

What's Hot Today:

► **361 Degree (1361 HK, HK\$5.76, HK\$11.9bn) robust 1H25, robust drivers**

1H25 results inline. 361 Degree is the fourth largest domestic sportswear brand in China, with an estimated 4% market share. Revenue in 1H25 grew by 11% YoY to RMB5.7bn, with net profit up 9% YoY to RMB858mn, both inline with expectations. Online segment delivered an impressive 45% YoY to RMB1.8bn, about 32% of total. In terms of segment, Adult/Kid grew by 8%/9% YoY to RMB4.2/1.2bn, respectively. In terms of products, footwear, with higher margin than apparel, increased by 16% YoY to RMB3.3bn, while apparel stayed flat at RMB2.1bn. Hence, GPM expanded by 0.2pptys YoY to 41.5%. However, NPM narrowed 0.4pptys YoY to 15% due to growing expense of online segment. The company declared a 20.4 HK cents interim dividend, up 24% YoY, with a payout ratio of 45%.

Fig 1: 1H25 results preview

	1H24		1H25			Results comments
	RMB mn	% of Rev	RMB mn	% of Rev	YoY chg	
Revenue	5,141		5,705		11%	Footwear sales +16%, Apparel flat
Cost of sales	(3,016)		(3,338)		11%	
Gross profit	2,125	41.3%	2,366	41.5%	11%	GPM of Footwear increased
Other revenue	177		144		-19%	
Selling and distribution expenses	(916)	-17.8%	(1,037)	-18.2%	13%	Growing online expense
Administrative expenses	(311)	-6.1%	(332)	-5.8%	7%	
Operating profit	1,060	20.6%	1,137	19.9%	7%	
Finance costs	(8)		(5)		-34%	
Profit before income taxes	1,052		1,132		8%	
Income tax expense	(231)		(259)		13%	
Net profit	790	15.4%	858	15.0%	9%	

Source: Company Data, Sunwah Kingsway Research

Q3 to date sales maintained the Q2 momentum. QTD offline sales grew 10% YoY, while online sales increased 20% YoY. The upcoming two weeks will be the back-to-school season, a traditional peak period for 361°, which is expected to provide additional upside to 3Q25 sales, particularly in the kids' segment (~22% of total revenue). The Mgt maintained the FY25 guidance of GPM at ~40-42% (vs. 41.5% in FY24) and NPM at ~10-12% (vs. 11.4% in FY24).

China & HK Indices	CLOSE	1D	YTD
HSI	25,613	2.6%	27.7%
HSCEI	9,150	2.6%	25.5%
HSCCI	4,379	0.8%	15.8%
CSI300	4,176	0.8%	6.1%
Shanghai A	3,861	0.6%	-0.1%
Shanghai B	267	-0.1%	-0.1%
Shenzhen A	2,394	1.3%	17.0%
Shenzhen B	1,314	-0.9%	8.3%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	44,922	1.0%	5.6%
S&P 500	6,466	0.3%	9.9%
Nasdaq	21,713	0.1%	12.4%
Nikkei Index	43,274	1.3%	8.5%
FTSE Index	9,165	0.2%	12.1%
CAC Index	7,804	0.7%	5.7%
DAX Index	24,185	0.7%	21.5%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,355	0.2%	28.2%
STEEL (US\$/oz.)	2,147	4.6%	20.2%
SILVER (US\$/oz.)	38	1.6%	33.4%
CRUDE OIL (US\$/bbl)	62	-0.8%	-12.4%
COPPER (US\$/oz.)	9,803	0.7%	11.8%
ALUMINIUM (US\$/oz.)	2,616	1.1%	2.5%
PLATINUM (US\$/oz.)	1,343	0.0%	48.4%
ZINC (US\$/oz.)	2,829	0.2%	-5.0%
WHEAT (US\$/bu)	507	-1.5%	-8.0%
CORN (US\$/bu)	397	-2.6%	-10.5%
SUGAR (US\$/lb)	N/A	N/A	
SOYBEAN (US\$/bu)	1,044	3.3%	1.9%
PVC (US\$/t.)	N/A	N/A	-10.1%
CRB	294	-0.3%	3.0%
BDI			102.3%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.850	0.854	147.380	0.805	7.177
HKD	0.127		0.109	18.775	10.262	0.914
EUR	1.171	9.189		172.500	1.061	8.396
JPY	0.007	5.326	0.580		0.547	0.049
CHF	1.242	9.744	1.061	182.969		8.910
RMB	0.139	1.094	0.119	20.544	0.112	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece		N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	14	-13.6%

