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ANTA Sports Products Limited

安踏體育用品有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2020)

2022 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the “**Board**”) of ANTA Sports Products Limited (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries (together referred to as the “**Group**”) for the six months ended 30 June 2022. This announcement, containing the full text of the *Interim Report 2022* of the Company, complies with the relevant requirements of *the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* in relation to information to accompany preliminary announcements of interim results. The printed version of the Company’s *Interim Report 2022* will be delivered to the shareholders of the Company and will be available for viewing on the HKEXnews websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at ir.anta.com in early September 2022.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the six months ended 30 June 2022 have been reviewed by the audit committee of the Company and approved by the Board. The interim financial report has been reviewed by the Company’s auditor, KPMG, in accordance with *Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants with an unqualified opinion, whose report on review of interim financial report is set out in the *Interim Report 2022*.

ANTA SPORTS PRODUCTS LIMITED

Incorporated in the Cayman Islands with limited liability

Stock Code: 2020

INTERIM REPORT 2022



ABOUT ANTA SPORTS PRODUCTS LIMITED

ANTA brand was established in 1991, while ANTA Sports Products Limited, a widely recognized global sportswear company, was listed on the Main Board of HKEx in 2007 (Stock code: 2020.HK). For many years, ANTA Sports has been principally engaging in the design, development, manufacturing and marketing of professional sports products including shoes, apparel and accessories to Chinese consumers. By embracing an all-round brand portfolio including ANTA, FILA, DESCENTE and KOLON SPORT, and by setting up an investor consortium to successfully acquire Amer Sports in 2019, a global sportswear group that has internationally recognized brands including Salomon, Arc'teryx, Wilson, Peak Performance, Atomic, etc. ANTA Sports aims to unlock the potential of both the mass and high-end sportswear markets.

VISION

TO BECOME A LEADING MULTI-BRAND
SPORTSWEAR GROUP IN THE WORLD.

MISSION

TO INTEGRATE THE SPORTS
SPIRIT OF "GOING BEYOND
ONESELF" INTO EVERYONE'S
DAILY LIFE.

CORE VALUES

- CONSUMER-ORIENTED
- DEVOTION
- INNOVATION AND PUSHING BOUNDARIES
- RESPECT AND BE INCLUSIVE
- INTEGRITY AND GRATITUDE





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FINANCIAL OVERVIEW

Six months ended 30 June	2022	2021	Changes
	(RMB million)	(RMB million)	(%)
Revenue	25,965	22,812	↑ 13.8
ANTA	13,360	10,578	↑ 26.3
FILA	10,777	10,827	↓ 0.5
All other brands	1,828	1,407	↑ 29.9
Gross profit	16,109	14,408	↑ 11.8
ANTA	7,358	5,587	↑ 31.7
FILA	7,395	7,830	↓ 5.6
All other brands	1,356	991	↑ 36.8
Profit from operations	5,792	5,905	↓ 1.9
ANTA	2,942	2,447	↑ 20.2
FILA	2,426	3,143	↓ 22.8
All other brands	395	295	↑ 33.9
Profit for the period	3,950	4,132	↓ 4.4
Profit attributable to equity shareholders			
– without the effect of share of loss of a joint venture	3,766	4,186	↓ 10.0
– with the effect of share of loss of a joint venture	3,588	3,840	↓ 6.6
Free cash inflow	4,108	5,861	↓ 29.9
	(RMB)	(RMB)	(%)
Earnings per share			
– Basic	1.33	1.43	↓ 7.0
– Diluted	1.31	1.40	↓ 6.4
	(HK cents)	(HK cents)	(%)
Interim dividend per share	62	60	↑ 3.3
	(%)	(%)	(% point)
Gross profit margin	62.0	63.2	↓ 1.2
ANTA	55.1	52.8	↑ 2.3
FILA	68.6	72.3	↓ 3.7
All other brands	74.2	70.4	↑ 3.8
Operating profit margin	22.3	25.9	↓ 3.6
ANTA	22.0	23.1	↓ 1.1
FILA	22.5	29.0	↓ 6.5
All other brands	21.6	21.0	↑ 0.6
Net profit margin	15.2	18.1	↓ 2.9
Margin of profit attributable to equity shareholders			
– without the effect of share of loss of a joint venture	14.5	18.3	↓ 3.8
– with the effect of share of loss of a joint venture	13.8	16.8	↓ 3.0
Effective tax rate ⁽¹⁾	28.5	27.0	↑ 1.5
Advertising and promotional expenses ratio (as a percentage of revenue)	10.3	9.4	↑ 0.9
Staff costs ratio (as a percentage of revenue)	15.3	14.4	↑ 0.9
R&D costs ratio (as a percentage of revenue)	2.3	2.2	↑ 0.1

Notes:

- (1) Effective tax rate does not include the effect of share of loss of a joint venture.
- (2) Gearing ratio is equal to the total borrowings divided by the total assets at the end of the relevant period.
- (3) Return on average total shareholders' equity is equal to the profit attributable to equity shareholders divided by the average balance of total shareholders' equity.
- (4) Return on average total assets is equal to the profit attributable to equity shareholders divided by the average balance of total assets.
- (5) Average inventory turnover days is equal to the average balance of inventories divided by the cost of sales and multiplied by the number of days in the relevant period.
- (6) Average trade receivables turnover days is equal to the average balance of trade receivables divided by the revenue and multiplied by the number of days in the relevant period.
- (7) Average trade payables turnover days is equal to the average balance of trade payables divided by the cost of sales and multiplied by the number of days in the relevant period.
- (8) Average balance aforementioned means the average of the balance as at 1 January and the balance as at 30 June of the relevant period.

As at 30 June	2022	2021	Changes
	(RMB)	(RMB)	(%)
Shareholders' equity per share	11.66	9.93	↑ 17.4
	(%)	(%)	(% point)
Gearing ratio ⁽²⁾	19.9	22.5	↓ 2.6
Return on average total shareholders' equity (annualized) ⁽³⁾	23.9	30.4	↓ 6.5
Return on average total assets (annualized) ⁽⁴⁾	11.4	14.6	↓ 3.2
Average total shareholders' equity to average total assets	47.7	48.0	↓ 0.3
	(in 181 days)	(in 181 days)	(days)
Average inventory turnover days ⁽⁵⁾	145	117	↑ 28
Average trade receivables turnover days ⁽⁶⁾	22	28	↓ 6
Average trade payables turnover days ⁽⁷⁾	53	44	↑ 9

Cautionary Statement Regarding Forward-Looking Statements

This *Interim Report 2022* contains certain forward-looking statements with respect to the financial conditions, results of operations and businesses of the Group. These forward-looking statements represent the Group's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Certain statements, that include wordings like "potential", "estimated", "expects", "anticipates", "objective", "intends", "plans", "believes", "estimates", and similar expressions or variations on such expressions may be considered as "forward-looking statements".

Forward-looking statements involve inherent risks and uncertainties. Readers should be cautioned that a number of factors could cause actual results to differ in some instances materially, from those anticipated or implied in any forward-looking statements. Forward-looking statements speak only at the date they are made, and it should not be assumed that they have been reviewed or updated in the light of new information or future events. Trends and factors that are expected to affect the Group's results of operations are described in the section "Management Discussion and Analysis".

RESULTS HIGHLIGHTS

FINANCIAL PERFORMANCE



Revenue
increased by 13.8% to
RMB26.0 Billion



Gross profit margin
decreased by 1.2% point to
62.0%



Profit attributable to equity shareholders
decreased by 6.6% to
RMB3.6 Billion



Basic earnings per share
decreased by 7.0% to
RMB1.33



Payout of the profit attributable
to equity shareholders
40.6%

OPERATIONAL PERFORMANCE



Number of ANTA stores in
Mainland China and overseas
stood at

6,660

Number of ANTA KIDS stores in
Mainland China and overseas
stood at

2,563



Number of FILA stores
(including FILA KIDS and
FILA FUSION standalone stores)
in Mainland China, Hong Kong,
Macao and Singapore stood at

2,021



Number of
DESCENTE stores
in Mainland China,
Hong Kong and Macao
stood at

182



Number of
KOLON SPORT stores
in Mainland China and
Hong Kong
stood at

153



Eileen Gu,
*An Olympic
gold medalist*

CORPORATE INFORMATION

Board		
Executive Directors	Ding Shizhong (Chairman) Lai Shixian Zheng Jie	Ding Shijia (Deputy Chairman) Wu Yonghua Bi Mingwei
Independent Non-Executive Directors	Yiu Kin Wah Stephen Wang Jiaqian	Lai Hin Wing Henry Stephen Xia Lian
Company Secretary	Tse Kin Chung	
Board Committees		
Audit Committee	Yiu Kin Wah Stephen (Chairman) Wang Jiaqian	Lai Hin Wing Henry Stephen Xia Lian
Remuneration Committee	Lai Hin Wing Henry Stephen (Chairman) Xia Lian	Wang Jiaqian Ding Shizhong
Nomination Committee	Lai Hin Wing Henry Stephen (Chairman) Lai Shixian	Yiu Kin Wah Stephen
Risk Management Committee	Yiu Kin Wah Stephen (Chairman) Xia Lian	Wang Jiaqian Lai Shixian
Sustainability Committee	Lai Shixian (Chairman) Lai Hin Wing Henry Stephen Xia Lian Zheng Jie	Yiu Kin Wah Stephen Wang Jiaqian Wu Yonghua Yiu Wai Hung*
Authorized Representatives	Ding Shizhong	Lai Shixian
Registered Office		
Cayman Islands Office	Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands	
Principal Place of Business in Hong Kong		
Hong Kong Office	16/F, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong	
Head Offices in Mainland China		
Jinjiang Office	Dongshan Industrial Zone, Chidian Town, Jinjiang City Fujian Province, PRC Postal code: 362212	
Xiamen Office	No. 99 Jiayi Road, Guanyinshan, Xiamen, Fujian Province, PRC Postal code: 361008	
Share Registrars and Transfer Offices		
Cayman Islands Principal Register	Suntera (Cayman) Limited Suite 3204, Unit 2A, Block 3, Building D, P.O. Box 1586, Gardenia Court, Camana Bay, Grand Cayman, KY1-1100, Cayman Islands	
Hong Kong Branch Registrar	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong	
Legal Adviser	Morgan, Lewis & Bockius	
Auditor	KPMG Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance	
Risk Management and Internal Control Review Adviser	KPMG Advisory (China) Limited	
Principal Bankers	Bank of China (Hong Kong) Limited Industrial Bank Co., Ltd. Standard Chartered Bank PLC	Industrial & Commercial Bank of China Ltd. China Merchants Bank Co., Ltd.

* non-Board member

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present our interim results for the six months ended 30 June 2022.

Attaining Stable Growth, Maintaining Resilience and Striving for Breakthroughs

Amid the complex and evolving dynamics of global affairs coupled with escalated geopolitical risks, elevated global supply chain pressure and soaring inflation, China's macro economy was faced with tremendous uncertainties in the first half of 2022. Furthermore, with waves of Pandemic outbreak in China since March 2022, there has been a significant drop in foot traffic alongside weakening consumer sentiment, leading to a heavy blow to the consumer market as a result.

What does not beat you makes you stronger. Over the past years, ANTA Sports has not only ridden on the rapid economic growth, but also been able to turn adversities into opportunities and forge ahead amid business challenges. In light of the current evolving business environment, we have taken concrete and pragmatic measures to respond proactively with a "Dynamic Management"

approach through implementing rigorous cost management and prioritizing healthy inventory level, ultimately demonstrating greater resilience in times of adversity. As always, we have been achieving high-quality and stable growth while maintaining our leading position in terms of market share.

Uncertainties such as new waves of the Pandemic will continue to affect economic growth and consumer sentiment in the near term. Nevertheless, we remain optimistic about the long-term growth prospect of the Chinese sportswear industry. The stable and positive fundamentals of the industry as underpinned by favorable national policies will continue to drive long-term development of the sports industry in China. In addition, the Pandemic has been followed by the promotion of sports culture as a part of a healthy lifestyle and people have been more willing to spend time outdoors in nature. The sporting goods market continues to have tremendous potential and strong growth momentum. We steadfastly uphold longtermism. In the face of challenges, we have been more determined to adhere to our strategies and development goals to enhance the value of each brand, while strengthening each brand's competitiveness so as to maintain high-quality growth. With proper execution to push forward our

strategies steadily, we are confident that we can achieve business breakthroughs and succeed in all aspects amid the volatile market environment.

During the financial period, the Group adhered to long-term strategic planning and our strategy of "Single-focus, Multi-brand, Globalization" was yielding remarkable results. Our revenue hit another record high, having increased by 13.8% to RMB25.97 billion (2021 1H: RMB22.81 billion). The incubation model of news brands has been further developed, DESCENTE and KOLON SPORT grew significantly amid the Pandemic. The third growth curve began to take shape and demonstrated the advantages of multi-brand strategy. The overall gross profit margin decreased slightly by 1.2% point to 62.0% (2021 1H: 63.2%) and the overall profit from operations slightly declined by 1.9% to RMB5.79 billion (2021 1H: RMB5.91 billion). Despite the business environment having been impacted by the Pandemic since March 2022, the overall gross profit margin and operating profit margin during the financial period both witnessed noticeable improvement as compared with the second half of 2021. On a consolidated basis, without the effect of the share of loss of a joint venture, the profit attributable to equity shareholders decreased by 10.0% to RMB3.77 billion (2021 1H: RMB4.19 billion). On a consolidated basis, with the effect of share of loss of a joint venture, the profit attributable to equity shareholders decreased by 6.6% to RMB3.59 billion (2021 1H: RMB3.84 billion).

During the financial period, albeit the impact of the Pandemic, the Group's financial position remained robust. Operating cash inflow of RMB4.98 billion (2021 1H: RMB6.31 billion) and free cash inflow of RMB4.11 billion (2021 1H: RMB5.86 billion) were recorded, reflecting our strong cash generating capability. Moreover, the Group had RMB24.93 billion in total amount of cash and cash equivalents, fixed deposits held at banks with maturity over three months and pledged deposits as of 30 June 2022. The abundant fund reflected our sound risk capacity and ability to withstand high-pressure scenarios. The Board has declared an interim dividend of HK62 cents per ordinary share (2021 1H: HK60 cents) for the six



15 YEARS

OF MAGNIFICENCE AS A LISTED COMPANY

*Tiding over challenges
to forge excellence,
staying inspired by our original aspiration*

months ended 30 June 2022, increased by 3.3% year-on-year.

Adhering Longtermism and Sticking to Strategic Goals

Our resilience was underpinned by our strategic planning and outstanding execution capability. Although market conditions have become more unpredictable, we remain a positive attitude that drives us to stride forward steadfastly. We adhere to “Benchmarking with High Standard” and the strategy of “Single-Focus, Multi-Brand, Globalization”, in order to seek breakthroughs in terms of brand, product and channel. Each growth curve of the Group has been guiding our future direction with ample clarity.

ANTA has been executing the “Lead to Win” acceleration plan announced last year. With the core strategies of being “Rooted in and Known for Performance Sport” and fostering “Brand Transformation and Growth”, key performance indicators show that we are making progress as planned despite the Pandemic’s impact. Thanks to the successful conclusion to the Beijing 2022 Olympic Winter Games at the beginning of this year, ANTA enjoyed tremendous publicity. A variety of our proprietary technologies demonstrated ANTA’s genes of performance sports and professional image, which helped enhance the brand value. In addition, the sales of high-end basketball shoes and running shoes were satisfactory, while the spokesperson strategy also achieved decent results. During the financial period, ANTA segment’s revenue grew by 26.3% to RMB13.36 billion (2021 1H: RMB10.58 billion), cementing its leading position in China. The gross profit margin and operating profit margin were 55.1% (2021 1H: 52.8%) and 22.0% (2021 1H: 23.1%) respectively.

FILA is firmly positioned as a high-end athletic fashion brand. Leveraging its strategy of “Top-notch Products, Top-notch Brands and Top-notch Channels”, FILA has seized the opportunity to expand in the performance sports market as backboned by its century-old legacy in the sports

industry while retaining its fashion elements. During the financial period, the brand took a relatively more severe hit by the latest wave of the Pandemic, with store closures taking place mainly in first and second-tier cities, where FILA has a significant presence. Despite the headwinds, FILA managed to solidify its fundamentals. During the financial period, the revenue of FILA segment fell slightly by 0.5% to RMB10.78 billion (2021 1H: RMB10.83 billion). The gross profit margin and operating profit margin were 68.6% (2021 1H: 72.3%) and 22.5% (2021 1H: 29.0%) respectively.

In the wake of the Pandemic, the public has paid greater attention to outdoor leisure activities, which acted as a catalyst to unlock the potential of many niche markets within the sports industry and opened up opportunities for our other brands to penetrate into new scenarios. Led by the strong growth momentum of DESCENTE and KOLON SPORT, the total revenue of all other brands (Including DESCENTE and KOLON SPORT) during the financial period leaped by 29.9% to RMB1.83 billion (2021 1H: RMB1.41 billion). The gross profit margin and operating profit margin achieved encouraging levels of 74.2% (2021 1H: 70.4%) and 21.6% (2021 1H: 21.0%), respectively.

Our “Globalization” strategy served as a robust growth engine. During the financial period, thanks to the satisfactory performance of Amer Sports’ overseas business and its steady development in the Mainland China market, the revenue of the joint venture holding Amer Sports grew by 21.1% to RMB9.67 billion (2021 1H: RMB7.99 billion), and its EBITDA grew by 28.2% to RMB714 million (2021 1H: RMB557 million) with depreciation and amortization expenses amounting to RMB631 million (2021 1H: RMB747 million) and interest expenses amounting to RMB389 million (2021 1H: 520 million). The share of loss to the Group reduced significantly from RMB346 million in the same period of last year to RMB178 million for the financial period.

As early as the Pandemic outbreak in 2020, we strategically expanded our investment in the

e-commerce business in response to changing consumer habits. As a result, contribution from e-commerce business continued to grow. During the financial period, the e-commerce business contributed 28.9% (2021 1H: 27.3%) of the Group’s overall revenue, and increased by 20.6% as compared with the same period in 2021 in terms of absolute amount, achieving solid growth despite the high base of the same period of last year.

