

[For Immediate Release]



361 Degrees International Limited

361 度國際有限公司

(incorporated in the Cayman Islands with limited liability)

2017 Profit Attributable to Equity Shareholders Up 13.4% Strengthen Multi-brand Strategy Implement Retail-driven Strategy Explore New Era of E-commerce

(13 March 2018 – Hong Kong) – The leading sportswear brand enterprise in China, **361 Degrees International Limited** (“361°” or the “Company”, together with its subsidiaries, the “Group”; HKSE stock code: 1361), is pleased to announce its results for the year ended 31 December 2017.

Financial Highlights

(RMB million)	For the year ended 31 December		Change
	2017	2016	
Revenue	5,158.2	5,022.7	+2.7%
Gross profit	2,156.4	2,109.9	+2.2%
Operating profit	987.6	949.3	+4.0%
Profit attributable to equity shareholders	456.7	402.7	+13.4%
Basic EPS (RMB cents)	22.1	19.5	+13.3%
Profitability ratios (%)			
Gross margin	41.8	42.0	-0.2 p.p.
Operating margin	19.1	18.9	+0.2 p.p.
Net margin	8.9	8.0	+0.9 p.p.
Effective income tax rate	39.6	40.5	-0.9 p.p.
Operating ratio as percentage of revenue (%)			
R&D	3.4	3.7	-0.3 p.p.
Staff costs	9.0	8.7	+0.3 p.p.
Advertising and Promotion	9.8	11.4	-1.6 p.p.
Cash position (RMB million)			
Net cash (including deposits and cash equivalents)	3,479.1	2,801.2	+24.2%
Net cash generated from operating activities	831.5	1,131.6	-26.5%
Dividends			
Interim dividends per share (RMB cents)	6.1	5.0	--
Final dividends per share (RMB cents)	3.0	1.0	--
Special dividends (RMB cents)	--	5.0	--

— cont'd —

Financial Analysis

During the review year, the Group's revenue rose by 2.7% to RMB5,158.2 million (2016: RMB5,022.7 million), mainly driven by the growth in trade fair orders in 2017. Revenue contribution from footwear segment increased to 44.7%; apparel sales accounted for 38.5% of the Group's revenue. In addition, revenue of 361° Kids continued its strong momentum and grew by 9.2% to RMB711.1 million (2016: RMB651.2 million), representing 13.8% of the Group's revenue. Such growth reflected a well-established customer base for the kids' sportswear business and its enormous growth potential.

The gross profit in 2017 amounted to RMB2,156.4 million (2016: RMB2,109.9 million) while gross margin maintained at the level of 41.8%.

Profit attributable to the equity shareholders was RMB456.7 million (2016: RMB402.7 million), representing an increase of 13.4%, equivalent to basic earnings per share of RMB22.1 cents (2016: RMB19.5 cents).

During the review year, net cash generated from operating activities was RMB 831.5 million (2016: RMB 1,131.6 million). Net cash (including deposits and cash equivalents) was RMB3.5 billion (2016: RMB2.8 billion). The Group's strong financial position puts it in good stead to capture future business development opportunities in China's continuously developing sportswear industry.

The Board of Directors have declared a final dividend of RMB3.0 cent per share, which together with the interim dividend of RMB6.1 cents, bringing the total dividend for the year amounted to RMB9.1 cents per share (2016: RMB11.0 cents), representing an annual dividend payout ratio of 41.2%. The Group will strive to steadily improve dividend payout ratio, in order to reward its shareholders for their long term support.

Operational Highlights

Effective multi-brand strategy to seize market share

In 2017, 361° continued to adopt a multi-brand strategy with 361°, 361° Kids and outdoor brand ONE WAY, to target the domestic mass market, kids' sport and high-end outdoor sport market respectively. As of 31 December 2017, total number of 361° core brand authorized retail outlets were 5,808 in China as the Group stayed focused on enhancing the store efficiency and retail sales. The Group proactively encouraged its distributors to upgrade their stores layouts and open up new stores at prime locations in newly-opened shopping malls, thereby boosting sales and the brand image by driving more footfall to the stores.

— cont'd —

During 2017, there were 1,797 points-of-sales offering 361° Kids products, of which 570 stores were stand-alone and 617 were within the 361° core brand authorized retail stores. During the review year, kids wear business continued to grow steadily, and contributed to 13.8% of the Group's revenue, representing an increase of 9.2% year-on-year. In 2017, there were four trade fairs hosted for 361° Kids, all of which achieved satisfactory growth and locked up future revenue growth for 361° Kids segment. 361° Kids has been growing faster than the Group's core brand. Currently, though the PRC kids wear market structure is under the formation process, its accumulated advantages in terms of scale of operations and market share will become one of the major competitive advantages within industry by its early expansion into the kids wear market. The kids segment is expected to become a new growth driver of the Group in future with the full implementation of the two-child policy and the continuous rise in household disposable income.

