball products, including tennis competition series, club series, cultural series and youth series. At the same time, the Group has established a dedicated tennis technology platform to cultivate unique technological attributes for tennis. Through athlete endorsements, tournament sponsorships, and integrated online-offline marketing campaigns, it continues to expand the LI-NING brand’s influence in both pickleball and tennis.

LI-NING YOUNG

In the first half of 2025, leveraging its keen insight into the children's sportswear market, LI-NING YOUNG remained deeply focused on the youth and children's sports segment. It has achieved steady progress in product optimisation, channel expansion, retail efficiency enhancement and brand marketing, with an emphasis on improving its professional brand image and market share. It is committed to establishing LI-NING Young as the preferred professional sports brand for children and youth in China.

In terms of product optimisation, LI-NING YOUNG continued to drive progress through product research and development, and IP establishment, fostering breakthrough growth in its core categories. In the running shoe category, it launched the "Lingdong Technology" (靈動科技) platform and developed a gait guidance system. The "Cloud" (雲) series emphasised breathability, lightweight and protection functions, while the "Dragonfly Family" (蜻家族) focused on trendy design, comfort and high cost-effectiveness. In the basketball shoes category, the trendy "INFINITE" series was further supported by CBA resources, achieving exposure in excess of ten million impressions and effectively reaching target customers. In addition, several apparel products achieved outstanding performance. With the China culture IP "Wanxiang" (萬象) achieving a higher sell-through rate than the overall average. The total volume of orders for the summer cooling product matrix exceeded 530,000 units, marking a new historical high. During the period, LI-NING YOUNG achieved expected growth in both product speed and scale, resulting in a dual enhancement of brand value and sales performance.

In terms of channel development, LI-NING YOUNG focused on expanding market coverage and enhancing channel quality, with a strong commitment to implementing a multi-channel growth strategy. In addition to deepening its presence in core markets, it strategically expanded emerging markets and strengthened its outlet channel layout. The Group worked to establish benchmark stores exceeding ten million sales to create demonstration effects and enhance overall efficiency. Meanwhile, the Group advanced optimisation of its distributor matrix and achieved a breakthrough in distribution models. Furthermore, it placed emphasis on deepening its presence in the outlet channel, and systematically expanding and upgrading key stores, while also collaborating with partners to develop online sales platforms. The Group accelerated its deployment across e-commerce platforms, particularly enhancing synergy effect in private domain operations such as Douyin, community marketing and employee-exclusive sales events, with the aim of significantly improving private traffic conversion efficiency. Furthermore, LI-NING YOUNG expanded into campus channels through the planning and trial of campus stores to cater to students' sportswear needs, further strengthening its influence among the youth market.

In terms of retail efficiency, LI-NING YOUNG implemented systematic measures to improve the performance of both wholesale and direct-operated channels. On the wholesale side, it established a customer communication mechanism and adopted a targeted resource allocation strategy, prioritising stores with over ten million sales and the Top 100 stores, thereby significantly improving return on investment. Furthermore, annual targets were effectively implemented and realised through goal decomposition and project-based management. On the direct-operated front, the Group enhanced its talent development framework by refining career promotion pathways and specialised training programmes, enabling employees to maximise their strengths and improve execution capabilities. Additionally, the Group conducted sampling and trials of promotional gifts and display materials, supported by tracking mechanisms, to drive performance growth in potential stores.

In terms of marketing and promotion, LI-NING YOUNG has fully leveraged the Group's resources, working in close collaboration with categories such as basketball and running to provide a wide range of brand experiences to consumers through diversified marketing campaigns. During the period, the Group actively engaged with popular events such as primary school basketball leagues and the Xinjiang LI-NING YOUNG Cup Basketball Tournament, effectively integrating CBA resources to achieve over 14 million brand exposures, significantly enhancing brand visibility. The Group also collaborated with prominent industry celebrities such as Yang Yi and Jia Lei to launch master classes, and further promoted the brand through sponsorships, brand campaigns and partnerships with training bases, generating strong communication momentum, expanding the exposures and penetration of the brand, and supporting the high-quality growth of brand value.