15 Years of Magnificence as A Listed Company – Tiding over Challenges to Forge Excellence, Staying Inspired by our Original Aspiration

Rome was not built in a day – great achievements take time and persistence. In 2007, we were listed on the Main Board of the Hong Kong Stock Exchange, marking a significant milestone in the Group’s history. 15 years passed and we have evolved into a listed company with international competitiveness and modern governance standards. We have also become the largest company in terms of market capitalization among domestic sports brands and within the consumer discretionary sector. In the past decades, we remained inspired by our original aspiration no matter at good times or bad times – to make every effort to produce quality footwear and apparel.

Throughout the years, we continued to strive ahead and keep moving. With such dedication and consistency, we have consummated splendid achievements. On behalf of the Board, I would like to express my sincere gratitude to our Shareholders and investors for their continued support over the past 15 years, and I am looking forward to ANTA Sports reaching new heights in the next 15 years by creating even greater value for our Shareholders and for the society with outstanding performance.



Ding Shizhong
Chairman
Hong Kong, 23 August 2022

OUR BUSINESS MODEL

Over 30 years, the Group has successfully developed itself from a traditional footwear manufacturer to a widely recognized global sporting goods company with strong upstream, midstream and downstream capabilities. With a sophisticated vertically integrated business model, we are able to rigorously and effectively monitor and control our entire value chain, from design to R&D, manufacturing, marketing and sales of branded sportswear products, and to quickly respond to the differentiated needs of our consumers.

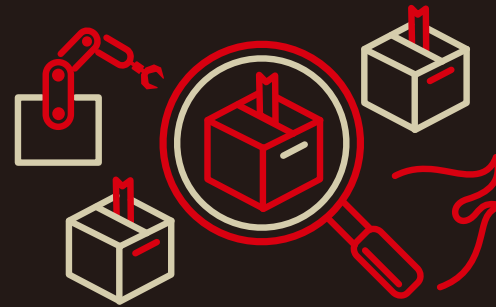
As we expand our businesses, in order to stay agile to the market changes, we adopt a hybrid operation model to fully capitalize on the advantages and positionings of our different brands. On the one hand, under wholesale model and franchise business of ANTA's DTC model, we leverage our distributors, franchisees and their local knowledge to sell our products to end customers through the authorized retail stores they operate. On the other hand, under self-operated business of ANTA's DTC model as well as direct retail model of FILA and other brands, we directly operate retail stores, allowing us to be more sensitive to the changes in demand of our customers.



ORGANIZATION STRUCTURE



PRODUCT MANAGEMENT



BIG DATA



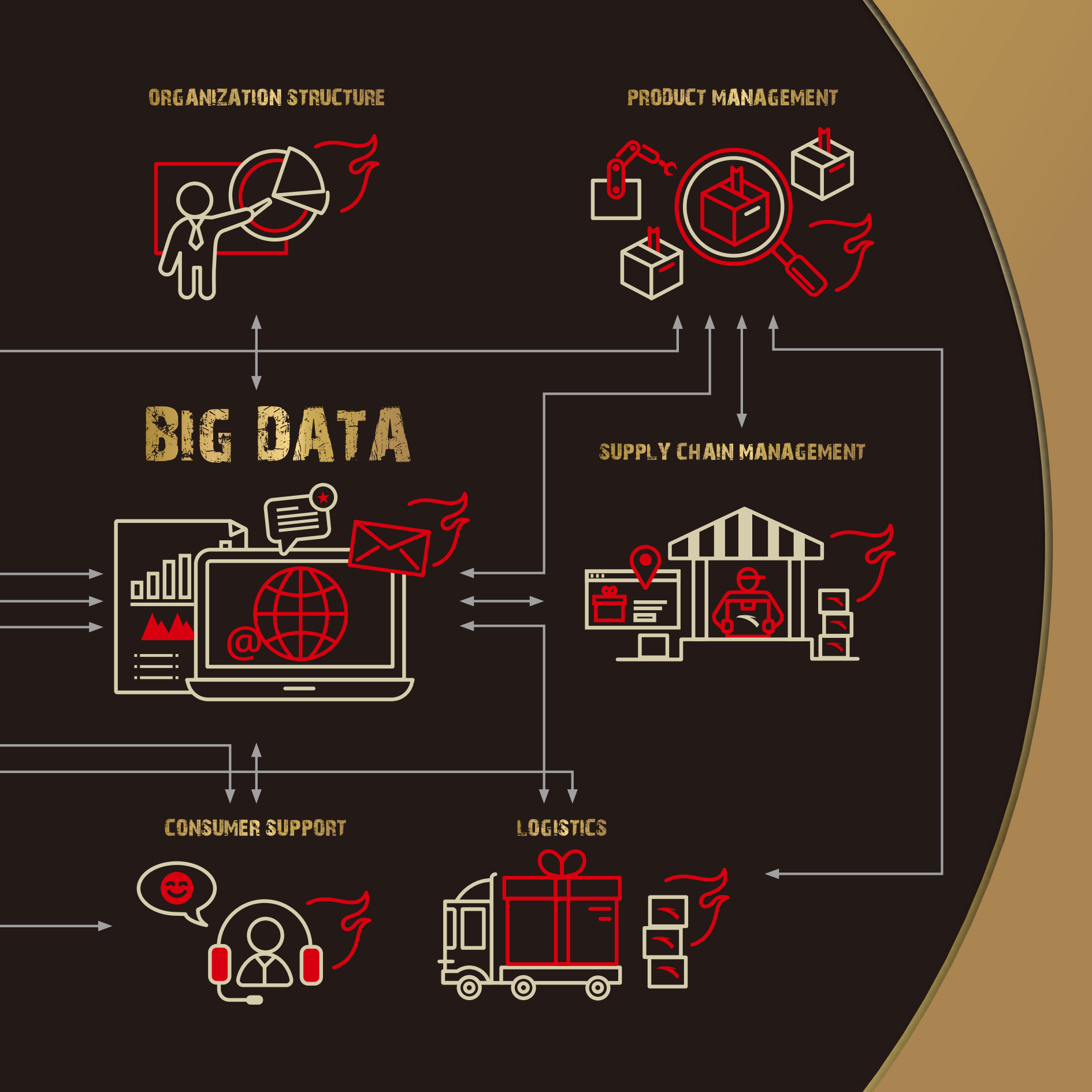
SUPPLY CHAIN MANAGEMENT



CONSUMER SUPPORT



LOGISTICS



A full-page photograph of actor Eddie Peng. He is wearing a bright yellow hooded raincoat over a white t-shirt and dark shorts. He is also wearing black gloves and is in a dynamic, martial arts-inspired pose with his arms raised. The background is a beach at sunset or sunrise, with waves and a large white rectangular object behind him. A red decorative line is on the left side of the image.

Eddie Peng,
A renowned actor

MANAGEMENT DISCUSSION AND ANALYSIS



MARKET REVIEW

Economic Volatility as a Result of the Pandemic and other Adverse External Factors

China's economy got off to a promising start in 2022, with industrial added value and retail sales value in January and February rising 7.5% and 6.7% year-on-year, respectively. However, as the Pandemic struck again, with the highly transmissible Omicron variant ravaging many

regions in the country, especially in first and second-tier cities. This unexpected incident took the shine off an otherwise solid first half year. A number of adverse external factors such as geopolitical risks, global inflation, volatility in capital market, etc., also came into play, putting downward pressure on China's economic landscape.

According to the National Bureau of Statistics of China, China's GDP grew by 4.8% in the first quarter of 2022 as compared with the same period last year, beating market expectations.

The growth, however, decelerated to 0.4% in the second quarter of 2022, resulting in overall GDP growth for the first half of 2022 coming in at only 2.5%. Meanwhile, in the first half of 2022, the total retail sales value of social consumer goods reached RMB21.04 trillion, representing a year-on-year decrease of 0.7%. Garments, footwear, hats and knitwear were among the most affected segments of consumer goods, with sales value decreasing by 6.5% for the first half of 2022 as compared with the same period last year, which underlined the industry's pressing challenges.

On the bright side, favorable national policies serve as tailwinds for the industry. With a series of supportive measures introduced by the Chinese government to stimulate economic growth, the retail sector is expected to grow sustainably in the future. In addition, the sports industry has always enjoyed ample support from the Chinese government. In 2021, a new *Nationwide Fitness Program* had been promulgated, aiming to allow the general public to enjoy improved and more accessible sports facilities by 2025. This initiative is expected to bring RMB5 trillion of value to the sports industry. Beyond that, in July 2022, the General Administration of Sport of China rolled out a set of working plans on leveraging sports to help stabilize the economy, promote consumption and stimulate vitality. Such working plans focus on stepping up assistance to enterprises and increasing supplies of sports products, and specific measures include organizing more fitness activities, attracting public participation, opening up facilities to the public, as well as fostering sports consumption, among others. As a result, fitness activities have been gaining increasing popularity in China.

Tiding over Challenges with “Dynamic Management” and Solidifying Fundamentals

The resurgence of the Pandemic in the first half of 2022 has caused disruptions to our brick-and-mortar store operations, logistics and supply chain. Such black swan event spurred us to respond swiftly and adopt a flexible “Dynamic Management” approach. In fact, we have been preparing for a pro-longed battle since the outbreak of the Pandemic in early 2020. In order to cope with unforeseen events in a more effective way, we tightened cost control measures,

accelerated product distribution process, and enhanced inventory efficiency as well as built up capabilities in DTC management. We have also maintained healthy fund liquidity, allowing us to get ready to initiate any contingency plan and adopt preventive measures against any pandemic-related impediments. Looking forward to the second half of 2022, we will continue to prepare for the long-term prospects with our core values, upholding our responsibility to our employees, consumers and the society while proactively making adoptive changes when necessary.

During the financial period, we further optimized the management efficiency and product distribution channels of the DTC model. We were able to improve our retail workflow as well as respective store operation standards, achieving stronger results in store and fulfillment efficiency. The DTC model enhanced connectivity between ANTA and the retail network, enabling ANTA to better monitor and allocate inventories across



MANAGEMENT DISCUSSION AND ANALYSIS

stores, adjust retail discount with flexibility and respond to the demands of customers swiftly.

Adjust Strategies Flexibly to Achieve High-quality Growth in the Face of Evolving Competitive Landscape

In times of uncertainty, we are committed to optimizing our business operations and achieving our long-term goals. To this end, we will continue to focus on implementing our new 10-year strategy of “Single-focus, Multi-brand, Globalization”. In addition, ANTA will continue to execute its development strategies of being “Rooted in and Known for Performance Sport” and fostering “Brand Transformation and Growth”, following its “Lead to Win” acceleration plan. During the financial period, our work plans were still on the right track and recorded some initial achievements despite business headwinds.

In the first half of 2022, there have been certain structural changes in the consumer goods and sports products markets. The Pandemic has led to strengthened public attention and enthusiasm towards sports and catalyzed the rise of a number of niche sports, such as skateboarding, camping, and frisbee, bringing about new scenarios and new demand for products. Domestic sports brands have continued to prevail as they ride on the trend of “Guochao” while some niche international sports brands also grew market share with their strong momentums, allowing both to grow rapidly in their respective markets. Our multi-brand strategies underpinned by our

Full Coverage

Catering to consumers’ demands for sportswear from different market segments and income groups through multiple brands



ANTA
Functional sports products for running, cross-training and basketball



FILA
Fashion sportswear



DESCENTE
High-performance functional sports products for skiing, cross-training and running



ANTA KIDS
Kid's sports products



FILA KIDS
Kid's fashion sportswear



FILA FUSION
Youth's trendy clothing



KOLON SPORT
Outdoor lifestyle sports products

three brand groups – Performance Sports Group, Fashion Sports Group and Outdoor Sports Group, enabled us to meet the market demand

and cater to consumers’ differentiated needs. ANTA and ANTA KIDS are categorized under the Performance Sports Group, while FILA, FILA

MANAGEMENT DISCUSSION AND ANALYSIS

FUSION and FILA KIDS are categorized under the Fashion Sports Group, DESCENTE and KOLON SPORT belong to the Outdoor Sports Group.

With the Pandemic continuously altering consumer behavior and preferences, online

business plays an increasingly important role. China's e-commerce industry has become increasingly sophisticated and complex, the competitive landscape of e-commerce platforms continues to evolve. Several platforms embarked on new strategies, in an attempt to uplift their

positionings and expand content categories, while short-form video and live-streaming maintain rapid growth. In addition, the ecosystem of live-streaming e-commerce platforms experienced substantial changes, with the focus shifting from collaborations with Key Opinion Leaders to proprietary live streams by business owners. The Pandemic also increased the demand for online fitness and engaging content. In view of this, we have strategically invested in our e-commerce business and digitalization by bolstering partnerships with various e-commerce platforms and strengthening content planning to enhance consumer experience.





Business Review

Brand Management

ANTA

As a leading sports brand in China, ANTA has always been committed to providing consumers with functional, professional and technology-driven sports products across a diverse range of sporting categories, from popular sports such as running, cross-training, basketball, and others, to professional and niche sports.

As the official partner of COC, ANTA continues to provide sports equipment for 22 Chinese

national teams. In the Tokyo 2020 Olympic Summer Games and the Beijing 2022 Olympic and Paralympic Winter Games, the general public in China witnessed the glorious moments of Chinese Olympic athletes. During the financial period, leveraging on the branding opportunities brought by the “Two Olympics”, ANTA has deepened its association with the Olympic Games and the COC in consumers’ minds. ANTA promoted its professional brand image by continuously sponsoring athletes such as Eileen Gu, Wu Dajing and Zhang Jike, to mention a few. ANTA also actively promoted professional sports products, such as the authorized national flag series of the Beijing 2022 Olympic Winter Games and ANTA champion series that well represent the Chinese sports industry. It also attracted young

Chinese consumers through the strong influence of renowned celebrities, such as Wang Yibo, Bai Jingting and Guan Xiaotong.

Driven by our core strategies of being “Rooted in and Known for Performance Sport” and fostering “Brand Transformation and Growth”, ANTA empowered professional sports with innovative technology. ANTA applied the technologies developed for Olympians to consumer products and launched differentiated footwear and apparel products. For instance, ANTA’s Skeleton Shoes were tailor-made for the Chinese steel frame snowmobile team and were the first skeleton shoes developed by a Chinese brand. Professional products such as high-end “A-warm Winter Apparel” products and “Ice Silk” series

MANAGEMENT DISCUSSION AND ANALYSIS

that applies A-Chill Touch technology captured tremendous attention and won the favor of consumers.

ANTA focused on its position as a leading professional sports brand to attract high-spending consumer groups by enhancing high-end and high-performance products in its offerings, as well as by beefing up marketing. In addition, ANTA continued to strengthen its existing best-selling product series and provide the mass market with functional, value-for-money sports products.

Riding on the overwhelming market responses to FLASHLITE 3.0, ANTA launched FLASHLITE 4.0 as a result of its advanced technological R&D capability. The fourth edition provided lightweight, durable, temperature-resistant and non-deforming features. Its excellent “Mars Foam” technology offered impressive rebound and acceleration functions. On the other hand, ANTA also launched a new model of the “Nitro Mach” series. The latest “Nitro Mach 2.0” with NITROEDGE midsole is 31% lighter and has 15% more cushioning rebound force compared with normal EVA soles. All these products showed ANTA’s determination and accomplishments in strengthening technological innovation in the professional running sector.

In terms of basketball, ANTA continued to cooperate with professional basketball players including Klay Thompson and Gordan Hayward to launch their hot-selling signature shoes. During the financial period, after being absent from the NBA for two seasons, Klay Thompson returned to the court to help his team win the NBA championship this season. This helped capture huge attention

from consumers for ANTA and drove the sales of the KT series, especially the newly launched KT7 Pro basketball shoes which won the favor of consumers. Stepping into the sixth years of the “Shock the Game series”, ANTA’s “Shock the Game Basketball Tournament 6.0” has been hosted in nearly 80 cities, including Hangzhou, Xi’an, Chongqing, Changsha, Wuhan and others, inviting top Chinese outdoor basketball players to participate in basketball competitions and interacting with the cities’ outdoor basketball communities. “Shock the Game” has become a successful outdoor basketball IP for ANTA, cementing its differentiated position in outdoor basketball.

In order to promote greater synergy across product, marketing and channel, ANTA continued to upgrade its distribution channels and focus on high-tier cities, major business districts and

shopping malls. We further optimized the retail management system, utilized various channels to reach target customer groups and improved store efficiency. ANTA initiated the DTC model in August 2020 and the transformation progressed smoothly. During the financial period, ANTA further improved the management efficiency of its DTC model, as a result, store and product efficiencies have been enhanced at store level. As of June 2022, we have adopted a hybrid operation model in 21 provinces or cities, namely, Changchun, Changsha, Chengdu, Chongqing, Guangdong, Kunming, Nanjing, Shanghai, Wuhan, Xi’an, Zhejiang, Shenyang, Quanzhou, Xinjiang, Henan, Shandong, Beijing, Harbin, Guangxi, Tianjin and Lanzhou. Under the DTC model, around 52% of approximately 6,600 of ANTA and ANTA KIDS stores in aggregate were directly operated by us, with the remaining 48% operated by franchisees under our operating standards.





ANTA KIDS

Positioned as a children's professional sports brand, ANTA KIDS is committed to providing high-quality, professional and technology-driven sports products for children aged 1 to 14, addressing their needs for different scenarios including professional competition, training, physical education classes, outdoor sports, running, basketball, amongst others. It focuses on the kids sports products market in China that is on a high growth trajectory. During the financial period, the Ministry of Education of the PRC announced that compulsory education in all grades will include "physical education and health" courses, accounting for about 10% of the total class time. Coupled with the introduction of the three-child policy in 2021, the objectives of encouraging kids to practice sports and increasing its importance among school assessments under government policies demonstrate the potential for further expansion of the kids' sportswear market.

For many years, ANTA KIDS has been enjoying the advantage of being a first mover in the industry. After years of development, ANTA KIDS has established its leading position in the industry and consistently promoted its "Grow Up with Fun" philosophy. It hopes to enable children to enjoy "Fun" elements along their growth through an integrated experience of encouraging them to release their "Fun" energy while carving their future. Continuing to consolidate its role as a market leader, ANTA KIDS will further strive for breakthroughs in professional

sports mindset, improving brick-and-mortar store efficiency and introducing advanced technological products so as to set us apart from our major competitors.

With a view to empowering the new generation with children-specific technology, ANTA KIDS leveraged the technologies our sports science laboratory developed for ANTA's adult series, and continued to implement in-depth research into children's sports behaviors and their growth characteristics. It launched a series of functional products equipped with advanced technologies, such as Resilient Elastic technology that applies to shoes, Water Cool technology and Heat Return technology that apply to apparel. These technologies feature protectiveness as much as comfortability and are able to address children's specific needs in various scenarios.