Source: Bloomberg

Better than expected Super Premium Stores expansion. As of August 12, 361° operates a total of 55 premium stores, comprising 5 kids' outlets and 50 standard ones. Characterized by richer SKUs and larger floor areas, these stores adopt a supermarket-style layout that enables one-stop shopping experience and delivers stronger cross-selling results. The Mgt is confident in the sales performance of these stores and expects to open more than the previous guidance of 80-100 stores in FY25.

Diversify strategy. 361° Kids has broadened its product line on campus physical fitness test items by launching badminton products. Meanwhile, the company is expanding into high-margin winter apparel market through its sub brand Oneway. It targets the premium down jacket segment (price range of RMB1.0-2.0k), competing directly with The North Face and Columbia. 361° plans to open 5 Oneway stores in FY25. Overseas segment continues to demonstrate robust growth, with revenue up by 20% YoY to RMB87mn. Number of overseas store rose by 60 YoY to 1,357 as of the end of June.

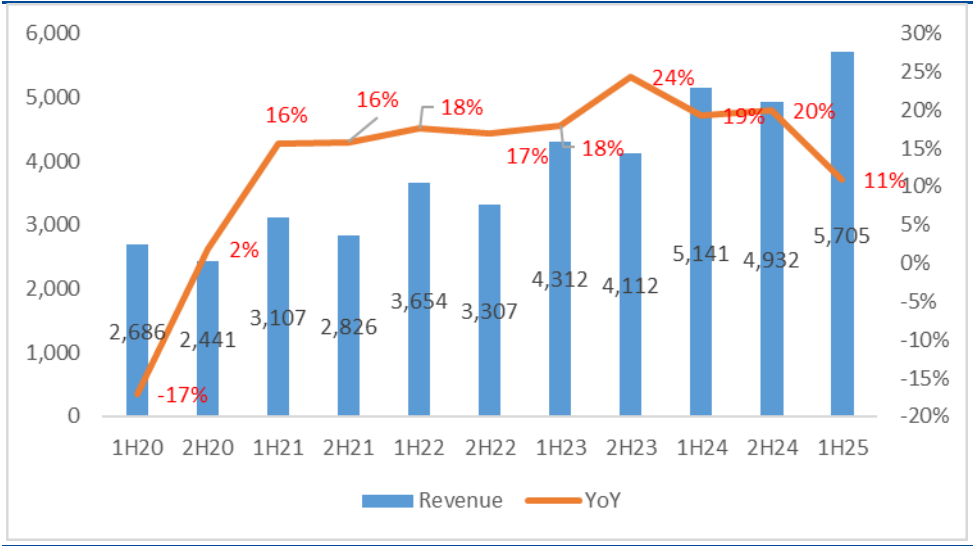
Our view: 361° is expected to maintain robust momentum, driven by 1) The value for money strategy benefiting from the consumption downgrade trend. The new Super Premium Stores will enhance this market positioning. 2) 361° has established high popularity among students, partly due to its strong alignment with physical fitness tests. The brand offers a wide range of products tailored to test requirements, covering disciplines such as running, basketball, badminton, and rope skipping. 3) Professional racing footwear lines like Furious and Future have reinforced the brand's equity in specialized segments. Additionally, 361° has signed international basketball superstars Nikola Jokić and Aaron GORDON as brand ambassadors to accelerate its global expansion. Its AR days reduced by 3 days YoY to 146 days. As of 30 June 2025, the company had RMB4.3bn net cash in hand. The counter is trading at 8.3x FY25E P/E, with a dividend yield of 5.3%. (Ensley LIU)