Deepening Omnichannel Deployment and Enhancing Operational Efficiency

In the first half of 2025, the Group continued to advance the development of diversified channels, upgrade retail digitalisation, and optimise supply chain and logistics operations. These efforts further strengthened its business foundation, consistently consolidated its market competitiveness, and delivered steady improvements in operational effectiveness.

In terms of channels, the Group has actively built a multi-dimensional channel network, and systematically promoted deepening of market coverage and upgraded of operational efficiency. In high-tier markets, through deepening strategic coordination with top-tier commercial entities and leading outlet projects, the Group promoted innovative store format planning and deployment. In emerging markets, the Group implemented deep expansion and optimised channel hierarchy layout to expand market share. At the same time, the Group strategically optimised rental structure and cooperation models, further strengthening operating cost control of existing stores to achieve dual enhancement of operational efficiency and channel health. In addition, the Group deepened strategic cooperation with quality commercial partners, jointly advancing the implementation of marketing activities, effectively improving customer reach efficiency and sales conversion rate, and actively promoting the “resource integration, full-domain marketing” new retail model to reinforce the dual uplift of brand momentum and commercial value.

As of 30 June 2025, the number of conventional stores, flagship stores, China LI-NING stores and factory outlets under the LI-NING brand (including LI-NING Core Brand and LI-NING YOUNG) amounted to 7,534, representing a net decrease of 51 as compared to 31 December 2024. The number of POS breakdown as of 30 June 2025 is as follows:

LI-NING Brand	30 June 2025	31 December 2024	Change
Franchised	4,821	4,820	0.0%
Directly-operated retail	1,278	1,297	(1.5%)
LI-NING YOUNG	1,435	1,468	(2.2%)
Total	<u>7,534</u>	<u>7,585</u>	(0.7%)

Number of LI-NING Brand POS by geographical location

Regions	30 June 2025			31 December 2024			Change
	LI-NING Core Brand	LI-NING YOUNG	Total	LI-NING Core Brand	LI-NING YOUNG	Total	
Northern Region (<i>Note 1</i>)	3,039	842	3,881	3,076	856	3,932	(1.3%)
Southern Region (<i>Note 2</i>)	3,060	593	3,653	3,041	612	3,653	0.0%
Total	<u>6,099</u>	<u>1,435</u>	<u>7,534</u>	<u>6,117</u>	<u>1,468</u>	<u>7,585</u>	(0.7%)

Notes:

- 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.
- 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 is committed to building a high-profitability, high-efficiency operating model, laying a solid foundation for dual-driven growth of brand and product. In the first half of the year, the Group focused on the systematic construction of operating models in high-tier markets and distribution business models. Through channel structure optimisation, adjustment of store product mix, and planning of consumer interaction activities, the Group has strengthened brand mindshare penetration and improving product operation efficiency. In addition, the Group concentrated on optimising store visual presentation and marketing promotion quality, upgrading property cooperation effectiveness, and enhancing the professional service capabilities of sports consultants. The Group has also strengthened efficient collaboration between headquarters and terminals, continuously improved retail process standards, and made full preparations for new store expansion and retail capability enhancement during the Olympic cycle.

In terms of new retail business, the Group has comprehensively deepened the construction of its new retail business system. With digital upgrade as the core, the Group has been committed to driving all-round enhancement of business efficiency. In the first half of the year, the Group upgraded its user digital platform and guided selling system, not only achieving continuous optimisation of consumer service experience, but also promoting the sustained rise in off-store sales conversion efficiency. At the same time, the Group has actively expanded a new multi-platform business cooperation model, successfully connecting to mainstream ecosystem platforms such as Douyin Local Life (抖音本地生活), achieving deep integration of online and offline marketing resources, enhancing precise traffic attraction capabilities of offline stores, and effectively promoting customer flow conversion and synergistic growth of store sales. In addition, the Group relied on AI technology to empower the private domain digital management tool “Ning Shopping Guide” (寧導購), significantly strengthening data analysis and service levels of terminal guided selling, helping to improve overall operational efficiency, and providing strong technical support for efficient conversion of omnichannel traffic.