The proportion of footwear and professional sports products increased progressively in ANTA KIDS' product offerings, leading to stronger brand differentiation. During the financial period, ANTA KIDS launched the "Wind-riding Running Shoes 4.0" which applies Resilient Elastic technology. Its softness and comfortability meet the children's needs for growth and development. ANTA KIDS also joined hands with China Tianyan to create "UFO4.0 Running Shoes" and expanded

the influence of its proprietary IP products; we launched "Striking Waves", professional running shoes tailored to the needs of the youth. "Striking Waves" applies nitrogen technology that is developed for Chinese national teams and can improve runners' speed. Furthermore, in collaboration with the Research Academy of Grand Health of Ningbo University, ANTA KIDS launched "Swift Leaping" professional rope skipping shoes to enhance the performance of skippers with the tripping rate significantly reduced by 150%. These high-performance products captured considerable customer attention, achieved a sell-through rate above average, and helped us connect more effectively with young people, as well as areas and customer segments with strong spending power.

In order to establish a children's sports community, ANTA KIDS held the "Play Makes Your Day" training camp, helping children to improve their strength and incorporate sports into their lifestyle in an enjoyable way. More than 100 sports competitions and member activities featuring basketball, balance bike, running and winter sports have been held. ANTA KIDS also cooperated with Beijing Sports University to build a group of professional coaches to provide scientific advice on exercise and stimulate children's enthusiasm for sports.



MANAGEMENT DISCUSSION AND ANALYSIS

FILA, FILA KIDS and FILA FUSION

FILA, along with FILA KIDS and FILA FUSION, is positioned as a high-end fashion sports brand that targets high-end customers in a wide range of age groups. The success of FILA KIDS and FILA FUSION enables FILA to capture more

opportunities from a variety of age groups, allowing everyone in the family to be a FILA customer. During the financial period, a portion of stores temporarily closed due to the resurgence of the Pandemic. FILA strategically expanded its e-commerce business and maximized synergy across various channels to boost online sales.

Leveraging its strategy of “Top-notch Products, Top-notch Brands and Top-notch Channels”, FILA continued to innovate in product design and textile design in the high-end fashion market. Through FILA WHITE, FILA ORIGINALE and FILA MODERN HERITAGE, FILA provided high-end consumers with fresh fashion sports experiences through differentiated products. During the financial period, FILA launched several crossover series with fashion brands, including FILA X Y/PROJECT, FILA X MAISON MIHARA YASUHIRO, and others. FILA’s partnership with the Van Gogh Museum saw the post-impressionist painter’s art being incorporated into sportswear in a distinctive and unique way, reflecting the brand’s spirit as a pioneer in fashion sportswear.

In order to establish an image combining fashion and professional sports in consumers’ minds, FILA continued to expand its functional product offerings in different niche markets such as fitness, tennis, golf, etc. For instance, FILA ATHLETICS TENNIS series, and FILA GOLF series that applies HYPER-MOVE technology, were excellent examples that demonstrated the brand’s pursuit of high-end professional sportswear. As part of the brand’s strategic planning, FILA focused on female fitness and established a new concept of “FILA Latte Girl” to portray a chic style for fitness. FILA also teamed up with Ning Chang, a renowned actress, to promote the strength, confidence and elegance of “FILA Latte Girl”. In order to build a brand community, FILA GLAM-FITNESS and FILA GOLF CLUB communities held a series of events to enhance communications with target consumers.



FILA KIDS was launched in China in 2015, with the aim of providing high-end children's apparel and footwear products. With its rapid development, FILA KIDS has established its leading position in the high-end kidswear market. FILA KIDS has cooperated with major sports events and equipped its products with advanced technology and new features. In collaboration with the FILA KIDS Diamond Cup Junior Tennis Challenge, FILA KIDS launched a professional tennis series with the application of ACE-TEX Tennis technology, that features high air permeability and quick dry functions. Meanwhile, the co-branded POTENZA

professional hard court tennis shoes allows young athletes to enhance their performances. FILA KIDS continued to launch crossover kids series, including a joint collection with Italian luxury brand MSGM that promoted the charm of high street fashion for children.

FILA FUSION opened its first stores in 2017 to target the younger customer segment. Blending the concepts of youthfulness, upbeat attitude and trendy sports, FILA FUSION collaborated with internationally renowned brands to have launched several crossover collections to explore

different fashion trends and leveraged celebrity endorsements to different customer groups. During the financial period, FILA FUSION achieved breakthroughs in footwear and female customer segments. Following the collaboration with MARCELO BURLON early this year, FILA FUSION launched a crossover limited edition of the FILA TERATACH "Boyfriend Shoes". FILA FUSION also collaborated with FACETASM and launched the FILA FUSION x FACETASM collection, bringing a multi-faceted and unique athletic street style to the market.

FILA
K I D S

F FUSION



MANAGEMENT DISCUSSION AND ANALYSIS

DESCENTE

Having upheld the design-driven sports spirit of “DESIGN THAT MOVES” throughout 80 years of brand legacy, DESCENTE incorporates revolutionary technology with ingenious craftsmanship into each of its creations. We have been exclusively engaging in the business of design, marketing and sale of products bearing the “DESCENTE” trademark in Mainland China since late 2016, with a focus on high-end and high-quality professional sportswear product collection for skiing, running, cycling, cross-training, golf, women’s fitness and more. Through years of continuous effort and dedication, DESCENTE has established itself in the Mainland China market, capturing the attention of core customers seeking high-tech materials and exquisite craftsmanship.

During the financial period, DESCENTE further enhanced its professional brand image in the field of skiing by launching professional skiing equipment. We appointed famous actor, Eddie Peng as the latest brand ambassador to promote our brand’s spirit and range of products which includes “SKI REPLICA”, the skiing-inspired lifestyle series infused with the glorious history of the world’s top winter sports teams and the spirit of challenge. DESCENTE also continued its partnerships with Daniel Wu, a renowned movie star, and William Chan, a famous actor, to promote various series.

DESCENTE continues to create a high-end and high-quality product line aiming to bring an extraordinary brand experience to all skiers and snowboarders. For example, we cooperated with KAZUKI KURAISHI, a contemporary

Japanese fashion designer, to launch our first snowboarding-wear collaboration, aiming to create a glamorous sporting experience for snowboarder with professional ski technology and exquisite craftsmanship.

DESCENTE has been actively expanding its product portfolio, building an innovative technology matrix, launching products with high unit price and improving product quality in various professional sports fields. During the financial period, we launched the “AWAKEN PACK”, a new series of professional triathlon equipment, which was designed with functionality in mind to cater to two major sporting scenarios of cycling and running in the triathlon.

In order to target the relevant customers for precision marketing and to promote the spirit of challenge and breakthrough, DESCENTE pushed the popularization of the triathlon in the meantime. DESCENTE established a dedicated platform for adventurous sports lovers, D-MOVERs, which in turn set up a special “Precision Refinement Camp”, providing expert sharing sessions, physical fitness training and assessment as well as cycling and running sessions for triathlon enthusiasts. During the financial period, the “Precision Refinement Camp” launched various online courses and offline activities in different cities in China to empower sports lovers through professional content. We also continued to incubate new businesses, optimized our golf product offerings and ramp up the proportion of our footwear products.



DESCENTE



KOLON SPORT

Since its founding in 1973, KOLON SPORT has strived to be a premium outdoor lifestyle brand integrating fashionable design and functionality. Successfully satisfying consumers' sophisticated needs for functionality, KOLON SPORT has also broken through the boundaries between urban and outdoor fashion through fashionable and aggressive design. To capitalize on opportunities in the fast-growing outdoor sports and camping market, KOLON SPORT has improved consumers' experiences through product innovation, integrated marketing and continued retail image upgrades.

During the financial period, KOLON SPORT continued to advocate a light outdoor lifestyle. In order to strengthen the brand's camping gear product line, KOLON SPORT released a range of new lightweight offerings including the lightweight AEROLITE meteorite tent series, ZERO G zero-sensing light running jackets, and light Measure camping jackets allowing customers to get closer to nature with the lightest gait. We teamed up with renowned actor and actress, Chen Kun and Liu Shishi, to promote this series. Since the launch of its first tent in 1973, the brand has been supporting professional athletes as well as mountaineering teams, and helping expedition teams explore Mount Everest, the South Pole, desert terrain, rainforests, and others. In order to lift our brand recognition in the camping field, KOLON SPORT has teamed up with Travelling With Group in a strategic collaboration to develop campsites and outdoor hiking trails for Sunyata Hotel, Meili and Voler resort. Benefiting from the robust demand for outdoor and camping products, the brand delivered robust growth despite a challenging market environment during the first half of 2022.



To unlock the potential of women's sports market, KOLON SPORT is committed to expanding the product line for women in pursuit of being a women-friendly brand. During the financial period, the brand introduced its newest series of wear-resistant, lightweight and waterproof windbreakers for women. Its design is suitable for business casual fashion and light outdoor sports, expanding the offerings of daily and outdoor outfits for urban women. KOLON SPORT also built a unique KOLON Girl image on International Women's Day with brand endorser, Liu Shishi.

In terms of marketing, through the establishment of "KOLON Road Lab", KOLON SPORT held various themed events, focusing on high-end consumers' special demands with a view to gain

a differentiated competitive advantage over other brands. Since its establishment, events have been held in over 10 cities featuring a variety of activities including hiking, mountaineering, fishing and camping, encouraging consumers living in urban areas to get involved in sports by naturally integrating it into their daily lives, and simultaneously promoting a "Green Living" concept.

With the rise of the middle class, millennials and Generation Z, as well as the rising trend of outdoor sports, we are confident that KOLON SPORT will continue to expand its footprint strategically in high-end shopping malls and e-commerce platforms, becoming one of the growth drivers in the Group.



MANAGEMENT DISCUSSION AND ANALYSIS



Supply Chain Management

During the first half of 2022, relatively stringent preventive measures including lockdowns were brought about by the Pandemic in designated areas in Mainland China, resulting in temporary disruption to the supply chain and logistics across the nation. Throughout this time, we immediately established a temporary management structure to implement a variety of swift and stringent measures and make relevant arrangements for our facilities and human resources in order to maintain a stable supply chain. Such measures included adopting closed-loop management during the peak of the Pandemic, expediting the product distribution process, increasing inventory efficiency, and strategically adjusting productivity for both in-house and outsourced productions to guarantee efficient handling of orders and stock replenishment requests. Leveraging our management model and global multi-brand operational excellence, we managed to cope with the challenges of delivery, quality, and cost that came with our supply chain under pressure.

Our supply chain took the procurement platform as the core, focused on the core strategies of each brand, and established different procurement models and strategies to meet the differentiation of multiple brands. In addition, we launched innovations in technical processes, automation, and organizational models to continuously improve the innovation capabilities of the supply chain. Through optimization of the process and innovations in our technology R&D, we improved our product manufacturing capacity and accelerated operations across the whole supply chain.



Our suppliers shoulder part of our R&D initiatives, and thus must synchronize their efforts with the Group's development to implement our strategies for each brand that effectively support consumer-oriented production and operation at a large scale. We continuously deepen our collaboration with Tsinghua University and other scientific research institutions, synergize with globally renowned strategic suppliers and partner with leading international material and chemical suppliers to build an innovative platform that can integrate internal and external resources. During the financial period, our strategic suppliers also enhanced their R&D capability for a range of product offerings to consistently create high-quality products for our brands, and thereby improve our products' core competitiveness.

In terms of improving efficiency, we continued to pursue digitalization of our supply chain and logistics by creating a 24-hour IT response mechanism for expedited handling of business-related requests or demands and efficiently enabling the development of each brand. In addition, after the alleviation of the Pandemic situation, we continued to optimize our logistics system to improve operational efficiency.

During the financial period, ANTA's self-produced footwear and apparel accounted for 21.6% and 9.7% respectively out of our total sold quantities (2021 1H: 26.4% and 10.5%). FILA's self-produced footwear and apparel accounted for 7.6% and 3.7% out of our total sold quantities (2021 1H: 23.5% and 3.9%).

Product Management

Technological innovation, original design and product safety have been the keys to our product differentiation. We believe that with our continuous investment in product innovation, we can achieve sustainable and healthy growth of our business.

In light of the rising spending power of Generation Z and in order to meet the ever-changing consumer demand, we set up a sports science laboratory in Jinjiang, China to enhance the R&D of sports products. We also established design centers around the globe in order to bring state-of-the-art fashion design concepts to our consumers. Our design team consists of talented designers from all over the world, including China, the US, Japan, Korea, etc.

In addition to our own sports science laboratory, we co-established "Tsinghua University-ANTA (China) Co., Ltd Joint Research Center for Sports Fashion" with Tsinghua University, with a view to achieving major breakthroughs in the future development of the sporting goods industry, as well as to help Chinese sports brands drive growth and achieve global footprints via the integration of pioneering sports technology R&D and marketization of such innovative R&D initiatives.

MANAGEMENT DISCUSSION AND ANALYSIS

In this highly competitive industry, the key to increasing market share is to design and manufacture comfortable, safe and high-quality sports products for consumers. We strive to maintain high quality production management and quality control systems that are in line with industry standards. Our business partners are selected through an extensive set of evaluation criteria, we monitor our operations through regular on-site inspections and key performance indicators management. All our partners are encouraged to obtain certifications in manufacturing and quality management systems, including ISO international standards. We also look for suppliers who already have an established R&D laboratory that can co-develop new materials for innovative products.

With our dedication to providing high-quality products, we strictly control the quality standard of all our products, to ensure we deliver perfect products to consumers. If a product with quality problems or potential safety hazards is found after leaving the factory, we will recall the products, and ensure that they are subsequently dealt with in a proper manner according to the “ANTA Recall Management Policy” to reduce the negative impact of selling defective products.

E-commerce Business and Digitalization

Contagion control measures in certain areas due to the resurgence of the Pandemic further highlighted the importance of online retailing, prompting the Group to ramp up our investments in the e-commerce business to accommodate to the profound changes in consumer behaviors and consumption trends. Given the increasingly diverse array of online channels available to consumers, online-shopping scenarios are becoming more fragmented and personalized. During the financial period, we employed differentiated marketing strategies for different e-commerce and social platforms, deepened cooperations with different platforms as well as increased our online presence, in order to implement precision marketing for different customer segments and

address their diversified needs. Consequently, the e-commerce business as a whole during the financial period contributed 28.9% (2021 1H: 27.3%) of the overall revenue of the Group and increased by 20.6% as compared with the same period of 2021 in terms of absolute amount.

We continued to strengthen the operations and content of our official e-commerce platforms to optimize consumer experiences and build customer loyalty. We enhanced the membership system to ensure the diversification of sales platforms. As for third-party platforms, in addition to traditional e-commerce marketplaces such as T-mall, JD.com, VIP.com, Pinduoduo, etc., we also ventured into a number of short-form video and live streaming platforms such as Douyin and Xiaohongshu to expand our online presence and continued to promote the integration of online and offline channels. In particular, our business





experienced significant growth on Douyin among these online platforms. During “6.18” Shopping Festival, our brands achieved outstanding results in terms of ranking on various online platforms and delivered impressive growth amidst an unfavorable macro backdrop during the financial period.

By leveraging the online traffic through social media platforms, we spurred the consumer sentiment through different marketing campaigns. We strengthened in-store live-streaming marketing to improve consumers’ online experience and expand private domain traffic to achieve high-quality online growth. On the other hand, we tap traffic from the public to the private domain

and our official e-commerce store through recommendations by Key Opinion Leaders as well as content marketing such as sharing sports knowledge and cultivating a healthy lifestyle on social media platforms, so as to enhance the synergy of an O2O model and drive our sales volume. Furthermore, we continued to fine-tune the mix of available-exclusively-online products and in-season products in different e-commerce channels to optimize the merchandise selection mechanism. We also accelerated the pace of digital transformation at all levels within the Group and stepped up efforts on membership value creation, official e-commerce stores buildup, customer base expansion at bigger stores and public traffic to private domain transformation.

Our digitalization project has also enhanced our intelligent inventory replenishment system and improved the flexibility of our supply chain. Our quick response system at each brand allows us to replenish the online and offline stores with the best-selling products promptly and better monitor inventory levels of each brand. To provide a more comprehensive solution for the O2O model, we continuously improve the service quality and efficiency of logistics. We continue to expand a retail logistics network leveraging our regional warehouses and cloud warehouses as well as unified operation standards of each warehouse. Through the full operations of Southern China warehouses and Southwestern China warehouses and the support of various digital

MANAGEMENT DISCUSSION AND ANALYSIS

tools, we increased the volume and efficiency of direct distribution to stores. In addition, during the financial period, the construction of the second and third phases of the logistics center continued as scheduled, which will improve our delivery efficiency and expedite the deployment of our e-commerce business.

Human Resources Management

The cornerstone of our success is the joint exertion of our employees at all levels. Safety and well-being of our employees are crucial to our operational efficiency and corporate image. We have a distinct organizational structure, emphasizing the training and development of our employees, which allow them to contribute their strengths. We are committed to complying with all relevant laws, rules and regulations in order to establish a safe and collegial work environment, to ensure our steady long-term development.

We are also dedicated to establishing a favorable environment for both employees and employers, as well as encouraging our employees to discover their own sense of self-worth.

As our business is highly labor-intensive, protecting our employees against infection during the Pandemic has been our priority. We have been keeping a close eye on the latest development of the Pandemic situation and have put in place suitable disease prevention measures based on government and expert recommendations. We also provided all employees with suitable Pandemic prevention equipment and established stringent workplace guidelines to ensure their minimum exposure to the risk of infection.

In addition, we offer our frontline employees a more competitive remuneration as compared with our peers, promote an inclusive and positive corporate culture, and maintain good communication with employees. We encourage employees to explore their full potential by “Learning from Leaders” and “Benchmarking with High Standards”. To improve our employees’ capabilities, we also provide tailored skill training to the needs of various job functions. Our employees are required to participate in regular assessments to ensure that they meet required standards and possess state-of-the-art know-how. We also attach importance to establishing people-centric workplace dynamics; and we provide adequate support to improve our employees’ efficiency, so that they may have more time to attend to their families. As of 30 June 2022, we had approximately 57,000 employees (At the end of 2021: 52,000 employees).