Fig 2: Footwear performance

	1H19	2H19	1H20	2H20	1H21	2H21	1H22	2H22	1H23	2H23	1H24	2H24	1H25
Segment revenue(RMB mn)	2,770	1,676	2,228	1,855	2,548	2,131	2,863	2,438	3,264	2,934	3,859	3,522	4,176
Footwear	1,414	973	1,127	954	1,381	1,152	1,480	1,373	1,901	1,609	2,283	2,004	2,575
Apparel	1,356	703	1,101	901	1,168	979	1,382	1,065	1,362	1,325	1,576	1,517	1,601
YoY													
Segment revenue	8%	2%	-20%	11%	14%	15%	12%	14%	14%	20%	18%	20%	8%
Footwear	4%	14%	-20%	11%	14%	15%	12%	14%	14%	20%	18%	20%	8%
Apparel	12%	-11%	-20%	-2%	22%	21%	7%	19%	28%	17%	20%	25%	13%
As % of total Revenue	86%	70%	83%	76%	82%	75%	78%	74%	76%	71%	75%	71%	73%
Footwear	44%	41%	42%	39%	44%	41%	41%	42%	44%	39%	44%	41%	45%
Apparel	42%	29%	41%	37%	38%	35%	38%	32%	32%	32%	31%	31%	28%
Sales volume(k)													
Footwear	13,333	7,435	10,069	9,146	12,512	9,885	12,549	11,238	15,567	12,824	18,624	15,597	19,955
Apparel	14,739	6,931	13,846	11,889	17,320	9,639	18,013	10,476	17,473	13,684	21,293	14,142	22,637
YoY													
Footwear	-4%	-14%	-24%	23%	24%	8%	0%	14%	24%	14%	20%	22%	7%
Apparel	-15%	-35%	-6%	72%	25%	-19%	4%	9%	-3%	31%	22%	3%	6%
ASP(RMB)													
Footwear	106	131	112	104	110	116	118	122	122	125	123	128	129
Apparel	92	101	80	76	67	102	77	102	78	97	74	107	71
YoY													
Footwear	9%	33%	5%	-20%	-1%	12%	7%	5%	3%	3%	0%	2%	5%
Apparel	32%	37%	-14%	-25%	-15%	34%	14%	0%	2%	-5%	-5%	11%	-4%
Gross Profit(RMB mn)	1,146	669	862	677	1,076	904	1,217	976	1,375	1,202	1,609	1,508	1,775
Footwear	600	363	466	339	594	497	643	531	828	661	977	864	1,114
Apparel	546	305	396	338	482	407	574	445	547	541	633	644	661
Gross Margin (%)	41%	40%	39%	36%	42%	42%	43%	40%	42%	41%	42%	43%	43%
Footwear	42%	37%	41%	35%	43%	43%	43%	39%	44%	41%	43%	43%	43%
Apparel	40%	43%	36%	38%	41%	42%	41%	42%	40%	41%	40%	42%	41%

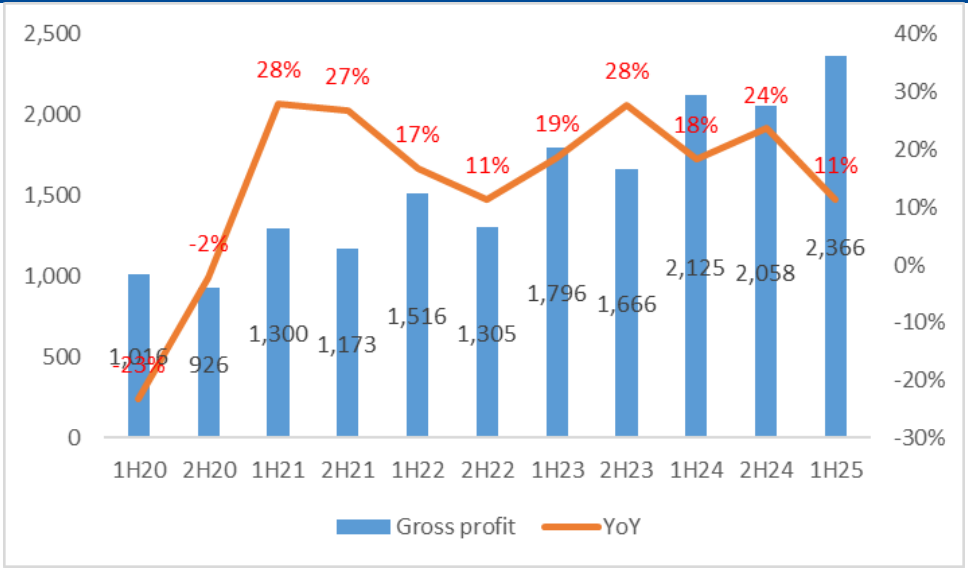
Source: Company Data, Sunwah Kingsway Research