For the e-commerce business, in the face of a challenging market environment across the industry, the Group adhered to a prudent and steady operational strategy. By fostering strong cooperation between online and offline channels, developing exclusive marketing IPs, and strategically deploying key promotional campaigns, the Group continued to drive comprehensive improvements in operational efficiency, making e-commerce a key motivation for the business growth. During the first half of the year, several star products achieved outstanding performance. Russell’s first signature basketball shoes, the “DLO1”, ranked the top in sales during its initial launch period within LI-NING’s basketball category. The “LI REN 5 V2” (利刃5V2) remained the top three basketball shoes in the industry, while the newly launched running shoe IP, “Zhui Feng” (追風), successfully captured the attention of Gen Z consumers, further enhancing brand influence and transaction activity. In addition, the Group developed the exclusive “Ma Lu Song” (馬路松) IP concept, effectively leveraging the celebrity effect of Olympic champion Wang Chuqin to maintain heightened brand visibility. During the period, Tmall Celebration Day (天貓歡聚日) and Douyin Super Product Day (抖音超品日) achieved strong results in both total exposure and user engagement. During the Queen’s Day (女王節), the number of female members increased by over 20% year-on-year, reflecting the steady enhancement of the brand’s influence. Moreover, the Group’s channel operations were closely integrated with all business lines, supporting overall inventory optimisation while maximising the viral momentum of e-commerce exclusive products. By leveraging online popularity to drive offline sales, the Group successfully created more commercial opportunities for offline channels. These efforts demonstrated the flexibility and resilience of the Group’s e-commerce capabilities amidst a subdued industry climate.

In terms of supply chain, the Group continued to advance deep optimisation and strategic upgrading of its supply chain, focusing on four core objectives: quality control, delivery assurance, cost optimisation, and sustainable development, and has achieved notable results. The Group has deepened dynamic supplier management, strategically focused on high-quality resources for premium sports, outdoor, and the Glory product line (榮耀產品線), and completed supplier structure optimisation based on comprehensive evaluation, establishing a core strategic supplier echelon, significantly increasing their business share. At the same time, the Group also accelerated the deployment of its supply chain into inland regions to enhance overall resilience. In terms of operational efficiency improvement, the Group implemented deep integration and streamlining of key raw materials, significantly optimising procurement and production efficiency. Benefiting from the end-to-end cost control portfolio strategy, the Group successfully achieved cost optimisation, with overall supply chain efficiency continuously improving and delivery fulfilment rate remaining at a high level. Breakthrough progress was made in flexible supply capabilities, successfully expanding into e-commerce exclusive product lines, and establishing a rolling replenishment system and cross-channel coordination mechanism to maximise market demand fulfilment. In addition, the Group deeply integrated the sustainability concept into supply chain practices, effectively advancing the implementation of green products, with order volume of eco-friendly products exceeding target levels.

In the first half of 2025, the Group vigorously promoted the strategic construction of the logistics system, focusing on three core directions: omnichannel logistics integration, digital upgrade, and automation optimisation, to achieve comprehensive enhancement of logistics efficiency and precise optimisation of cost control. The Group launched the omnichannel logistics project, efficiently integrating online and offline resources, improving goods circulation efficiency and warehouse operation efficiency, and effectively reducing logistics costs. In terms of logistics digitalisation, the Group has established an advanced goods warehousing coordination system to ensure the timeliness and accuracy of goods warehousing, and has further enhanced warehouse receiving and dispatching capacity through a customised warehouse operation system, achieving refined management of operating costs. In addition, the Group has continuously optimised logistics automation, officially launching the automation optimisation plan for the Eastern China online logistics centre, significantly improving online logistics fulfilment capability and promoting cost reduction and efficiency enhancement. During the period, the launch of the Nanning central warehouse marked the Group's completion of nationwide logistics and warehousing network deployment, further enhancing market responsiveness and core competitiveness.