A full-page photograph of actress Gianna Jun sitting on a white director's chair on a ship's deck. She is wearing a blue and white patterned jacket over a dark blue turtleneck, white pants, and white sneakers with yellow accents. The deck is made of light-colored wood planks, and a set of white stairs with wooden treads is visible in the background. A red wavy line is drawn on the left side of the image, pointing towards the text.

Gianna Jun,
*An internationally
renowned actress*

MANAGEMENT DISCUSSION AND ANALYSIS

Internal Management

Legal Compliance

Based on the best knowledge of Directors and management, we are not aware of any non-compliance of laws or regulations which will have a significant impact on the Group.

Relationship with Stakeholders

Good corporate governance mechanisms help building stable relationships with our suppliers, distributors, franchisees, customers, shareholders and other stakeholders. Through various communication channels, we collect opinions and advices from stakeholders, which provide considerable benefits to our business. Maintaining long term relationship with our stakeholders is not only an intangible asset to us, but also helps all parties to comply with common code of business ethics, achieving win-win outcomes.

Environmental Protection Measures

We understand that the environment has a long lasting impact on our future development. Meanwhile, we have undertaken several measures like upgrading facilities and adopting clean energy as well as improving our administrative management. For example, factories are encouraged to utilize energy-saving lightings and standardize the use of air conditioning to reduce energy consumption and carbon emission. Besides complying with relevant laws and regulations, we launched “ANTA Grand Forum” to serve as a communication platform for employees to share and exchange their ideas on environmental protection. More importantly, we continue to strengthen our product innovation capability by actively exploring eco-friendly materials for our products series.

Principal Risks and Uncertainties Facing the Group

Foreign Exchange Risk

While most of the Group’s businesses are denominated in RMB, offshore businesses are denominated in other currencies, which could result in other currencies payments, receipts and balances with debtors and creditors. Currently, RMB is a managed floating currency which is adjusted by reference to a basket of currencies. The conversion rates of RMB into other currencies are subject to market fluctuations and are impacted by global economy and political conditions. Changes in foreign exchange rates affect the value of the Group’s assets, debts, income and expenses which are denominated in other currencies, leading to impacts to the Group’s financial position and performance.

Operational Risks

Risks under Intensified Market Competition

Increasingly tensed competition in the domestic sportswear industry could be reflected by the expanding scale and continuous concentration of the industry, and the rapid expansion of international clothing brands across China. The nature of this competition has shifted from a focus on quantity and price to new attributes such as state-of-the-art technology and value-added products. Although we have maintained our dominant position in the China sportswear market, we acknowledge that further intensified market competition may impact our future revenue and profitability to a certain degree.

Risks from Counterfeit Brands

Brand is a key consideration that consumers take into account when buying sportswear products. There are a number of unscrupulous manufacturers that counterfeit well-known brands and conduct illegal sales, which has an adverse impact on the brands they replicate. As our brands and sportswear products are well-regarded in the domestic market, we have proactively adopted a number of different safeguards to protect our self-owned IP rights, but it is difficult to identify every infringement of our brands immediately. If our products were counterfeited on a mass scale in the future, there would be an adverse impact on our brand image and profitability.

Production Safety Risk

Due to the particularity of the sporting goods manufacturing, fire prevention of manufacturing facilities is especially important. The glue used in the production process and semi-finished products and finished products are flammable, and fire would affect production directly and cause an adverse impact to our operations.

Risks of Channel Costs Increase

We adopt a hybrid business model combining wholesale and retail to sell our products, including DTC model and direct retail model, for different brands under the Group. Should retail shop rents and staff costs increase, profitability of the Group, distributors and franchisees would be reduced.

Product Development Risks

We focus on the branded sportswear business and our customers seek for functional and fashionable products. Consumer preferences for fabrics and clothing styles change at a rapid pace and our ability to adapt to these preferences will affect the sales performance.

Risks Caused by Economic Cycle Volatility and Weakened Downstream Demand

The sportswear industry is vulnerable to volatile economic cycles. A downturn in domestic and international economies weakened the retail market environment and forced consumers to spend less, which led the traditional apparel industry to be generally weaker with lower sales. If volatile economic cycle persists and leads to continued sluggish downstream consumer demand, it would have an adverse impact on our operations.

Risks of Cross-Region Operation

In different regional markets, various consumer groups' purchasing power and consuming preference are different. Currently, the Group's business locates in multiple areas in China as well as some overseas markets. Moreover, the Group's business is also under fast, steady and healthy development. The cross-region operation and business development brings in higher requirements on the Group's existing organizational structure and managerial system. Therefore, potential internal management risks could exist.

Force Majeure Risks

In case of an uncontrollable change of external market and environment (for instance, a potential natural disaster, an epidemic of category A or category B infectious diseases with provincial level

impact, as well as political and economic issues in China and foreign countries), the Group may not be able to raise sufficient capital. This could possibly affect the sufficient repayment for all borrowings on time.

Management Risk

Subsidiaries Management Risk

Over the years, the Group has conducted strict management and control of its subsidiaries and branch companies in various aspects, including manufacturing, operation, sales, human resources, finance, etc. However, the fast development of the Group's businesses and the continuous expansion of its asset scale bring in higher requirements on the Group's organizational structure and managerial system. This has increased the difficulties to a certain degree in terms of the Group's organizational coordination and operational management. Therefore, potential internal management risks could exist.

Risks of Brand Reputation

Although the Group has established a complete internal control system as well as product quality and safety management system, in order to facilitate risk and product quality controls across the full process. However, there are various factors affecting the product quality. Any mismanagement or loopholes in the process of quality monitoring and procedure control could lead to product quality problems that might not satisfy consumer's need. In this case, the Group's brand image, product sales and operational results could be adversely affected.

Supplier Management Risks

Despite our strict selection mechanisms and quality control system towards suppliers, our business may be affected by numerous factors

relating to our suppliers, including the quality of raw materials provided, the timing of product deliveries, transportation capabilities and management capabilities, among others. Cases where the quality of raw materials fails to meet our standards; quality inspection departments are not able to identify defective products in time; products are not delivered on time, to the right location or in the right quantity; and products are lost or damaged during delivery, would all have adverse impacts on our operations. Furthermore, our operation will also be adversely affected by suppliers' liquidity problem or credit deterioration.

Risks from Talent Shortage and Loss of Talent

The branding of sportswear industry, the digitalization upgrade and the optimization of supply chain require many talents who specialize in brand management, product planning, product design, information management and supply chain management. However, there is a shortage of relevant professional talents in China, and a large scale loss of those kinds of talents in the future would adversely impact our operations.

Risks from Logistic Management

We primarily rely on third-party logistics companies to transport our products, and because there are a number of logistics companies that we work with, we face challenges in logistic management. If there are any negligence or mistakes by any logistics companies, resulting in any delay or error on supply of certain products, or even causing product damage, our operations would be adversely affected. Should any accidents occur, such as traffic accidents, natural disasters or strikes, among other issues, the supply of our products may be temporarily interrupted, meaning that we would not be able to deliver products to our customers, stores, distributors and franchisees in time. This would have an adverse impact on our operations.

A full-page photograph of actor Huang Jingyu in a gym. He is wearing a white and black patterned zip-up jacket over a white t-shirt, black shorts, and black sneakers with white and red accents. He is in a dynamic pose, holding a kettlebell in his right hand and extending his left arm forward. The background features a black metal rack with various colored weight plates (green, red, blue) and a barbell. The floor is dark grey rubber matting. A red curved line graphic points from the text to the actor.

Huang Jingyu,
A renowned actor

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

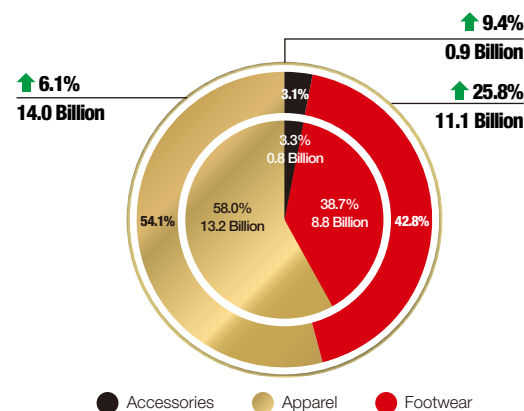
Breakdown by Product Category

The following table sets out the Group's revenue by product category for the financial period:

	Six months ended 30 June				
	2022		2021		Changes
	(RMB million)	(% of revenue)	(RMB million)	(% of revenue)	
Footwear	11,111	42.8	8,834	38.7	↑ 25.8
Apparel	14,036	54.1	13,230	58.0	↑ 6.1
Accessories	818	3.1	748	3.3	↑ 9.4
Overall	25,965	100.0	22,812	100.0	↑ 13.8

2022 1H RMB26.0 Billion

2021 1H RMB22.8 Billion



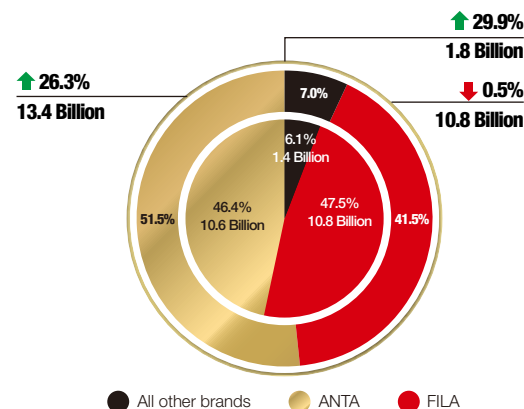
Breakdown by Segment

The following table sets out the Group's revenue by segment for the financial period:

	Six months ended 30 June				
	2022		2021		Changes
	(RMB million)	(% of revenue)	(RMB million)	(% of revenue)	
ANTA	13,360	51.5	10,578	46.4	↑ 26.3
FILA	10,777	41.5	10,827	47.5	↓ 0.5
All other brands	1,828	7.0	1,407	6.1	↑ 29.9
Overall	25,965	100.0	22,812	100.0	↑ 13.8

2022 1H RMB26.0 Billion

2021 1H RMB22.8 Billion



During the financial period, the Group's revenue increased by 13.8% as compared with the same period of 2021 to RMB25,965 million (2021 1H: RMB22,812 million). In response to the resurgence of the Pandemic in Mainland China, the Group temporarily closed certain brick-and-mortar stores (offline channel) in designated areas in compliance with the guidelines and requirements of local governments. Hence, the offline retail business of the Group was negatively impacted by both a significant drop in foot traffic and weakened consumer sentiment. Nevertheless, the Group strategically enhanced our e-commerce platforms (online channel) presence to drive online sales, which partially offset the impact of such brick-and-mortar store temporary closures.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue (Continued)

ANTA segment contributed 51.5% of the overall revenue to the Group. The segment revenue increased by 26.3% as compared with the same period of 2021 to RMB13,360 million (2021 1H: RMB10,578 million). The growth in ANTA segment revenue was mainly attributable to (i) growth in e-commerce business; (ii) increase in revenue as a result of the continuous DTC model transformation in Mainland China; while the increase was partially offset by the Pandemic impact during the financial period.

The following table sets out the ANTA segment's revenue by business model for the financial period:

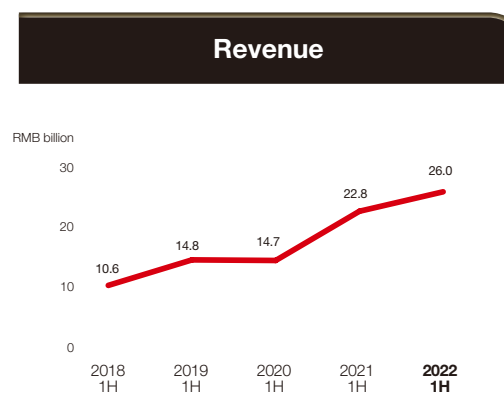
Six months ended 30 June					
	2022		2021		Changes (%)
	(RMB million)	(% of revenue)	(RMB million)	(% of revenue)	
DTC	6,640	49.7	3,703	35.0	↑ 79.3
E-commerce	4,569	34.2	3,609	34.1	↑ 26.6
Traditional wholesale and others	2,151	16.1	3,266	30.9	↓ 34.1
Total	13,360	100.0	10,578	100.0	↑ 26.3

FILA segment contributed 41.5% of the overall revenue to the Group. The segment revenue decreased by 0.5% as compared with the same period of 2021 to RMB10,777 million (2021 1H: RMB10,827 million). The decrease in FILA segment revenue was mainly due to the Pandemic impact during the financial period. As the temporary brick-and-mortar store closures were concentrated in high-tier cities and in shopping malls, FILA as a high-end brand with larger exposure in high-tier cities was therefore more vulnerable.

Revenue of all other brands increased by 29.9% as compared with the same period of 2021 to RMB1,828 million (2021 1H: RMB1,407 million).

The growth was driven by the businesses of DESCENTE and KOLON SPORT.

The e-commerce business contributed 28.9% (2021 1H: 27.3%) of the overall revenue to the Group, and increased by 20.6% as compared with the same period of 2021 in terms of absolute amount. The growth was achieved by adopting the “Dynamic Management” approach under the Pandemic, and was also contributed by continuous enhancement in channel mix of the traditional e-commerce platforms (including T-mall, JD.com, Pinduoduo and VIP.com) and expansion of new social media e-commerce channels.

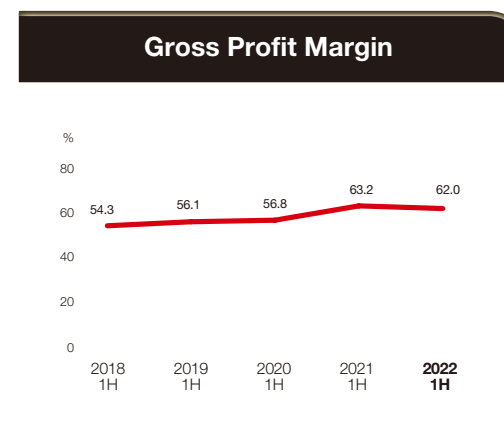


Gross Profit and Gross Profit Margin

Breakdown by Product Category

The following table sets out the gross profit and the gross profit margin by product category for the financial period:

Six months ended 30 June					
	2022		2021		Changes
	Gross profit (RMB million)	Gross profit margin (%)	Gross profit (RMB million)	Gross profit margin (%)	Gross profit margin (% point)
Footwear	6,494	58.4	5,173	58.6	↓ 0.2
Apparel	9,152	65.2	8,811	66.6	↓ 1.4
Accessories	463	56.6	424	56.7	↓ 0.1
Overall	16,109	62.0	14,408	63.2	↓ 1.2



Breakdown by Segment

The following table sets out the gross profit and the gross profit margin by segment for the financial period:

Six months ended 30 June					
	2022		2021		Changes
	Gross profit (RMB million)	Gross profit margin (%)	Gross profit (RMB million)	Gross profit margin (%)	Gross profit margin (% point)
ANTA	7,358	55.1	5,587	52.8	↑ 2.3
FILA	7,395	68.6	7,830	72.3	↓ 3.7
All other brands	1,356	74.2	991	70.4	↑ 3.8
Overall	16,109	62.0	14,408	63.2	↓ 1.2

During the financial period, the Group's overall gross profit margin decreased by 1.2% point as compared with the same period of 2021 to 62.0% (2021 1H: 63.2%). The decrease in overall gross profit margin was mainly attributable to decrease in gross profit margin of FILA segment, and was partially offset by increase in gross profit margin of the ANTA segment.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin (Continued)

ANTA segment gross profit margin increased by 2.3% point as compared with the same period of 2021 to 55.1% (2021 1H: 52.8%). The increase in gross profit margin was mainly attributable to relatively higher gross profit margin from the businesses under the DTC model.

FILA segment gross profit margin decreased by 3.7% point as compared with the same period of 2021 to 68.6% (2021 1H: 72.3%). The decrease in gross profit margin was mainly attributable to (i) relatively higher retail discount offered under the Pandemic during the financial period; and (ii) increase in product cost rates due to premium product innovation and upgrade and worldwide raw material price inflation since the second half of 2021.

Other Net Income

Other net income for the financial period amounted to RMB821 million (2021 1H: RMB339 million), which mainly comprised of government grants of RMB719 million (2021 1H: RMB277 million). The government grants were provided to the Group in recognition of its contribution towards the local economic development.

Operating Expenses Ratios

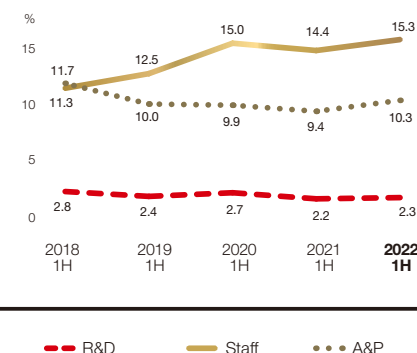
The ratio of advertising and promotional expenses to revenue increased by 0.9% point for the financial period. More expenditures in offline advertising and promotional activities (including those for Beijing 2022 Olympic Winter Games and new brand endorsers) and online advertisements and marketing campaigns (as a result of e-commerce business expansion) were incurred during the financial period. The ratio of staff costs to revenue increased by 0.9% point, the increase was mainly due to increase in staff headcount under the DTC model transformation for ANTA business and increase in overall basic salaries, leading to the increase in overall staff costs. The ratio of R&D costs to revenue increased by 0.1% point reflecting the fact that the Group continues to enhance its overall R&D capability.

Write-down of Inventories

Inventories are stated at cost or net realizable value, whichever is lower. In the event that net realizable value falls below cost, the difference is taken as write-down of inventories and charged to profit or loss.

During the financial period, write-down of inventories amounting to RMB228 million was charged to profit or loss (2021 1H: RMB202 million). The write-down of inventories reflected the adverse impact to the retail market brought by the Pandemic during the financial period. In view of the continuous macro uncertainties, the Group will continue to adopt “Dynamic Management” in order to maintain a healthy inventory level under the evolving business environment.

Operating Expenses Ratios



Impairment Loss of Trade Receivables

Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit losses (“ECLs”). ECLs on trade receivables are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions.

During the financial period, reversal of impairment loss of trade receivables amounting to RMB2 million was credited to profit or loss (2021 1H: RMB18 million).