In recent years, casual sports for the young generation has become the mainstream trend and emerging sports such as winter sports provide new alternatives for the public. Since China won the right to host the 2022 Winter Olympics, there has been increasing awareness of winter sports in the country. The Group expects that the high-end brand ONE WAY will be benefited. As of 31 December 2017, there were 46 self-operated ONE WAY stores in China's first-tier and second-tier cities, such as Beijing, Shanghai, Shenzhen, etc. ONE WAY has been building its brand reputation and influence in the Greater China area through entering exclusive cooperation agreement with China Ski Association, sponsoring National Snowboard Team, National Freestyle Ski Halfpipe Ski Team, National Cross-country Ski Team, National Biathlon Team and National Ski Jumping Team. The Group will continue to expand its sales network in order to lay a sturdy foundation for rapid development of ONE WAY in the future.

Focus on enhancing product functionality
Expand into international market with professional sports brand image

In order to further diversify and upgrade its business and explore growth potential, the Group has been actively expanding into overseas market. As of 31 December 2017, the Group established 1,241, 1,030, 378 and 40 points-of-sales in Brazil, the United States, Europe and Taiwan respectively. Currently, the worldwide network covers more than 20 countries, including the United Kingdom, Germany, France, Austria and Switzerland. In 2017, 361° steadily entered into emerging markets, including Canada, Russia, Spain, Israel, Italy and etc. The group will further select countries and regions with high growth potential and continue to promote 361° overseas products in 2018.

— cont'd —

361° international has launched a series of functional running shoes, which were recommended by Runners' World, a professional running magazine. In particular, core product 361° Sensation 2 has been awarded as "The Best Debut" and "The Best New Shoes" by the Runner's World Germany in 2017. 361° Spire 3 won the *ISPO Global Design Award in Munich, Germany*. 361° KgM2 2 was also accredited as the Most Popular Running Shoes for Autumn 2017 and won the "Sole Mate Award" by Women's Running Magazine in the U.S. In addition, 361-Spinject was not only ranked as Top 10 Running Shoes for Autumn and Winter, but also selected as "The Best Debut" by USA Competitor. Both 361-Spinject and 361-Meraki were selected as the Most Recommended Autumn and Winter Running Shoes by the Runner's World USA. During the review year, revenue from overseas business contributed about 1.7% of the total revenue of the Group, representing a growth rate of 10.7%. The Group expects international business to play an increasingly important role in terms of revenue contribution in the next three to five years.

Continuous support for Jakarta Asian Games Further enhance international influence

To conform to the "Belt and Road Initiative" of China and to continue enhancing 361°'s brand awareness and influence in the world, the Group announced to be the official partner of the 18th Asian Games 2018 in Jakarta. This marked 361°'s third consecutive sponsorship of the Asian Games following the 2010 Guangzhou Asian Games and the 2014 Incheon Asian Games, further enhancing 361°'s brand influence in the global market and promoting the idea of "Passion Without Borders" around the world.

While supporting the Asian Games, the Group also hopes to support eSports to cater the new trend of industry development as it is widely popular among youngsters and the eSports will debut as a "demonstration sport" in 2018. In March this year, the Group hosted eSports workshop in Hong Kong and invited guests from different sectors to share their views towards eSports with different identities and from different perspectives in order to capture the attention of more young people toward the Asian Games. In the future, 361° will actively cooperate with eSports to narrow the distance between 361° and young consumers so as to rejuvenate its brand.

In terms of sports resources, apart from the existing celebrity endorsements, the Group newly signed marathon runner Mr. Guan Siyang and Ms. Marcia Zhou. Meanwhile, the Group maintained close cooperative relationship with various sports celebrities and professional sports teams with the view of gaining exposure to target consumers. During the review year, apart from the sponsorship for Mr. Kai Markus, a German runner who participated in the 12,000-kilometer Silk Road long-running project, the Group announced to engage Mr. Vision Wei, a famous pop singer and actor in China, to be the brand spokesperson. Mr. Vision Wei will be one of the "361° Asian Games Ambassadors", together with basketball player Mr. Jimmer Fredette and China National Swimming team member Ms. Liu Xiang. In the future, the Group will continue to promote its strategy of internationalization and support the development of the entire sports industry.

E-commerce business to become the new growth engine

With E-commerce business growing at a fast pace, the Group also strived to build its contemporary e-commerce platform to seize growth opportunities. Currently, the Group conducts its e-commerce business mainly through the renowned e-commerce platforms in China including Tmall, Taobao, and JD, and launches online exclusive products to achieve product differentiation and create synergy between online and offline stores. The Group started the "smart store" collaborative project with Tmall and implemented "Become member once you pay" initiative. The project will be launched in 2018 across the country to cover the national Internet community. During the review year, the e-commerce business contributed RMB399 million of revenue for the sale of the Group's web-exclusive products and accounted for 7.7% of the Group's total revenue. The Group aims to expand online sales, and make it a significant part of the Group's revenue in the future.