HUMAN RESOURCES

In line with the Group's strategic objectives and evolving business needs, the Human Resources Department continued to optimize its organizational structure, collaboration model, and favorable workforce deployment. Adhering to the elite principle, the Group is committed to building a lean and powerful organization.

In terms of organizational development, the Group remained focused on enhancing organizational efficiency. It promoted a business strategy focused on category operations by establishing specific category business departments to strengthen the competitiveness of our core products. The Group also developed the organizational structures for Olympic to support the Olympic with professional products and high-quality services. The Group accelerated the development of digital human resource systems to streamline human resource processes and improve management effectiveness. In addition, the Group continues to optimize its human resource allocation, implement staffing quota control strategies to enhance per capita efficiency and overall organizational competitiveness.

In terms of talent cultivation and development, the Group actively attracted outstanding talent from the industry, while accelerating the development of a robust talent pipeline. The Group introduced a systematic training program to strengthen the young talent pool and built a multi-level talent development system to enhance both operational and management capabilities of the management team. In addition, the Group also continued to refine its talent management, talent standards, evaluation, identification, and development processes to ensure the sustainable development of the talent effectively supports the business growth.

In terms of performance incentive management, the Group maintained a strong focus on results-driven performance and value distribution, reinforced cross-functional goal alignment within the category business departments, and further optimized the outcome-oriented organizational performance management system. It strengthened performance process management and feedback to identify individual and organizational strengths, and areas for improvement, thereby driving continuous performance enhancement. While controlling human resource costs, the Group upgraded its compensation and benefits system, introducing different short, medium, and long-term incentive schemes for key positions and core talent to boost market competitiveness, fully motivate employees and unlock their potential.

Regarding culture and employee relations, the Group actively cultivated a positive and proactive organizational culture. It launched sports-themed activities such as the Sports Bazaar, Olympic Promotion Month, and interactive interest classes to foster employee enthusiasm for sports. Moreover, the Group collaborated with labor unions to provide diverse activities to enrich employees' lives. Additionally, the Group enhanced digital human resources by introducing an AI-powered assistant to quickly address employee inquiries, while also actively listening to employees' feedback to improve their sense of belonging, satisfaction, and engagement. Looking ahead, in response to the Group's strategic goals and business development needs, the Human Resources Department will continue to focus on organization, talent, performance, and cultural care, improve efficiency and inject strong momentum towards the achievement of the Group's yearly strategic goals.

As at 30 June 2025, the Group had 5,099 employees (31 December 2024: 5,022 employees), among which 4,908 employees were at the Group's headquarters, Guangxi Supply Base and retail subsidiaries (31 December 2024: 4,817 employees), and 191 employees were at other subsidiaries (31 December 2024: 205 employees).

OUTLOOK

In 2025, the Government Work Report places expanding domestic demand in a more prominent strategic position. Driven by policy promotion, technological iteration, and changes in consumer demand, the industry overall possesses potential for high-quality growth, with opportunities and challenges intertwined. Looking ahead to the second half of the year, the Group will maintain a prudent attitude, continue to consolidate its business foundation, firmly implement the core strategy of "Single Brand, Multi-categories, Diversified Channels", uphold the core value of "Serve with Sportsmanship", and continuously refine "LI-NING's Experience Value". At the same time, the Group will closely monitor market dynamics, actively capture and seize potential structural opportunities, and promote long-term sustainable growth through a series of strategic initiatives, striving to become the preferred brand for sports consumers.

1. **Building Product Competitive Advantage:** The Group will continue to rely on the LI-NING Technology Innovation Platform (李寧科技創新平台) to optimise product structure, strengthen diversified deployment under the single-brand strategy, and build differentiated competitive advantages. We will focus on the deep integration of technology and fashion, creating a sports product matrix that combines functionality and trend aesthetics, meeting consumers' full-scenario needs, and actively driving market share acquisition across various sub-segment markets. At the same time, the Group will accelerate the deployment in high-growth potential markets, focusing on breakthroughs in three emerging tracks: women's sports, outdoor gear, and youth sports products, to seize market opportunities and cultivate new business growth drivers. In addition, the Group will increase R&D investment, leveraging core technologies to enhance product strength, and reinforce long-term competitive advantage through technological barriers.
2. **Deepening the Cooperation Effectiveness with COC:** The Group once again partners with COC and the Chinese Sports Delegation, which not only reflects the full recognition by the General Administration of Sport of China and COC of LI-NING brand's professional strength and innovation capability, but also provides an important strategic opportunity for the brand's long-term development. LI-NING will fully support the Chinese Sports Delegation in competing on the international stage through high-quality products and highly efficient services. At the same time, the Group will further orderly launch online and offline marketing activities around this top-tier cooperation. It plans to release the 2026 Milan Winter Olympics apparel in the second half of the year, and initiate themed marketing campaigns for the Winter Olympics, continuously deepening LI-NING's professional sports image.