Operating Profit and Operating Profit Margin

The following table sets out the operating profit and operating profit margin by segment for the financial period:

	Six months ended 30 June				
	2022		2021		Changes
	Operating profit	Operating profit margin	Operating profit	Operating profit margin	Operating profit margin
	(RMB million)	(%)	(RMB million)	(%)	(% point)
ANTA	2,942	22.0	2,447	23.1	↓ 1.1
FILA	2,426	22.5	3,143	29.0	↓ 6.5
All other brands	395	21.6	295	21.0	↑ 0.6
	5,763	22.2	5,885	25.8	↓ 3.6
Headquarters and unallocated items	29	N/A	20	N/A	N/A
Overall	5,792	22.3	5,905	25.9	↓ 3.6

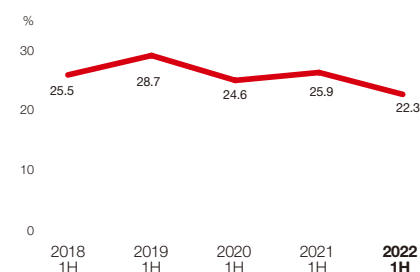
During the financial period, the Group's overall operating profit margin decreased by 3.6% point as compared with the same period of 2021 to 22.3% (2021 1H: 25.9%). The decrease in overall operating profit margin was mainly attributable to (i) 1.2% point decrease in overall gross profit margin; and (ii) increase in overall operating expenses to revenue ratio.

As DTC model (ANTA) and direct retail businesses (FILA and all other brands) of the Group recorded a higher sales contribution as compared with the same period of last year, the Group also incurred more retail operation related expenses. The Group has implemented stringent cost control measures to reduce operating expenditures in all possible areas, albeit not sufficient to fully offset the Pandemic's impact on sales under DTC model and direct retail businesses in the financial period.

ANTA segment operating profit margin decreased by 1.1% point as compared with the same period of 2021 to 22.0% (2021 1H: 23.1%). The decrease in operating profit margin was mainly attributable to, among others, increase in operating expenses to revenue ratio as a result of the continuous DTC model transformation in Mainland China with store level lease expenses and staff costs increased; while the decrease was partially offset by the 2.3% point increase in gross profit margin.

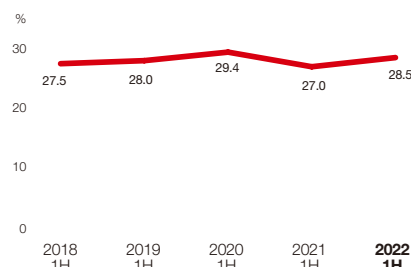
FILA segment operating profit margin decreased by 6.5% point as compared with the same period of 2021 to 22.5% (2021 1H: 29.0%). The decrease in operating profit margin was mainly attributable to (i) 3.7% point decrease in gross profit margin; and (ii) increase in operating expenses to revenue ratio.

Operating Profit Margin

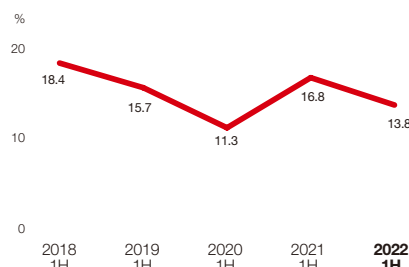


MANAGEMENT DISCUSSION AND ANALYSIS

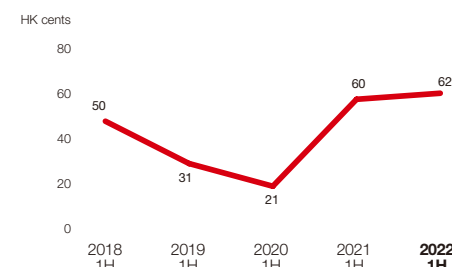
Effective Tax Rate



Margin of Profit Attributable to Equity Shareholders



Interim Dividend Per Ordinary Share



Net Finance Income/Costs

Total interest income for the financial period amounted to RMB254 million (2021 1H: RMB184 million). The increase was mainly driven by increase in average bank deposit balances as compared with the same period of 2021, reflecting the Group's effective treasury management.

Total interest expenses (excluding interest expense on lease liabilities) amounted to RMB125 million (2021 1H: RMB109 million) for the financial period.

Interest expense on lease liabilities under applicable financial reporting standards amounting to RMB144 million was incurred during the financial period (2021 1H: RMB112 million).

Effective Tax Rate

Effective tax rate (excluding the effect of share of loss of a joint venture) was 28.5% for the financial period (2021 1H: 27.0%). The increase in effective tax rate was mainly due to tax impact

of unused tax losses not recognized for certain subsidiaries in Mainland China.

Margin of Profit Attributable to Equity Shareholders

Margin of profit attributable to equity shareholders decreased by 3.0% point to 13.8% for the financial period. It was mainly attributable to (i) 3.6% point decrease in operating profit margin; and (ii) increase in effective tax rate; while the decrease was partially offset by decrease in share of loss of a joint venture.

Dividends

The Board has declared an interim dividend of HK62 cents per ordinary share in respect of the financial year 2022, representing a payout of RMB1,455 million (2021 1H: RMB1,357 million), or a distribution of 40.6% (2021 1H: 35.3%) of the current period's profit attributable to equity shareholders.

Liquidity and Financial Resources

Despite the challenging business environment under the Pandemic, the Group's financial

position remains robust and recorded a net operating cash inflow during the financial period.

As at 30 June 2022, the cash and cash equivalents of the Group amounted to RMB14,904 million which were mainly denominated in RMB, USD, HKD and EUR, representing a decrease of RMB2,688 million as compared with the cash and cash equivalents of RMB17,592 million as at 31 December 2021. The change was mainly attributable to:

- Net cash inflow from operating activities amounted to RMB4,979 million, which was more than the profit for the period (excluding the effect of share of loss of a joint venture) and represented the strong cash generating capability of the Group.
- Net cash outflow from investing activities amounted to RMB3,877 million, mainly including capital expenditures of RMB858 million, net placements of fixed deposits held at banks with maturity over three months of RMB2,815 million and net payments of other investments of RMB177 million.

- Net cash outflow from financing activities amounted to RMB3,940 million, mainly including payment of the special interim dividend and the final dividend in respect of the financial year 2021 amounting to RMB2,244 million, net repayments of bank loans amounting to RMB702 million, payments of interest expenses on bank loans amounting to RMB33 million, net proceeds from bills of exchange amounting to RMB500 million and payment of lease liabilities amounting to RMB1,478 million.

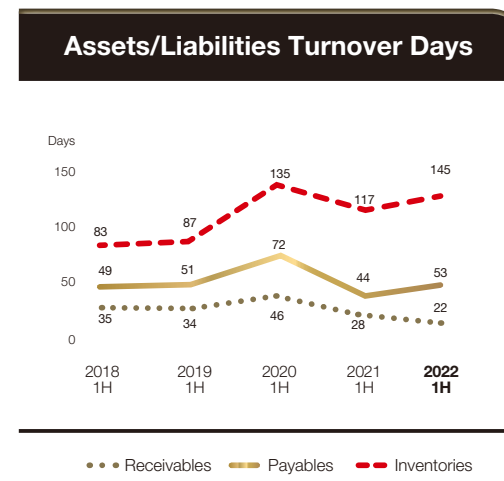
As at 30 June 2022, total assets of the Group amounted to RMB64,343 million, of which current assets were RMB39,389 million. Total liabilities and non-controlling interests were RMB32,691 million and total equity attributable to equity shareholders of the Company amounted to RMB31,652 million.

The Group's gearing ratio was 19.9% as at 30 June 2022 (as at 31 December 2021: 21.0%), being a ratio of total borrowings to total assets. Bank loans were denominated in EUR or USD and measured at amortized cost. All bank loans are at fixed rate and repayable within 1 year. Bills payable (financing in nature) were bills of exchange denominated at RMB, measured at amortized cost and repayable within 1 year. Convertible bonds (liability component) were denominated in EUR, measured at amortized cost and repayable in 3 years (subject to early redemption provision under the terms and conditions). Medium term notes were denominated in RMB, measured at amortized cost and repayable in 2 years.

	2022 (RMB million)	2021 (RMB million)
Six months ended 30 June		
Operating cash inflow	4,979	6,313
Capital expenditures	(858)	(458)
Others	(13)	6
Free cash inflow	4,108	5,861
As at 30 June/31 December		
Cash and cash equivalents	14,904	17,592
Fixed deposits held at banks with maturity over three months	10,010	6,985
Pledged deposits	18	4
Less: borrowings		
– Bank loans	(3,469)	(4,218)
– Bills payable (financing in nature)	(1,500)	(1,000)
– Convertible bonds (liability component)	(6,773)	(6,942)
– Medium term notes	(1,033)	(1,013)
Net cash position	12,157	11,408

Assets/Liabilities Turnover Ratios

The average inventory turnover days increased by 28 days due to increase in overall inventory level as a result of the Pandemic and DTC model transformation. The average trade receivables turnover days decreased by 6 days with the decreased balance of trade receivables as at the end of the financial period as compared



MANAGEMENT DISCUSSION AND ANALYSIS

with the same that as at 31 December 2021, reflecting the Group's effective trade receivable management and success in DTC model transformation. The average trade payables turnover days increased by 9 days due to delay in settlement process with our suppliers under the Pandemic. The turnover ratios mentioned above were within management's expectation and under control, in light of the impact of the Pandemic.

Pledge of Assets

As at 30 June 2022, the Group had bank deposits of RMB18 million (as at 31 December 2021: RMB4 million) pledged as security for certain contracts.

Financial Management Policies

The Group continues to manage financial risks in a prudent manner and proactively adopts internationally recognized corporate management standards to safeguard the interests of shareholders. As the functional currencies of most non-Mainland China entities (other than the joint venture) are HKD and those financial statements in HKD are translated into RMB for reporting and consolidation purposes, foreign exchange differences arising from the translation of such financial statements are directly recognized in equity as a separate reserve. In addition, as the investment in a

joint venture (and related bank loans) and the convertible bonds (liability component) are denominated in EUR, fluctuations in the exchange rates of the EUR against RMB may have a significant impact to the Group's net assets and total comprehensive income.

Nevertheless, the management actively monitors foreign exchange rate fluctuations to ensure that its net exposure is kept to an acceptable level.

Significant Investments and Acquisitions

Investment in a Joint Venture of AS Holding

As at 30 June 2022, the Group had an investment in a joint venture of AS Holding.

Amer Sports is a subsidiary owned by AS Holding and is a sporting goods company with internationally recognized brands including Salomon, Arc'teryx, Wilson, Peak Performance, Atomic, etc. Its technically advanced sports equipment, footwear, apparel and accessories aim to improve performance and increase enjoyment of sports and outdoor activities. Amer Sports business is balanced by its broad portfolio of sports and products and presence in all major markets. A strategic growth plan was set by the investor consortium for Amer Sports to unlock the full potential of its internationally recognized sportswear and equipment brands,

and the Group has strong belief in the future success of Amer Sports.

The Group accounts for AS Holding as an investment in a joint venture using equity method in the consolidated financial statements of the Group under applicable financial reporting standards, as decisions about certain key activities of AS Holding require the consent of directors nominated by other shareholders. The summarized consolidated financial information of AS Holding disclosed in this section are based on the latest available information to the Company and following the accounting policies adopted by the Group.

During the financial period, AS Holding recorded an EBITDA (on a consolidated basis) of RMB714 million, reflecting the healthy profit generating capability at operation level of the joint venture under the strategic growth plan set by the investor consortium.

As at 30 June 2022, the Group effectively held 526,962 shares or 52.70% interest in AS Holding. The carrying amount of the investment in the joint venture was RMB8,836 million, representing 13.7% of the total assets of the Group.

Saved as disclosed above, during the financial period, the Group made no significant investment or material acquisition or disposal of subsidiary.

Summarized consolidated financial information of AS Holding

	Six months ended 30 June	
	2022 (RMB million)	2021 (RMB million)
Revenue	9,671	7,988
EBITDA	714	557
Depreciation and amortization	(631)	(747)
Interest income	8	5
Interest expense	(389)	(520)
Income tax (expense)/credit	(41)	49
Net loss	(339)	(656)
Other comprehensive income	464	356
Total comprehensive income/(loss)	125	(300)

	As at 30 June 2022 (RMB million)	As at 31 December 2021 (RMB million)
Non-current assets	37,492	38,526
Current assets	11,235	11,932
Current liabilities	(5,596)	(6,195)
Non-current liabilities	(26,354)	(27,132)
Non-controlling interests	(10)	–
Equity attributable to equity shareholders	16,767	17,131

MANAGEMENT DISCUSSION AND ANALYSIS

Significant Financing

Zero Coupon EUR1 Billion Convertible Bond Due 2025 Issue

On 5 February 2020, the Group issued zero coupon convertible bonds due 2025 in the aggregate principal amount of EUR1 billion (the “Bond Issue”), which were listed on the Singapore Stock Exchange. The issue price was 100.25% of the principal amount of the convertible bonds. The convertible bonds may be converted into ordinary shares of the Company pursuant to its terms and conditions.

As of 30 June 2022, an aggregate principal amount of EUR1 billion of the convertible bonds was outstanding and, based on the applicable conversion price per conversion share of HKD102.63 on that date and assuming full conversion, would be convertible into 84,250,219 conversion shares.

During the financial period, EUR188 million (equivalent to RMB1,328 million) of the net proceeds from the Bond Issue were used. As of 30 June 2022, the unutilized net proceeds were EUR29 million (equivalent to RMB203 million).

For further details of the Bond Issue, please refer to the announcements of the Company dated 14 January 2020 and 5 February 2020.

Saved as disclosed above, during the financial period, the Group made no significant financing.

Intended use of proceeds	Initial intended allocation (EUR million)	Unutilized amount as at 31 December 2021 (EUR million)	Utilized amount for the six months ended 30 June 2022 (EUR million)	Unutilized amount as at 30 June 2022 (EUR million)	Expected timeline for utilizing the remaining proceeds
<i>Zero Coupon EUR1 Billion Convertible Bond Due 2025</i>					
Refinancing of existing debts	600	133	(104)	29	Before 31 December 2022
Working capital and other general corporate purposes	402	84	(84)	–	Before 31 December 2022
	1,002	217	(188)	29	

Issue of New Shares under General Mandate pursuant to Share Award Scheme

On 4 April 2022, the Company has granted an aggregate of 10,294,500 awarded shares to 3,707 selected employees pursuant to the existing Share Award Scheme. For the purpose of granting the aforesaid awarded shares pursuant to the Share Award Scheme, on 4 April 2022, the Board also resolved to allot and issue 10,294,500 new Shares to the professional trustee under the Share Award Scheme pursuant to the general mandate granted by the Shareholders at the AGM held on 7 May 2021.

The issue of new Shares under the general mandate pursuant to the Share Award Scheme was completed during the financial period. No new funds were raised as a result of the aforesaid allotment and issue of the new Shares.

Green Medium Term Notes Issue

In August 2020, the Group registered for proposed issue of interest-bearing medium term notes in an aggregate principal amount of up to RMB8 billion on the National Association of Financial Market Institutional Investors.

In July 2022, after the end of the financial period, the Group completed the issue of a tranche of green medium term notes, with an aggregate principal amount of RMB500 million and a coupon rate 2.80% per annum. The green medium term notes will mature in three years

from the issue date. The gross and net proceeds from the issue of green medium term notes were RMB500 million and approximately RMB500 million respectively.

The proceeds raised from the green medium term notes issue would be applied towards the construction of the ANTA Shanghai headquarters. ANTA Shanghai headquarters development project is in Qingpu District, Shanghai, which is the prime location of the West Hongqiao Business District. The total construction area of this multi-functional complex is about 140 thousand square meters. After the completion, it will not only serve as the global retail headquarters for the Group to achieve the strategy of "Single-focus, Multi-brand, Globalization", but it will also echo our goal of achieving carbon neutrality by 2050. The project is planned to be completed in 2023 and start operation in 2024. The project and construction drawing are designed in accordance with the requirements of China's "Green Building Evaluation Standard" (GB/T 50378). The project promises to combine green space, energy-saving design and materials for development.

Capital Commitments, Contingencies and Guarantee

Capital Commitments

As at 30 June 2022, the Group had capital commitments of RMB2,165 million, primarily relating to construction of ANTA Shanghai headquarters and Group logistic center, and renovation of retail stores.

Contingencies

The Group is not involved in any material legal proceedings, nor are there any pending or potential material legal proceedings involving the Group.

Guarantee

A five-year EUR1,300 million (equivalent to RMB9,085 million) term loan facility ("Facility A") is provided by independent third party bank lenders to AS Holding for the purpose of, among others, (i) funding the settlement of the tender offer and the purchase of the shares of Amer Sports; and/or (ii) refinancing of any indebtedness of Amer Sports in connection with the acquisition of shares of Amer Sports. The Company has guaranteed the full and punctual performance of any and all obligations and undertakings of AS Holding to the arrangers, the lenders and the agent in connection with, and for all amounts which may become due and payable under, the aforesaid loan facilities. As at 30 June 2022, Facility A has been fully drawn by AS Holding.

Saved as disclosed above, as at 30 June 2022, the Group did not provide any form of guarantee for any company outside the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Prospects

Spearheading with Confidence and Endeavor

Looking to the second half of 2022, certain countries and regions will likely continue to be ravaged by the resurgence of the Pandemic and the global market remains to be shrouded in uncertainties. Although market conditions have remained largely a matter of unpredictability, from the perspective of economic data, the key economic indicators showed that the growth rates in China in the first half of 2022 remained stable, which demonstrated China's strong macro-control capability for sustaining stable economic growth. Therefore, we shall monitor the development closely amid an uncertain market environment, while we are also confident that China's economy will continue to advance steadfastly.