Fig 3: Revenue (RMB'mn) and YoY



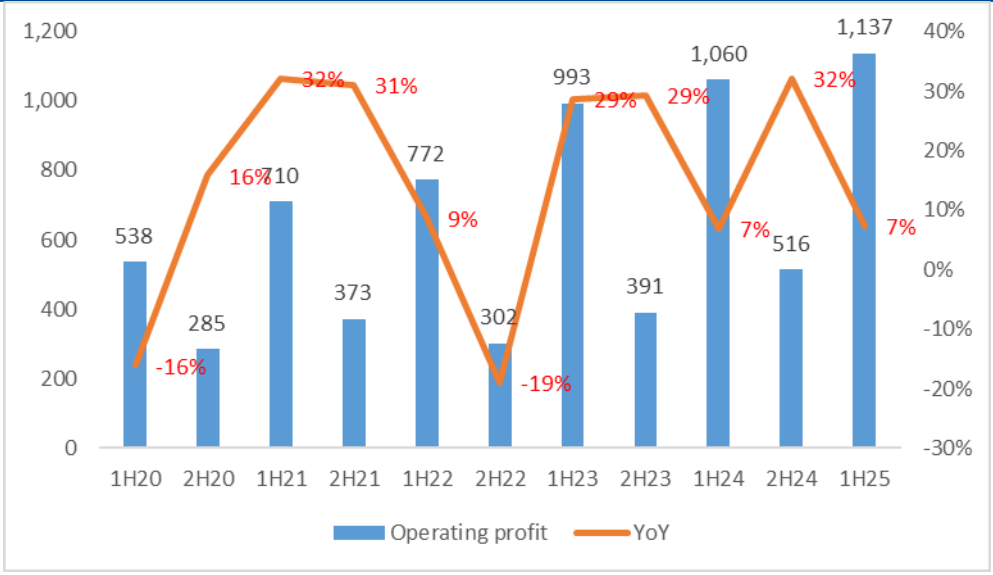
Source: Company Data, Sunwah Kingsway Research

Fig 4: Gross profit (RMB'mn) and YoY



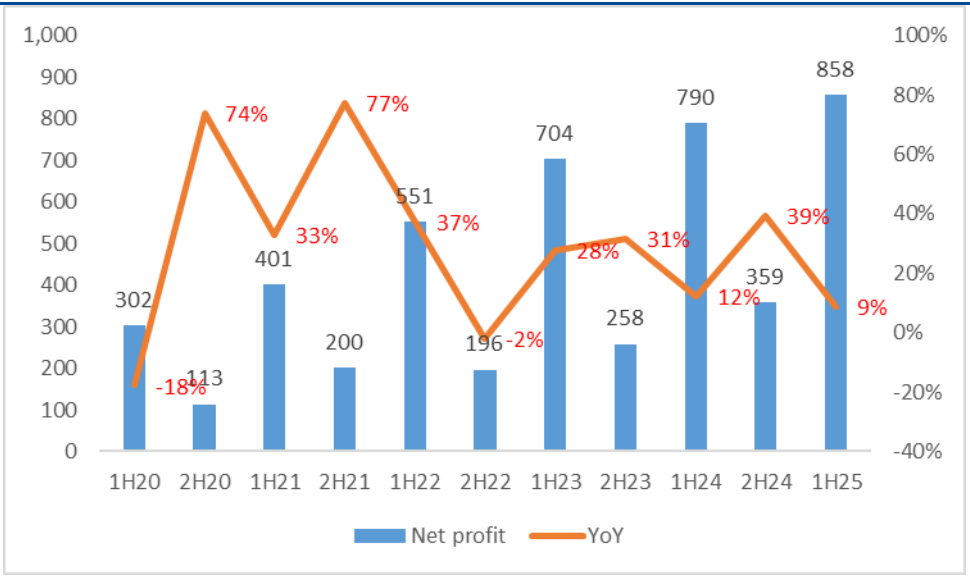
Source: Company Data, Sunwah Kingsway Research