Foster the innovative transformation of offline retail Integrate online and offline retail to complement each other's advantages

In face of the structural transition in the industry, the Group hopes to integrate the online e-commerce and offline retail through the new retail concept to complement each other's advantages. With the integration of online and offline, digital retail will become the core growth driver. The new measures will transform in two aspects. First, leveraging its technological advantages, the e-commerce will drive the sales of offline stores and optimize the supply chain so as to achieve transformative upgrade. Second, capitalizing on the experiential strengths, offline stores are being integrated into the latest industrial development in an effort to increase its competitive advantages by integrating with online platform and incorporating technological elements. In the future, centered on consumer needs, the Group will reconstruct the ecology of consumption with technology and continue to optimize the supply chain, thereby enhancing the business operating efficiency.

Constantly strengthen research and development ("R&D") capabilities to provide world-class quality products

To compete with international brands in terms of product development, craftsmanship, technology, functionality and quality, the Group has always strived to strengthen its product innovation and enhance its R&D capabilities. The Group has optimized its product design with technology to yield better product differentiation so as to cater for varying market needs. The Group's R&D team introduced advanced materials made from the most cutting-edge technology and incorporated popular elements into the latest products to enhance the functionality for different sports, such as high performance fabrics including 3M reflective fabric, colored reflective fabric, SORONA fabric and Dry Smart fabric. The Group also built on its self-developed technologies, such as SAC-air, NFO, Quikfoam, Bumper MD, REV Air and Arch Lock, to enhance the functionality of the products and to fulfil the particular function of various specific footwear product categories.

As of 31 December 2017, the Group obtained 273 patents. During the review year, R&D expenses accounted for 3.4% of the Group's revenue. Moreover, the 361° R&D centre in Jinjiang, Fujian completed its construction in May 2017, including five functional departments. In the future, the Group will effectively translate the large quantity of data collected and analyzed by the 361° R&D centre into productivity, and provide sportswear with strong cost performance that combines technology and design to customers so as to enhance product functionality .

To lead the market in the next 'Golden Decade' of China's sportswear industry

The Chinese government has continued to support the development of the Chinese sports industry since 2014 by implementing a series of favourable policies and measures, which will encourage sport participation by the general public. The year 2018 will be full of sports events again. It is expected that the quadrennial international major matches will lead to an upsurge in public interest in sports and boost the overall growth of the sports industry. Driven by the upstream segment, the sporting goods sector will be benefitted from the marketing campaigns of these events. Along with the steady growth of China's economy, income level and purchasing power of citizens continue to increase, together with rising health awareness, this will further drive the demand for sportswear products. The sports industry is expected to develop prosperously. Thus, the Group is confident about the outlook of China's sportswear industry and 361°. Although industry competition remains fierce, the Group has established competitive advantage in the industry and is confident that it will continue to lead the market in the next "Golden Decade" of China's sportswear industry and achieve outperformance.

Mr. Ding Wuhao, President of 361° Group concludes, "Looking back at 2017, the Group's five business segments, namely 361° core brand, 361° Kids, outdoor sport brand ONE WAY, international business and e-commerce, all demonstrated robust growth momentum. Looking ahead to 2018, our goal is not only to become a reputable and leading sportswear brand in China, but also a well-respected world-class sportswear company in the long run. The Group will continue to leverage its multi-brand strategy, implement retail-driven strategy, encourage distributors and authorized retailers to upgrade their store layouts to our eighth-generation store image to improve store operating efficiency. The Group will also implement its e-commerce business strategy by using big data analysis and a responsive supply chain to expand its presence in e-commerce. In addition, we will make good use of our strong R&D capabilities to provide highly competitive functional products to users of varying needs. In the long run, we will adhere to the brand spirit of 'One Extra Degree of Passion' to lead the market in the next 'Golden Decade' of China's sportswear industry."

— End —

About 361 Degrees International Limited

Established in 2003, 361° is a leading sportswear brand enterprise in China with a growing international presence. The Group designs, develops, manufactures and sells functional, innovative and stylish sportswear products to cater to the active, athletic and casual sportswear needs of adults, young adults and children. The Group offers high-performance and value-for-money footwear, apparel, and accessories products targeted at mass market.

The Group operates a distributorship business model through 31 exclusive distributors and authorized retailers to manage an extensive distribution network of approximately 6,000 retail stores across China. It has established a leading position in third-tier and below cities in China.

For more details, please refer to its website: www.361sport.com.

For further information, please contact:

361 Degrees International Limited

Ms. Nina Zhan
Vice-President, Investor Relations
361 Degrees International Limited
Email: nina@361sportshk.com

iPR Ogilvy & Mather

Tina Law / Lorraine Luk / Cathy Chen / Yana Choi / Karl Cheung
Tel: (852) 2136 6181 / 2169 0467 / 3920 7647 / 3920 7645 / 3920 7651
Fax: (852) 3170 6606
Email: 361@iprogilvy.com