From a mid- to long-term perspective, the fundamentals of China's economy and the sportswear industry remain healthy, with the support of a massive market boasting 1.4 billion

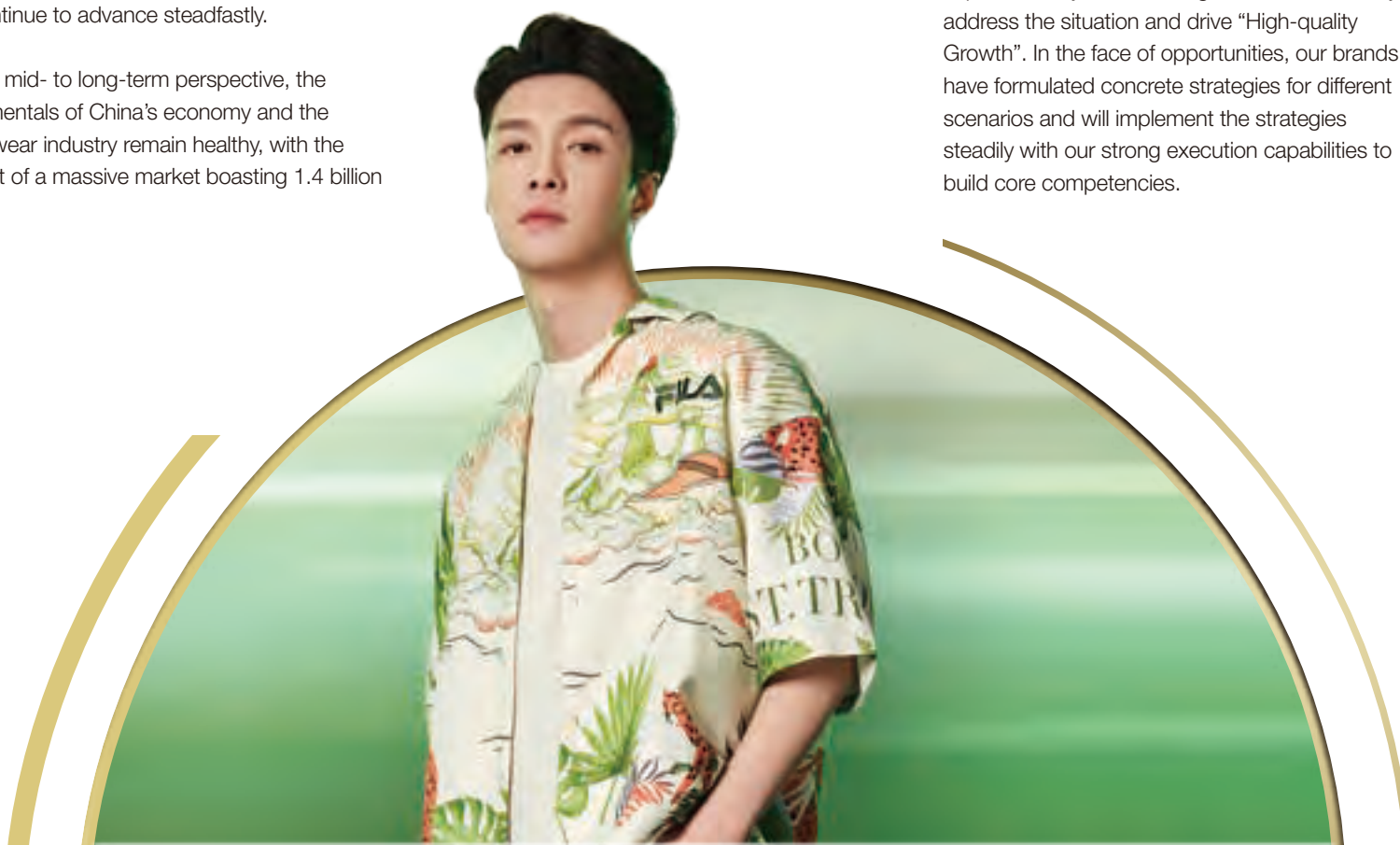
consumers. We are cautiously optimistic about the development prospects of the industry. Since 2021, China has shifted from an export-oriented growth model to a dual-circulation strategy by attaching importance to both maintaining export and spurring domestic demand. The long-term development plan is eyeing a predominantly domestic consumption-driven economy that help spur domestic demand and create a favorable consumer sentiment. We believe that the retail industry will grow sustainably in the future.

As an important growth driver in the consumer sector, the sports industry enjoys numerous development opportunities. Firstly, driven by the growing customer preference for local brands, domestic sports brands continue their upward trajectory alongside growing influences

and significant growth momentum. Secondly, despite a short-term trend of "polarization" in the consumer market, in which consumption upgrading and consumption downgrading coexist, the purchasing power of residents in low-tier cities will still increase and the middle class will continue to expand in the mid- to long-term. Thirdly, the sports market is becoming more diversified which in turn promotes segmented scenarios, and as a result, personalized and functional products will capture more attention in the market.

Strengthening Multi-brand Strategy and Enriching Breadth and Depth of Each Brand

2022 presents both challenges and opportunities. In the face of challenges, we proactively implement "Dynamic Management" to effectively address the situation and drive "High-quality Growth". In the face of opportunities, our brands have formulated concrete strategies for different scenarios and will implement the strategies steadily with our strong execution capabilities to build core competencies.



Macroeconomic volatilities and the resurgence of the Pandemic could place short-term pressure on our financial and operational performance, but we will not deviate from our long-term strategy execution. At the same time, we attained numerous high-quality metrics and made phased achievements that have strengthened our fundamentals against risks and volatile market conditions, laying a solid foundation for our future growth.

In order to penetrate into different market segments, we strategically positioned our brands to enrich their breadth and depth based on their own strengths. In terms of breadth, we differentiated our brands from athleisure to professional sports, as well as from premium to mass-market, to effectively provide full coverage to various consumer segments and channels. In terms of depth, in order to cater to the needs of an increasingly segmented market, we adhered to our respective brand positionings and improved brand salience, so that it can be firmly entrenched in the minds of consumers.

Performance Sports Group – Capitalizing on Optimized Existing Product Portfolio and Expanding New Product Offerings to Achieve Upgrades and Breakthroughs

For the Performance Sports Group, we will achieve upgrades and breakthroughs for ANTA through capitalizing on optimized existing product portfolio and expanding new product offerings. On the one hand, we will continue to optimize our differentiated, highly cost-efficient product portfolio, in order to preserve their popularity among mass consumers and increase their contribution to us. On the other hand, we will continue to strengthen our high-end professional sports product offerings and expand our presence in the high-end market for more growth opportunities.

ANTA and ANTA KIDS will continue to strengthen their footprint in the professional sports segment with innovations and technologies. We focus on product categories that can increase brand awareness and aim to be the first brand that consumers associate with the Olympics. We infuse the advanced technologies used by the national teams into our footwear and apparel products and explore the publicity value of the Olympic Games, so as to cement ANTA's professional image in the minds of consumers and expand the customer group with strong purchasing power.

Fashion Sports Group – Implementing the “Three Top-Notch” Strategy

For the Fashion Sports Group, in light of the rising demand among Chinese consumers for fashionable and personalized style, we adhere to our positioning as a high-end athleisure brand and create high-quality products in order to achieve solid growth. We will continue the implementation of our “Three Top-Notch” strategy to optimize FILA's product portfolio and venture into professional sports such as fitness and golf to revitalize FILA's sporting DNA. We will push forward continuous product innovation and upgrade, as well as join hands with international fashion brands to launch crossover collections. In addition, we will enhance consumer communications and interaction through building brand communities and improve the efficiency of omnichannel by leveraging the power of technology, our advantages in the supply chain, the synergy between online and offline channels as well as digitalization. FILA KIDS will focus on creating professional sports products while FILA FUSION will continue to optimize its footwear product portfolio and beef up female customer base.



MANAGEMENT DISCUSSION AND ANALYSIS

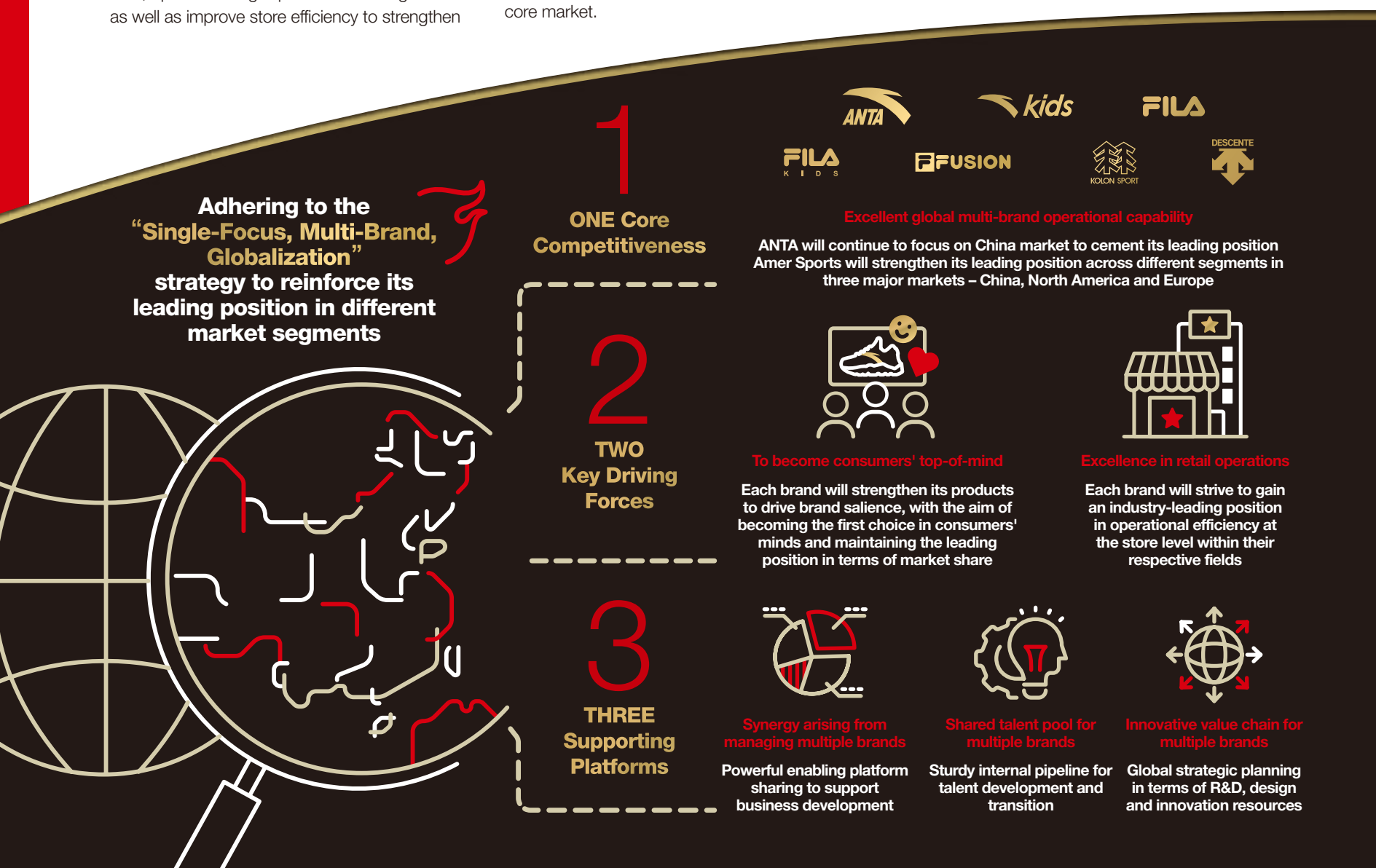
Outdoor Sports Group – Seizing Opportunities Arising out of New Scenarios

For Outdoor Sports Group, we will seize opportunities arising out of new scenarios and unleash the tremendous potential of the outdoor sports market. We will strengthen our brands' positioning and images as high-end brands by creating unique, high quality and iconic products. We will upgrade retail experiences at the store level, open both flagship stores and mega stores as well as improve store efficiency to strengthen

our market position. In addition, we will continue to invest in e-commerce business and customer relationship management to engage precisely with key target customers. For DESCENTE, we will exert greater publicity effort on the brand's technologies, upgrade the online business and enhance promotion of new products on major platforms. As for KOLON SPORT, we will continue to focus on the promotion of camping collections, providing unique customer experiences through building communities as well as venturing into new markets while seeking breakthroughs in the core market.

Promoting Digitalization, Enhancing Supply Chain, Improving Risk Capability

Effective identification of and response to risks and opportunities are the keys to a successful and long-lasting business. In an increasingly volatile environment, we will further improve our operational efficiency and risk capability. We will continue to expedite digitalization, promote integration of online and offline models, increase



our sensitivity to changes in demand and enhance overall work efficiency. At the same time, we will strengthen the adaptability of internal and strategic suppliers, thereby enhancing the overall flexibility of our supply chain that in turn enables us to rapidly respond to crises.

We continue to drive advancement in sustainability by creating shared value that is beneficial to all of our stakeholders including consumers, eco-system partners, environment, and society. We strive to

improve our corporate governance as well as create value for consumers through our multi-brand strategy. We believe that our stakeholders are closely intertwined, thus we take steps to push forward the creation of a sustainable value chain and assist our suppliers to act in accordance with the principles of sustainable development. At the same time, we are also committed to giving back to society and achieving carbon neutrality by 2050.

By the end of 2022, we expect the total number of stores for ANTA and ANTA KIDS in Mainland

China and overseas to reach the range of 6,600 to 6,700 and 2,500 to 2,600, respectively. FILA (including FILA KIDS and FILA FUSION standalone stores) will have a total of 1,900 to 2,000 stores in Mainland China, Hong Kong, Macao and Singapore. DESCENTE will further penetrate into first and second-tier cities, with an aim to open mega stores at prime locations in these cities. By the end of 2022, DESCENTE is expected to have 190 to 200 stores in Mainland China, Hong Kong and Macao, while KOLON SPORT will have a total of 180 to 190 stores in Mainland China and Hong Kong.

Strengthening the multi-brand strategy to drive business growth across all market segments

- **Performance Sports Group:**
ANTA has been continuously implementing its “Lead to Win” acceleration plan, with an aim to enhance brand value by empowering professional sports with advanced technology
- **Fashion Sports Group:**
Adhering to the “Three Top-Notch” Strategy, FILA has been venturing into mid- to high-end professional sports
- **Outdoor Sports Group:**
Seizing opportunities arising out of new scenarios and strengthening the positionings of DESCENTE as a high-end, high-quality professional sports brand and KOLON SPORT as a high-end outdoor lifestyle brand



Target number of stores by the end of 2022

ANTA:	ANTA KIDS:	FILA, FILA KIDS and FILA FUSION:
6,600-6,700	2,500-2,600	1,900-2,000
DESCENTE:	KOLON SPORT:	
190-200	180-190	



Liu Shishi,
*A renowned
actress*

INDEPENDENT REVIEW REPORT OF THE AUDITORS



To the Board of Directors of
ANTA Sports Products Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 48 to 75 which comprises the condensed consolidated statement of financial position of ANTA Sports Products Limited as of 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and explanatory notes. *The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* require the preparation of an interim financial report to be in compliance with the relevant provisions thereof, and to be in compliance with either *International Accounting Standard 34, Interim Financial Reporting* issued by the International Accounting Standards Board or *Hong Kong Accounting Standard 34, Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants, depending on whether the listed issuer's annual consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRSs") or Hong Kong Financial Reporting Standards ("HKFRSs"). As the annual consolidated financial statements of ANTA Sports Products Limited are prepared in accordance with both IFRSs and HKFRSs, the directors are responsible for the preparation and presentation of the interim financial report in accordance with both International Accounting Standard 34 and Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with *Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2022 is not prepared, in all material respects, in accordance with *International Accounting Standard 34, Interim Financial Reporting* and *Hong Kong Accounting Standard 34, Interim Financial Reporting*.

A large, stylized, handwritten signature of 'KPMG' in black ink.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
23 August 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022 – unaudited

	Note	Six months ended 30 June	
		2022 RMB'million	2021 RMB'million
Revenue	3(a)	25,965	22,812
Cost of sales		(9,856)	(8,404)
Gross profit		16,109	14,408
Other net income		821	339
Selling and distribution expenses		(9,437)	(7,556)
Administrative expenses		(1,701)	(1,286)
Profit from operations		5,792	5,905
Net finance (costs)/income	4	(22)	231
Share of loss of a joint venture	12	(178)	(346)
Profit before taxation	5	5,592	5,790
Taxation	6	(1,642)	(1,658)
PROFIT FOR THE PERIOD		3,950	4,132
Other comprehensive income/(loss) for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of operations outside Mainland China		418	(230)
Share of other comprehensive income of a joint venture		213	182
Items that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income ("FVOCI")			
– net movement in fair value reserve (non-recycling)		(62)	3
Share of other comprehensive income of a joint venture		32	6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		4,551	4,093
PROFIT ATTRIBUTABLE TO:			
Equity shareholders of the Company		3,588	3,840
Non-controlling interests		362	292
PROFIT FOR THE PERIOD		3,950	4,132
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity shareholders of the Company		4,189	3,801
Non-controlling interests		362	292
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		4,551	4,093
Earnings per share	7	RMB	RMB
– Basic		1.33	1.43
– Diluted		1.31	1.40

The notes on pages 53 to 75 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 20(j).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022 – unaudited

	Note	30 June 2022 RMB'million	31 December 2021 RMB'million (audited)
Non-current assets			
Property, plant and equipment	8	2,899	2,853
Right-of-use assets	9	7,692	6,611
Construction in progress	10	1,257	926
Other non-current assets		562	43
Intangible assets	11	1,505	1,531
Investment in a joint venture	12	8,836	9,027
Other investments	13	1,031	722
Deferred tax assets	19(b)	1,172	1,053
Total non-current assets		24,954	22,766
Current assets			
Inventories	14	8,192	7,644
Trade receivables	15	3,038	3,296
Other current assets	15	2,614	3,618
Other investments	13	613	763
Pledged deposits	16	18	4
Fixed deposits held at banks with maturity over three months	16	10,010	6,985
Cash and cash equivalents	16	14,904	17,592
Total current assets		39,389	39,902
Total assets		64,343	62,668
Current liabilities			
Borrowings	17	11,782	1,748
Trade payables	18	2,666	3,146
Other current liabilities	18	5,466	6,930
Payable to non-controlling interests		47	39
Lease liabilities		2,376	2,237
Amounts due to related parties	23(b)	21	27
Current taxation	19(a)	1,391	1,816
Total current liabilities		23,749	15,943
Net current assets		15,640	23,959
Total assets less current liabilities		40,594	46,725

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022 – unaudited

	Note	30 June 2022 RMB'million	31 December 2021 RMB'million (audited)
Non-current liabilities			
Borrowings	17	993	11,425
Payable to non-controlling interests		54	74
Lease liabilities		4,030	2,908
Deferred tax liabilities	19(b)	675	655
Total non-current liabilities		5,752	15,062
Total liabilities		29,501	31,005
Net assets		34,842	31,663
Equity			
Share capital	20(a)	262	261
Reserves	20	31,390	28,662
Total equity attributable to equity shareholders of the Company		31,652	28,923
Non-controlling interests		3,190	2,740
Total liabilities and equity		64,343	62,668

The notes on pages 53 to 75 form part of this interim financial report.