Fig 5: Operating profit (RMB'mn) and YoY



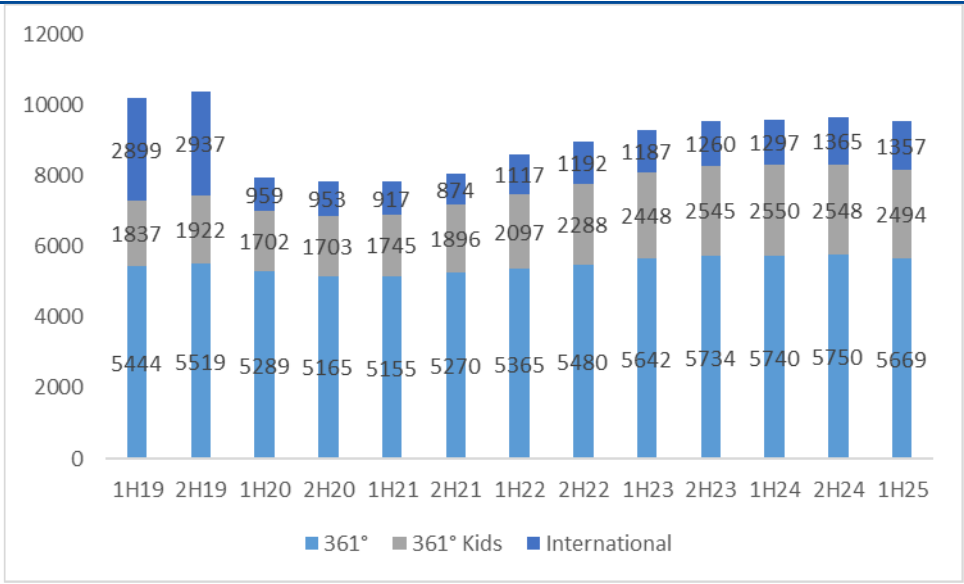
Source: Company Data, Sunwah Kingsway Research