3. **Focusing on Business Quality and Efficiency Enhancement:** The Group will coordinate efforts across three key areas, namely channels, products, and supply chain, to achieve dual improvement in business quality and efficiency. Channel efficiency upgrades will be pursued through dual breakthroughs in offline and online operations. Offline, the Group will enhance terminal competitiveness through initiatives such as efficiency improvement in high-tier markets, strengthening distribution capabilities, and deep cultivation of emerging markets. Online, the Group will unleash sales potential through overall ecosystem governance and brand marketing integration, aiming to achieve maximised online and offline sales. On the product side, by enhancing the full-chain system and improving the accuracy of omnichannel product planning, the Group will achieve significant optimisation of supply-demand matching, flexible production, and inventory turnover. In terms of supply chain, the Group will focus on three core indicators: cost control, quality improvement, and delivery timeliness, and deepen strategic integration with product and merchandise operations to enhance overall efficiency.
4. **Consolidating Foundations to Drive Growth:** To consolidate the foundation for corporate development, the Group will focus on enhancing talent-driven development, financial governance and digital-intelligence empowerment as three core pillars. In terms of talent-driven development, the Group will build talent teams based on strategic business needs, continuously optimise organisational effectiveness, and establish a flexible and efficient operational structure. In terms of financial governance, the Group will strengthen target management, establish more rigorous budget management and risk control mechanisms, enhance financial transparency and capital utilisation efficiency, and provide robust financial assurance for strategic implementation. In terms of digital-intelligence empowerment, the Group will deeply apply cutting-edge AI technologies, build a digitalised operational support system, and enhance market insight and consumer analysis capabilities, laying a solid foundation for high-quality development.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company did not redeem any of its shares during the six months ended 30 June 2025. Except for the purchase of shares by the trustee of the restricted share award scheme of the Company (the "Restricted Share Award Scheme") pursuant to the trust deed and the rules of the Restricted Share Award Scheme, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2025. As at 30 June 2025, the Company does not have any treasury shares (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules")).

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this announcement, there is no significant event requiring disclosure under the Listing Rules that has taken place subsequent to 30 June 2025 and up to the date of this announcement.

CORPORATE GOVERNANCE

For the period from 1 January 2025 to 30 June 2025, the Company has complied with the code provisions of the “Corporate Governance Code” (the “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 separated and should not be performed by the same individual. During the six months ended 30 June 2025, Mr. Li Ning, the Executive Chairman and Joint Chief Executive Officer (the “Joint CEO”), and Mr. Kosaka Takeshi, the Executive Director and the Joint CEO, jointly assumed the role of chief executive officer of the Company. Therefore, there was no separation of the roles of the chairman and the chief executive as both roles were undertaken by Mr. Li Ning during the period. 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 the 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 the Shareholders as a whole.

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “Model Code”) contained in Appendix C3 to the Listing Rules regarding securities transactions by the directors of the Company. Directors of the Company are reminded regularly of their obligations under the Model Code. Following specific enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2025.

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 the auditing, risk management, internal control and financial reporting matters, including the review of the interim results for the six months ended 30 June 2025.

The Company's external auditor, Ernst & Young, has performed a review of the Group's interim financial information for the six months ended 30 June 2025 in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The report on review of interim financial information by the auditor will be included in the 2025 interim report of the Company.

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

Hong Kong, 21 August 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.