Ding Shizhong

Chairman, Executive Director and Chief Executive Officer



Lai Shixian

Executive Director and Chief Financial Officer

Hong Kong, 23 August 2022

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022 – unaudited

	Note	Attributable to equity shareholders of the Company			Non-controlling interests RMB'million	Total equity RMB'million
		Share capital RMB'million	Reserves RMB'million	Total RMB'million		
Balances as at 1 January 2021		261	23,752	24,013	1,811	25,824
Changes in equity for the six months ended 30 June 2021:						
– Profit for the period		–	3,840	3,840	292	4,132
– Other comprehensive loss for the period		–	(39)	(39)	–	(39)
Total comprehensive income for the period		–	3,801	3,801	292	4,093
Dividends approved in respect of the previous year	20(j)	–	(1,054)	(1,054)	–	(1,054)
Equity-settled share-based payment transactions	20(g)	–	90	90	–	90
Capital contribution by non-controlling interests of subsidiaries		–	–	–	47	47
Balances as at 30 June 2021		261	26,589	26,850	2,150	29,000
Balances as at 1 January 2022		261	28,662	28,923	2,740	31,663
Changes in equity for the six months ended 30 June 2022:						
– Profit for the period		–	3,588	3,588	362	3,950
– Other comprehensive income for the period		–	601	601	–	601
Total comprehensive income for the period		–	4,189	4,189	362	4,551
Dividends approved in respect of the previous year	20(j)	–	(1,578)	(1,578)	–	(1,578)
Shares allotted and issued for share award scheme	20(i)	1	(1)	–	–	–
Equity-settled share-based payment transactions	20(g)	–	104	104	–	104
Share of other reserves of a joint venture	12	–	14	14	–	14
Capital contribution by non-controlling interests of subsidiaries		–	–	–	193	193
Dividends to non-controlling interests of subsidiaries		–	–	–	(105)	(105)
Balances as at 30 June 2022		262	31,390	31,652	3,190	34,842

The notes on pages 53 to 75 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022 – unaudited

	Note	Six months ended 30 June	
		2022 RMB'million	2021 RMB'million
Operating activities			
Cash generated from operations		6,908	7,932
Income tax paid		(2,166)	(1,793)
Interest received		237	174
Net cash generated from operating activities		4,979	6,313
Investing activities			
Capital expenditures paid		(858)	(458)
Net placements of pledged deposits		(14)	(2)
Net placements of fixed deposits held at banks with maturity over three months		(2,815)	(1,077)
Net (payments of)/proceeds from other investments		(177)	270
Other cash flows derived from investing activities		(13)	60
Net cash used in investing activities		(3,877)	(1,207)
Financing activities			
Net repayments of bank loans		(702)	(848)
Payments of interest expense on bank loans		(33)	(55)
Net proceeds from/(repayments of) bills of exchange		500	(1,000)
Payments of lease liabilities		(1,478)	(1,296)
Dividends paid to equity shareholders of the Company	20(j)	(2,244)	(1,054)
Dividends paid to non-controlling interests of subsidiaries		(105)	–
Other cash flows derived from financing activities		122	47
Net cash used in financing activities		(3,940)	(4,206)
Net (decrease)/increase in cash and cash equivalents		(2,838)	900
Cash and cash equivalents as at 1 January		17,592	15,323
Effect of foreign exchange rate changes		150	22
Cash and cash equivalents as at 30 June	16	14,904	16,245

The notes on pages 53 to 75 form part of this interim financial report.

NOTES TO THE INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION

This interim financial report of ANTA Sports Products Limited (the “Company”) has been prepared in accordance with the applicable disclosure provisions of *The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* and *International Accounting Standard 34, Interim Financial Reporting*, (“IAS 34”) issued by the International Accounting Standards Board (“IASB”). IAS 34 is consistent with *Hong Kong Accounting Standard 34, Interim Financial Reporting*, (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accordingly this interim financial report is also prepared in accordance with HKAS 34. It was authorised for issue on 23 August 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes (if any) in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 and HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes which do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”) or Hong Kong Financial Reporting Standards (“HKFRSs”). The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements.

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company. It has also been reviewed by the Company’s auditors, KPMG, in accordance with the *Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the HKICPA. KPMG’s independent review report to the board of directors of the Company is included on page 47.

2. CHANGES IN ACCOUNTING POLICIES

(a) Revision on IFRSs/HKFRSs

The IASB and HKICPA have issued a number of amendments to IFRSs and HKFRSs that are first effective for the current accounting period of the Group. None of these developments to IFRSs and HKFRSs that are first effective for the current accounting period of the Group have a material effect to the Group’s results and financial position that have been prepared or presented in this interim financial report.

(b) Possible impact of amendment, new standards and interpretations issued but are not yet effective

Up to the date of issue of this interim financial report, the IASB and HKICPA have issued a number of amendments and a new standard which are not yet effective for the year ending 31 December 2022 and which have not been adopted in this interim financial report.

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it is concluded that the initial adoption is unlikely to have significant impact on the consolidated financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are branding, production, design, procurement, supply chain management, wholesale and retail of branded sporting goods including footwear, apparel and accessories. The Group also has an investment in a joint venture, the principal activity of which is operating Amer Sports business, as detailed in note 12.

The Group's (other than the joint venture) revenue, expenses, results, assets and liabilities are predominantly attributable to a single geographical region, which is China. Therefore, no analysis by geographical regions is presented.

The Group's (other than the joint venture) operations are not subject to significant seasonal factors.

Revenue represents the sales value of goods sold less returns, discounts, rebates and value added tax. Disaggregation of revenue from contracts with customers by product categories is as follows:

	Six months ended 30 June	
	2022	2021
	RMB'million	RMB'million
Footwear	11,111	8,834
Apparel	14,036	13,230
Accessories	818	748
	25,965	22,812

For the six months ended 30 June 2022, there was no customer with whom transactions have exceeded 10% of the Group's revenue (2021: Nil).

The Group has applied practical expedient in paragraph 121 of IFRS/HKFRS 15, *Revenue from Contracts with Customers* to exempt the disclosure of revenue expected to be recognised in the future arising from contracts with customers in existence at the end of reporting period as the performance obligation is part of a contract that has an original expected duration of one year or less.

(b) Segment reporting

Chief Executive Officer and senior management team are the Group's chief operating decision-makers (the "CODMs"). The CODMs review the Group's internal reports periodically in order to assess performance and allocate resources from a brand perspective. Consistent with the way in which information is reported internally to the CODMs, the Group has presented two reportable segments of ANTA brand and FILA brand, respectively. Other than the two reportable segments, all other operating segments have been aggregated and presented as "all other brands". The segment information for the reporting period is as follows:

3. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

	ANTA brand RMB'million	FILA brand RMB'million	All other brands RMB'million	Headquarters and unallocated items RMB'million	Total RMB'million
For the six months ended 30 June 2022					
Revenue					
– Revenue from external customers	13,360	10,777	1,828	–	25,965
Gross profit	7,358	7,395	1,356	–	16,109
Results	2,942	2,426	395	29	5,792
– Net finance costs	–	–	–	(22)	(22)
– Share of loss of a joint venture	–	–	–	(178)	(178)
Profit/(loss) before taxation	2,942	2,426	395	(171)	5,592
As at 30 June 2022					
Assets					
– Investment in a joint venture	–	–	–	8,836	8,836
– Other investments	–	–	–	1,644	1,644
– Deferred tax assets	–	–	–	1,172	1,172
– Other assets	22,152	12,613	4,299	13,846	52,910
<i>Reconciliation:</i>					
– Elimination of internal borrowings	–	–	–	(219)	(219)
Total assets	22,152	12,613	4,299	25,279	64,343
Liabilities					
– Borrowings	–	–	–	12,775	12,775
– Current taxation	–	–	–	1,391	1,391
– Deferred tax liabilities	–	–	–	675	675
– Other liabilities	7,107	5,622	1,608	542	14,879
<i>Reconciliation:</i>					
– Elimination of internal borrowings	(28)	–	(191)	–	(219)
Total liabilities	7,079	5,622	1,417	15,383	29,501

NOTES TO THE INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

3. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

	ANTA brand RMB'million	FILA brand RMB'million	All other brands RMB'million	Headquarters and unallocated items RMB'million	Total RMB'million
For the six months ended 30 June 2021					
Revenue					
– Revenue from external customers	10,578	10,827	1,407	–	22,812
Gross profit	5,587	7,830	991	–	14,408
Results	2,447	3,143	295	20	5,905
– Net finance income	–	–	–	231	231
– Share of loss of a joint venture	–	–	–	(346)	(346)
Profit/(loss) before taxation	2,447	3,143	295	(95)	5,790
As at 31 December 2021					
Assets					
– Investment in a joint venture	–	–	–	9,027	9,027
– Other investments	–	–	–	1,485	1,485
– Deferred tax assets	–	–	–	1,053	1,053
– Other assets	21,995	12,851	3,972	12,550	51,368
<i>Reconciliation:</i>					
– Elimination of internal borrowings	–	–	–	(265)	(265)
Total assets	21,995	12,851	3,972	23,850	62,668
Liabilities					
– Borrowings	–	–	–	13,173	13,173
– Current taxation	–	–	–	1,816	1,816
– Deferred tax liabilities	–	–	–	655	655
– Other liabilities	6,904	5,968	1,485	1,269	15,626
<i>Reconciliation:</i>					
– Elimination of internal borrowings	(26)	–	(239)	–	(265)
Total liabilities	6,878	5,968	1,246	16,913	31,005

For reconciliation purpose, “Headquarters and unallocated items” is also presented in the segment information.

4. NET FINANCE (COSTS)/INCOME

	Six months ended 30 June	
	2022 RMB'million	2021 RMB'million
Total interest income on financial assets measured at amortised cost	254	184
Net gain on forward foreign exchange contracts and currency option contracts	22	9
Other net foreign exchange gain	–	259
	276	452
Interest expense on lease liabilities	(144)	(112)
Total interest expense on other financial liabilities measured at amortised cost	(125)	(109)
Other net foreign exchange loss	(29)	–
	(298)	(221)
Net finance (costs)/income	(22)	231

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2022 RMB'million	2021 RMB'million
Cost of inventories ⁽ⁱ⁾ (note 14(b))	9,856	8,404
Research and development costs ^{(i) & (ii)}	605	500
Subcontracting charges ⁽ⁱ⁾	68	36
Staff costs ^{(i) & (ii)}	3,960	3,287
Depreciation ⁽ⁱ⁾		
– Property, plant and equipment (note 8)	373	179
– Right-of-use assets (note 9)	1,660	1,224
Amortisation of intangible assets (note 11)	60	70
Reversal of impairment loss of trade receivables (note 15)	(2)	(18)
Variable lease payments not included in the measurement of lease liabilities	1,404	1,410

(i) Cost of inventories includes research and development costs, subcontracting charges, staff costs and depreciation, total amounting to RMB1,227 million (2021: RMB937 million).

(ii) Research and development costs include staff costs of employees in the research and development department, of which RMB284 million (2021: RMB174 million) are included in the staff costs as disclosed above.

NOTES TO THE INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

6. TAXATION IN THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2022	2021
	RMB'million	RMB'million
Current tax		
PRC Corporate Income Tax and income taxes of other tax jurisdictions	1,618	1,552
Dividends withholding tax	123	217
Deferred tax (note 19(b))		
Dividends withholding tax	(123)	(217)
Origination and reversal of other temporary differences	24	106
	1,642	1,658

- (i) In accordance with the relevant PRC corporate income tax laws, implementation regulations and guidance notes, certain subsidiaries in Mainland China are entitled to tax concessions whereby profits of these subsidiaries are taxed at a preferential income tax rate. Taxation of the Group's other subsidiaries in Mainland China are calculated using the applicable income tax rates of 25%.
- (ii) Taxation for subsidiaries in other tax jurisdictions amounting to RMB1 million (2021: RMB1 million) was charged at the appropriate current rates under the relevant taxation rulings.
- (iii) According to the PRC Corporate Income Tax Law and its implementation regulations, dividends receivable by non-Mainland China corporate residents from Mainland China enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. In addition, under the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and its relevant regulations, a qualified Hong Kong tax resident will be liable for withholding tax at the rate of 5% for dividend income derived from Mainland China if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interests of the Mainland China company. Deferred tax liabilities have been provided for based on the expected dividends to be distributed from these subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008.

Dividends withholding tax represents tax charged by tax authority on dividends distributed by the Group's subsidiaries in Mainland China during the period.

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company and the weighted average number of ordinary shares in issue during the reporting period.

Weighted average number of ordinary shares

	2022	2021
	'000 shares	'000 shares
Issued ordinary shares as at 1 January	2,703,329	2,703,329
Effect of shares held under share award scheme	(16,888)	(14,321)
Effect of shares vested under share award scheme	623	657
Effect of shares allotted and issued for share award scheme	4,550	–
Weighted average number of ordinary shares as at 30 June	2,691,614	2,689,665

(b) Diluted earnings per share

The calculation of the diluted earnings per share is based on the profit attributable to equity shareholders of the Company and the weighted average number of ordinary shares, as adjusted for the effects of all dilutive potential ordinary shares.

7. EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share (Continued)

Profit attributable to equity shareholders of the Company (diluted)

	Six months ended 30 June	
	2022 RMB'million	2021 RMB'million
Profit attributable to equity shareholders of the Company	3,588	3,840
Adjustment for interest on convertible bonds, net of tax	41	44
Profit attributable to equity shareholders of the Company (diluted)	3,629	3,884

Weighted average number of ordinary shares (diluted)

	2022 '000 shares	2021 '000 shares
Weighted average number of ordinary shares as at 30 June	2,691,614	2,689,665
Effect of awarded shares under share award scheme	1,257	1,326
Effect of conversion of convertible bonds	83,747	82,438
Weighted average number of ordinary shares (diluted) as at 30 June	2,776,618	2,773,429

8. PROPERTY, PLANT AND EQUIPMENT

	2022 RMB'million	2021 RMB'million
Net book value, as at 1 January	2,853	2,184
Additions	402	145
Transfer from construction in progress (note 10)	19	29
Disposals	(2)	(12)
Depreciation charge for the period (note 5)	(373)	(179)
Net book value, as at 30 June	2,899	2,167

9. RIGHT-OF-USE ASSETS

	2022 RMB'million	2021 RMB'million
Net book value, as at 1 January	6,611	4,108
Additions	2,855	2,851
Depreciation charge for the period (note 5)	(1,660)	(1,224)
Disposals	(114)	(42)
Net book value, as at 30 June	7,692	5,693

10. CONSTRUCTION IN PROGRESS

	2022 RMB'million	2021 RMB'million
As at 1 January	926	545
Additions	350	240
Transfer to property, plant and equipment (note 8)	(19)	(29)
As at 30 June	1,257	756

Construction in progress represents buildings under construction and plant and equipment pending for installation in Mainland China.

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11. INTANGIBLE ASSETS

	2022 RMB'million	2021 RMB'million
Net book value, as at 1 January	1,531	1,579
Additions	34	30
Amortisation charge for the period (note 5)	(60)	(70)
Net book value, as at 30 June	1,505	1,539

12. INVESTMENT IN A JOINT VENTURE

	2022 RMB'million	2021 RMB'million
As at 1 January	9,027	9,658
Share of loss	(178)	(346)
Share of other comprehensive income	245	188
Share of other reserves	14	–
Foreign currency translation differences	(272)	(377)
As at 30 June	8,836	9,123

Details of the Group's interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

Name of joint venture	Place of incorporation and business	Proportion of interest held	Proportion of voting rights held
Amer Sports Holding (Cayman) Limited ("AS Holding")	Cayman Islands/ Worldwide	52.70%	57.70%

Amer Sports Oy ("Amer Sports") is a subsidiary owned by AS Holding and is a sporting goods company with internationally recognised brands including Salomon, Arc'teryx, Wilson, Peak Performance, Atomic, etc. Its technically advanced sports equipment, footwear, apparel and accessories aim to improve performance and increase enjoyment of sports and outdoor activities. Amer Sports business is balanced by its broad portfolio of sports and products and presence in all major markets.

The Group accounts for AS Holding as an investment in a joint venture using the equity method in the consolidated financial statements of the Group under applicable financial reporting standards, as decisions about certain key activities of AS Holding require the consent of directors nominated by other shareholders.

AS Holding, the only joint venture in which the Group participates, is an unlisted corporate entity whose quoted market price is not available.

Summarised consolidated financial information of AS Holding, based on the latest available information to the Company and following the accounting policies adopted by the Group, and a reconciliation to the carrying amount in the condensed consolidated financial statements, are as follows:

	30 June 2022 RMB'million	31 December 2021 RMB'million
Non-current assets	37,492	38,526
Current assets	11,235	11,932
Current liabilities	(5,596)	(6,195)
Non-current liabilities	(26,354)	(27,132)
Non-controlling interests	(10)	–
Equity attributable to equity shareholders	16,767	17,131

	Six months ended 30 June 2022 RMB'million	2021 RMB'million
Revenue	9,671	7,988
Post-tax loss from continuing operations	(217)	(669)
Post-tax (loss)/profit from discontinued operations	(122)	13
Other comprehensive income	464	356
Total comprehensive income/(loss)	125	(300)
Included in the above profit/(loss):		
Depreciation and amortisation	(631)	(747)
Interest income	8	5
Interest expense	(389)	(520)
Income tax (expense)/credit	(41)	49

12. INVESTMENT IN A JOINT VENTURE (Continued)

Reconciliation to the Group's investment in a joint venture	30 June 2022 RMB'million	31 December 2021 RMB'million
AS Holding's net assets	16,777	17,131
Less: non-controlling interest	(10)	–
AS Holding's net assets attributable to equity shareholders	16,767	17,131
Group's effective interest	52.70%	52.70%
Group's share of AS Holding's net assets attributable to equity shareholders	8,836	9,027
Carrying amount of the Group's investment	8,836	9,027

A five-year EUR1,300 million (equivalent to RMB9,085 million) term loan facility ("Facility A") is provided by independent third party bank lenders to AS Holding for the purpose of, amongst others, (i) funding the settlement of the tender offer and the purchase of the shares of Amer Sports; and/or (ii) refinancing of any indebtedness of Amer Sports in connection with the acquisition of shares of Amer Sports. The Company has guaranteed the full and punctual performance of any and all obligations and undertakings of AS Holding to the arrangers, the lenders and the agent in connection with, and for all amounts which may become due and payable under, the aforesaid loan facilities. As at 30 June 2022, Facility A has been fully drawn by AS Holding.