Fig 6: Net profit (RMB'mn) and YoY



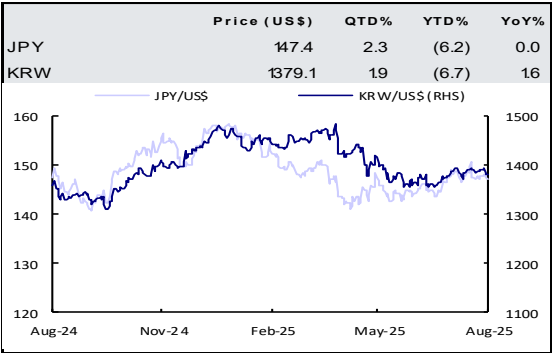
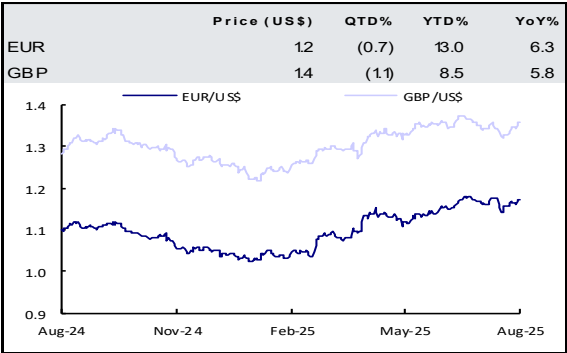
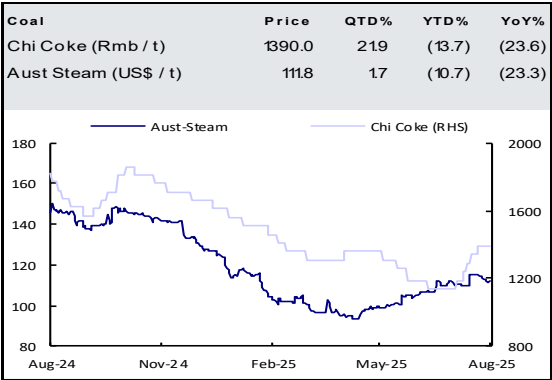
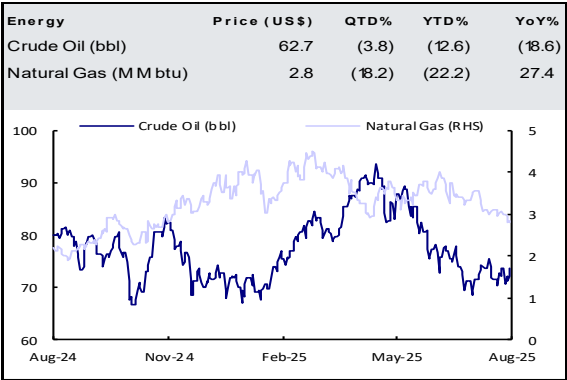
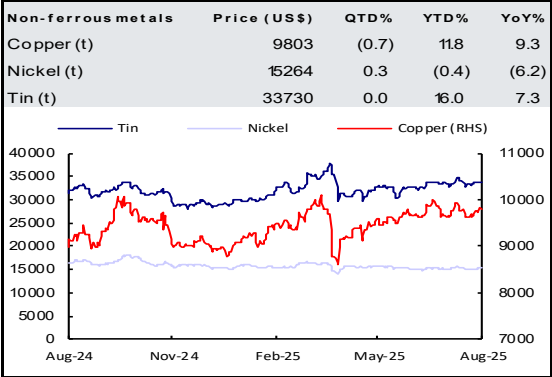
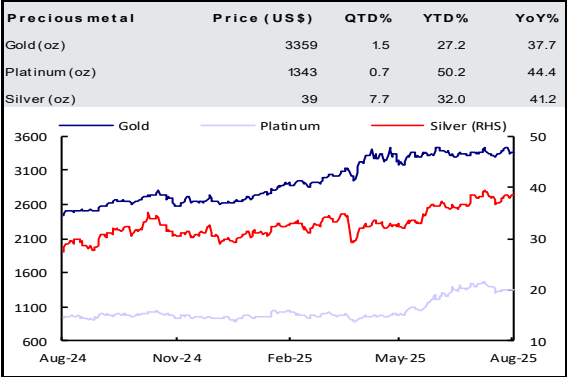
Source: Company Data, Sunwah Kingsway Research

Fig 7: POS breakdown



Source: Company Data, Sunwah Kingsway Research

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Initial Jobless Claims	WoW		14-Aug-25
PPI	MoM		14-Aug-25
Business Inventories	MoM		15-Aug-25
Retail Sales	MoM		15-Aug-25
Industrial Production	MoM		15-Aug-25
Housing Starts / Building Permits	MoM		19-Aug-25
Existing Home Sales	MoM		21-Aug-25
New home Sales	MoM		25-Aug-25
Durable Goods Orders	MoM		26-Aug-25
Consumer Confidence	MoM		26-Aug-25
GDP	QoQ		28-Aug-25
Wholesale Inventories	MoM		29-Aug-25
Personal Income & Spending	MoM		29-Aug-25
ISM Manufacturing PMI	MoM		2-Sep-25
Factory Orders	MoM		3-Sep-25
Trade Balance	MoM		4-Sep-25
Employment Report	MoM		5-Sep-25
CPI	MoM		11-Sep-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Retail Sales	MoM		15-Aug-25
Industrial Production	MoM		15-Aug-25
PMI Manufacturing	MoM		31-Aug-25
Foreign Exchange Reserves	QoQ		7-Sep-25
Trade Balance	MoM		8-Sep-25
Money Supply - M2	MoM		9-Sep-25
PPI	MoM		10-Sep-25
CPI	MoM		10-Sep-25
GDP	YoY		20-Oct-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
GDP	QoQ		15-Aug-25
Unemployment Rate	MoM		19-Aug-25
CPI	MoM		21-Aug-25
Trade Balance	MoM		26-Aug-25
Money Supply - M2	MoM		29-Aug-25
Retail Sales	MoM		1-Sep-25
PMI	MoM		3-Sep-25
Foreign Currency Reserve	MoM		5-Sep-25
Producer Prices Index	QoQ		15-Sep-25
Industrial Production	QoQ		15-Sep-25
Composite Interest Rate	MoM		

Kingsway Research Team

Analyst
Howard Wong
Ensley Liu

Email
Howard.wong@sunwahkingsway.com
Ensley.liu@sunwahkingsway.com

Phone No.
(852) 2283 7307
(852) 2283 7618

Source: HKEx

Disclaimer

This document is not an offer to sell or the solicitation of an offer to buy or subscribe for any securities. The securities referred to in this document may not be eligible for sale in certain jurisdiction. Neither this document nor any portion hereof may be taken distributed or transmitted directly or indirectly into such jurisdiction nor to any residents thereof. Any failure to comply with this restriction may constitute a violation of the applicable laws and regulations and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. This document has been produced for private circulation and may not be copied, photocopied, duplicated, or redistributed without the prior written consent of Kingsway Financial Services Group Limited (“KFS”) and its affiliated companies (collectively, “Kingsway Group”).

This report is distributed in Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”) by KFS which is registered as a licensed corporation under the Securities and Futures Ordinance (Cap.571 of The Laws of Hong Kong) with the Securities and Futures Commission of Hong Kong (“SFC”) and its SFC CE number is ADF346.

The information contained in this report has been taken from sources believed to be reliable but no representation or warranty expressed or implied is made as to their accuracy or correctness. This report is published for the assistance of recipients but is not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient. It is not to be construed as an offer, invitation or solicitation to buy or sell any securities of the company or companies covered herein. Any recommendation contained in this report does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. All opinions and estimates reflect our judgment on the date of this report and are subject to change without notice.

KFS, including its parent, subsidiaries and/or affiliates, may act as lead or co-manager in an offering of the securities of any issuer discussed herein, may from time to time perform financial services or other advisory services for, or solicit financial services or other business from, any issuer.

Within the past year, KFS, including its parent, subsidiaries and/or affiliates, may have acted as market maker or traded on a principal basis in the financial instruments of any issuer discussed herein and may act as underwriter, placement agent, advisor or lender to such issuer.

KFS, including its parent, subsidiaries, affiliates, shareholders, officers, directors, and employees may have long or short positions in, and buy or sell, the securities, commodities or derivatives (including options) or any other financial instruments thereof, of any issuers.

An employee of KFS, including its parent, subsidiaries and/or affiliates, may act as director, or be represented on the boards of directors, of any such entities or issuers.

Copyright 2025 Kingsway Group. All rights reserved.

Head Office

Hong Kong
Kingsway Financial Services Group Limited
7/F, Tower One, Lippo Centre,
89 Queensway, Hong Kong
Tel: 852-2283-7000
Fax: 852-2877-2665

Affiliated & Overseas Offices

Guangdong
廣東新華滙富商業保理有限公司
2701, Dongshan Plaza,
69 Xianlie Middle Road, Yuxiu District
Guangzhou, 510095

Vietnam
Sunwah Kingsway Vietnam Services Limited
Representative Office
Sunwah Tower, Mezzanine Floor
115 Nguyen Hue
District 1
Ho Chi Minh City
Vietnam