13. OTHER INVESTMENTS

	30 June 2022 RMB'million	31 December 2021 RMB'million
Current		
Financial instruments measured at amortised cost:		
– Listed debt securities	410	763
– Unlisted debt securities	203	–
	613	763
Non-current		
Equity instruments designated at FVOCI (non-recycling):		
– Unlisted equity investments ⁽ⁱ⁾	75	65
– Listed perpetual bonds (equity investment in nature) ⁽ⁱⁱ⁾	956	657
	1,031	722
Total	1,644	1,485

(i) The Group designated certain unlisted equity investments at FVOCI (non-recycling), as the investments are held for strategic purposes.

(ii) The Group designated certain listed perpetual bonds (equity investment in nature) issued by a Big 4 domestic bank at FVOCI (non-recycling), as the investments are not held for trading purpose and are intended to be held for medium to long-term.

The movements of the above unlisted equity investments are as follows:

	2022 RMB'million	2021 RMB'million
As at 1 January	65	70
Additions	1	–
Total unrealised gains recognised in other comprehensive income	9	3
As at 30 June	75	73

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14. INVENTORIES

(a) Inventories in the condensed consolidated statement of financial position comprise:

	30 June 2022 RMB'million	31 December 2021 RMB'million
Raw materials	345	339
Work in progress	366	297
Finished goods	7,481	7,008
	8,192	7,644

(b) The analysis of the amount of inventories recognised as an expense and charged to profit or loss is as follows:

	Six months ended 30 June 2022 RMB'million	2021 RMB'million
Carrying amount of inventories sold	9,628	8,202
Write-down of inventories	228	202
	9,856	8,404

15. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	30 June 2022 RMB'million	31 December 2021 RMB'million
Trade receivables	3,061	3,321
Less: loss allowance	(23)	(25)
	3,038	3,296
Other current assets:		
Other assets in relation to refunds (note 18)	167	96
Advance payments to suppliers	830	888
Deposits and other prepayments	811	1,557
VAT deductible	337	762
Interest receivables	84	73
Others	385	242
	2,614	3,618

All of the trade receivables and other receivables (net of loss allowance) are expected to be recovered or recognised as expenses within one year.

An ageing analysis of the trade receivables, based on the invoice date, is as follows:

	30 June 2022 RMB'million	31 December 2021 RMB'million
Current	3,015	3,278
Less than 3 months past due	30	17
Past due over 3 months	16	26
	3,061	3,321

15. TRADE RECEIVABLES AND OTHER CURRENT ASSETS (Continued)

The movement in the loss allowance account for trade receivables during the reporting period is as follows:

	2022 RMB'million	2021 RMB'million
As at 1 January	25	47
Reversal of impairment loss recognised (note 5)	(2)	(18)
As at 30 June	23	29

The Group normally grants a credit period of 30 to 90 days to its customers. The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requesting credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowance for trade receivables at an amount equal to lifetime expected credit losses, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The Group keeps assessing the expected loss rates based on the Group's historical credit loss experience over the past years, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of the reporting period over the expected lives of the receivables.

16. CASH AND CASH EQUIVALENTS, FIXED DEPOSITS HELD AT BANKS AND PLEDGED DEPOSITS

	30 June 2022 RMB'million	31 December 2021 RMB'million
Fixed deposits with banks within three months to maturity when placed	6,026	9,444
Cash at bank and in hand	7,878	2,498
Short-term investments ⁽ⁱ⁾	1,000	5,650
Cash and cash equivalents in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows	14,904	17,592
Fixed deposits with banks with more than three months to maturity when placed	10,010	6,985
Pledged deposits ⁽ⁱⁱ⁾	18	4
Total⁽ⁱⁱⁱ⁾	24,932	24,581

- (i) The short-term investments comprise national debt reverse repurchase products, being highly liquid debt securities with fixed maturities (within three months from subscription date) and determinable returns, and subject to insignificant risk of changes in value.
- (ii) As at 30 June 2022, certain bank deposits have been pledged as security for certain contracts.
- (iii) As at 30 June 2022, the balances, deposits and short-term investments that were placed with banks and financial institutions in Mainland China amounted to RMB19,913 million (31 December 2021: RMB20,897 million). Remittance of funds out of Mainland China is subject to the foreign exchange restrictions imposed by government.

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16. CASH AND CASH EQUIVALENTS, FIXED DEPOSITS HELD AT BANKS AND PLEDGED DEPOSITS (Continued)

As at the end of the reporting period, all balances, deposits and short-term investments were placed with highly reputable and sizable banks and financial institutions without significant credit risk. The breakdown by placement banks/financial institutions is as follows:

	30 June 2022 RMB'million	31 December 2021 RMB'million
Big 4 domestic banks (and its subsidiaries)	8,769	7,862
Other reputable and sizeable domestic shareholding commercial banks (and its subsidiaries)	13,673	9,832
Reputable domestic non-bank financial institutions	1,000	5,650
Highly reputable and sizeable foreign-owned banks	1,490	1,237
	24,932	24,581

Big 4 domestic banks comprise Industrial and Commercial Bank of China Limited, Agricultural Bank of China Limited, Bank of China Limited and China Construction Bank Corporation.

The breakdown by currencies is as follows:

	30 June 2022 RMB'million	31 December 2021 RMB'million
Renminbi	17,100	16,931
United States Dollars	6,966	7,416
Hong Kong Dollars	163	125
Euro	614	36
Singapore Dollars	45	46
Others	44	27
	24,932	24,581

17. BORROWINGS

		30 June 2022	31 December 2021
	Note	RMB'million	RMB'million
Current			
Bank loans	(a)	3,469	708
Bills payable (financing in nature)	(b)	1,500	1,000
Convertible bonds	(c)	6,773	–
Medium term notes	(d)	40	40
		11,782	1,748
Non-Current			
Bank loans	(a)	–	3,510
Convertible bonds	(c)	–	6,942
Medium term notes	(d)	993	973
		993	11,425
Total		12,775	13,173

(a) Bank loans

All bank loans were unsecured, denominated in Euro or United States dollars and measured at amortised cost.

(b) Bills payable (financing in nature)

Bills payable (financing in nature) were bills of exchange which were denominated in Renminbi, measured at amortised cost and repayable within one year.

(c) Convertible bonds

On 5 February 2020, the Group completed the issuance of EUR1.0 billion zero coupon convertible bonds (the “Bonds”) due on 5 February 2025 and the Bonds are listed on the Singapore Stock Exchange.

Each Bond could, at the option of the holder, be convertible on or after the date which is 41 days after 5 February 2020 up to the date falling 10 days prior to 5 February 2025 into fully paid ordinary shares with a par value of HK\$0.10 each of the Company (the “Shares”). The number of Shares to be issued shall be determined by dividing the principal amount of the Bonds to be converted (translated into Hong Kong dollars at the pre-determined fixed rate of HKD8.6466 = EUR1.00 under the terms and conditions of the Bonds) by the conversion price in effect on the relevant conversion date. On 30 June 2022, assuming full conversion of the Bonds at the applicable conversion price of HK\$102.63 per Share on that date, the Bonds will be convertible into 84,250,219 conversion shares.

The outstanding principal amount of the Bonds is repayable by the Group upon the maturity of the Bonds on 5 February 2025, if not previously redeemed, converted or purchased and cancelled. On 5 February 2023 (the “Optional Put Date”), the holder of each Bond will have the right at such holder’s option, to require the Group to redeem all or some only of such holder’s Bonds on the Optional Put Date at their principal amount. Accordingly, under applicable financial reporting standard, at the end of the reporting period, the Bonds were deemed to be due on the Optional Put Date and were classified as current in nature. The Bonds may be redeemed, on giving not less than 30 nor more than 60 days’ notice to the bondholders, in whole but not in part, at its option of the Group, at their principal amount on the date specified in the optional redemption notice, at any time if prior to the date the relevant optional redemption notice is given, conversion rights have been exercised and/or purchased (and corresponding cancellations) and/or redemptions effected in respect of 90% or more in aggregate principal amount of the Bonds originally issued.

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17. BORROWINGS (Continued)

(c) Convertible bonds (Continued)

At initial recognition, the liability component is measured at fair value based on the principal payments, discounted at the prevailing market rate of interest for similar non-convertible instruments. The remainder of the proceeds is allocated to the conversion option as the equity component. Transaction costs associated with the issuance of the Bonds are allocated to the liability and equity components in proportion to the allocation of proceeds. The liability component is subsequently carried at amortised cost calculated using the effective interest method.

During the reporting period, there was no conversion nor redemption of convertible bonds.

(d) Medium term notes

The medium term notes were unsecured, denominated in Renminbi and measured at amortised cost.

18. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	30 June 2022 RMB'million	31 December 2021 RMB'million
Trade payables	2,666	3,146
Other current liabilities:		
Refund liabilities ⁽ⁱ⁾	321	176
Contract liabilities ⁽ⁱⁱ⁾	919	959
Construction costs payables	126	256
VAT and other taxes payables	505	731
Accruals	2,089	2,402
Dividends payable to equity shareholders of the Company	—	669
Derivative financial instruments	4	—
Others	1,502	1,737
	5,466	6,930

(i) The Group recognises a refund liability for the consideration received or receivable of which the Group does not expect to be entitled. The Group also recognises other assets in relation to refunds, measured with reference to the former carrying amount of the products (see note 15). The costs to recover the products are not material because the product returned are usually in a saleable condition.

(ii) A contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue, or when the Group receives consideration from a customer and expects to refund some or all of that consideration to the customer.

All of the trade payables and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

An ageing analysis of the trade payables, based on the invoice date, is as follows:

	30 June 2022 RMB'million	31 December 2021 RMB'million
Within 3 months	2,650	3,131
3 months to 6 months	—	3
Over 6 months	16	12
	2,666	3,146

19. TAXATION IN THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the condensed consolidated statement of financial position

Current taxation in the condensed consolidated statement of financial position represents provisions for PRC Corporate Income Tax of RMB1,385 million (31 December 2021: RMB1,811 million) and income taxes in other tax jurisdictions of RMB6 million (31 December 2021: RMB5 million).

(b) Deferred tax assets and liabilities recognised

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax (assets)/liabilities recognised in the condensed consolidated statement of financial position and the movements during the period are as follows:

Deferred tax arising from:	Dividends withholding tax RMB'million	Other deferred tax liabilities RMB'million	Accruals RMB'million	Other deferred tax assets RMB'million	Total RMB'million
As at 1 January 2021	492	35	(378)	(582)	(433)
Charged/(credited) to profit or loss (note 6)	179	(1)	(26)	(46)	106
Released upon distribution of dividends (note 6(iii))	(217)	-	-	-	(217)
As at 30 June 2021	454	34	(404)	(628)	(544)
As at 1 January 2022	591	64	(325)	(728)	(398)
Charged/(credited) to profit or loss (note 6)	163	(20)	31	(150)	24
Released upon distribution of dividends (note 6(iii))	(123)	-	-	-	(123)
As at 30 June 2022	631	44	(294)	(878)	(497)

(ii) Reconciliation to the condensed consolidated statement of financial position

	30 June 2022 RMB'million	31 December 2021 RMB'million
Amount recognised in the condensed consolidated statement of financial position:		
– Deferred tax assets	(1,172)	(1,053)
– Deferred tax liabilities	675	655
	(497)	(398)

(c) Deferred tax assets not recognised

As at 30 June 2022, certain subsidiaries of the Group have not recognised deferred tax assets in respect of cumulative tax losses carried forward of RMB870 million (31 December 2021: RMB704 million) of which RMB548 million (31 December 2021: RMB427 million) will expire within five years under the current tax legislation. These cumulative tax losses have not been recognised as a deferred tax asset as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

(d) Deferred tax liabilities not recognised

As at 30 June 2022, temporary differences relating to the undistributed profits of certain subsidiaries of the Group in Mainland China amounted to RMB11,052 million (31 December 2021: RMB9,747 million). Deferred tax liabilities of RMB553 million (31 December 2021: RMB487 million) have not been recognised in respect of the withholding tax that would be payable on the distribution of these retained profits, as the Company controls the dividend policy of these subsidiaries in Mainland China and the Company has determined that these profits are not likely to be distributed in the foreseeable future.

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20. CAPITAL, RESERVES AND DIVIDENDS

The components of reserves recognised in the condensed consolidated statement of financial position and the movements during the period are as follows:

	Shares held for share award scheme RMB'million Note 20(i)	Share premium RMB'million Note 20(b)	Capital reserve RMB'million Note 20(c)	Statutory reserve RMB'million Note 20(d)	Fair value reserve (non-recycling) RMB'million Note 20(e)	Exchange reserve RMB'million Note 20(f)	Share-based compensation reserve RMB'million Note 20(g)	Convertible bonds related reserve RMB'million	Share of reserves of a joint venture RMB'million	Retained profits RMB'million	Total RMB'million
Balances as at 1 January 2021	(797)	4,618	176	1,561	25	(394)	267	463	(352)	18,185	23,752
Changes in equity for the six months ended 30 June 2021:											
– Profit for the period	–	–	–	–	–	–	–	–	–	3,840	3,840
– Other comprehensive income/ (loss) for the period	–	–	–	–	3	(230)	–	–	188	–	(39)
Total comprehensive income for the period	–	–	–	–	3	(230)	–	–	188	3,840	3,801
Dividends approved in respect of the previous year	20(j)	–	–	–	–	–	–	–	–	(1,054)	(1,054)
Equity-settled share-based payment transactions	20(g)	–	–	–	–	–	90	–	–	–	90
Vesting of awarded shares of share award scheme	20(i)	110	30	–	–	–	(140)	–	–	–	–
Appropriation to statutory reserve	20(d)	–	–	–	56	–	–	–	–	(56)	–
Balances as at 30 June 2021	(687)	4,648	176	1,617	28	(624)	217	463	(164)	20,915	26,589

20. CAPITAL, RESERVES AND DIVIDENDS (Continued)

		Shares held for share award scheme	Share premium	Capital reserve	Statutory reserve	Fair value reserve (non-recycling)	Exchange reserve	Share-based compensation reserve	Convertible bonds related reserve	Share of reserves of a joint venture	Retained profits	Total
	Note	RMB'million Note 20(f)	RMB'million Note 20(b)	RMB'million Note 20(c)	RMB'million Note 20(d)	RMB'million Note 20(e)	RMB'million Note 20(f)	RMB'million Note 20(g)	RMB'million	RMB'million	RMB'million	RMB'million
Balances as at 1 January 2022		(687)	4,648	176	1,723	47	(735)	295	463	69	22,663	28,662
Changes in equity for the six months ended 30 June 2022:												
– Profit for the period		–	–	–	–	–	–	–	–	–	3,588	3,588
– Other comprehensive income/ (loss) for the period		–	–	–	–	(62)	418	–	–	245	–	601
Total comprehensive income for the period		–	–	–	–	(62)	418	–	–	245	3,588	4,189
Dividends approved in respect of the previous year	20(i)	–	–	–	–	–	–	–	–	–	(1,578)	(1,578)
Shares allotted and issued for share award scheme	20(i)	(1)	–	–	–	–	–	–	–	–	–	(1)
Equity-settled share-based payment transactions	20(g)	–	–	–	–	–	–	104	–	–	–	104
Vesting of awarded shares of share award scheme	20(i)	105	33	–	–	–	–	(138)	–	–	–	–
Share of other reserves of a joint venture	12	–	–	–	–	–	–	–	–	14	–	14
Appropriation to statutory reserve	20(d)	–	–	–	93	–	–	–	–	–	(93)	–
Balances as at 30 June 2022		(583)	4,681	176	1,816	(15)	(317)	261	463	328	24,580	31,390

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20. CAPITAL, RESERVES AND DIVIDENDS

(Continued)

(a) Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Share premium

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

(c) Capital reserve

Pursuant to the reorganisation of the Group prior to the listing of the Company on the Main Board of the Hong Kong Stock Exchange, Anta Enterprise Group Limited ("Anta Enterprise") entered into a deed of assignment with the controlling shareholders of the Company whereby advances from the controlling shareholders to ANTA Investment Limited (formerly known as Anda International Investment Limited) totaling HK\$144 million (equivalent to RMB141 million) were assigned to Anta Enterprise at a consideration of HK\$1.0. This assignment of debt was reflected as a reduction in the advances from the controlling shareholders and a corresponding increase in the capital reserve during 2007.

On 26 July 2017, the non-controlling shareholders of Full Prospect Sports Limited ("Full Prospect"), a subsidiary of the Group, requested to convert all its class B shares of Full Prospect to ordinary shares in accordance with the articles of Full Prospect. The long-term payable to non-controlling interests related to the class B shares was therefore derecognised. Such derecognition was reflected as a corresponding increase in capital reserve (amounting to RMB35 million) and non-controlling interest.

(d) Statutory reserve

Pursuant to applicable PRC regulations, Mainland China subsidiaries are required to appropriate 10% of their profit after tax (after offsetting prior years' losses) to the reserve until such reserve reaches 50% of the registered capital. The transfer to the reserve must be made before distribution of dividends to shareholders. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase paid-in capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

(e) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity instruments designated as measured at FVOCI under IFRS/HKFRS 9, *Financial Instruments* that are held at the end of reporting period.

(f) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Mainland China.

(g) Share-based compensation reserve

Share-based compensation reserve represents the fair value of employee services in respect of exercisable share options and awarded shares granted to certain directors of the Company and employees of the Group.

20. CAPITAL, RESERVES AND DIVIDENDS

(Continued)

(h) Share option scheme

Share Option Scheme

Pursuant to a resolution passed by the shareholders of the Company at the annual general meeting held on 6 April 2017, the Company adopted a share option scheme (the “Share Option Scheme”). The Share Option Scheme shall be valid and effective for a period of ten years from the adoption of the scheme on 6 April 2017.

The purpose of the Share Option Scheme is to motivate the eligible persons (as defined in the Share Option Scheme) to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executives (as defined in the Share Option Scheme), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

No options were granted, exercised, lapsed or cancelled under the Share Option Scheme during the period. As at 30 June 2022, there were no outstanding options under the Share Option Scheme.

(i) Share award scheme

The Company adopted a share award scheme (the “Share Award Scheme”) on 19 October 2018 in which employees of the Group are entitled to participate, and shall be valid and effective for a term of ten years commencing on the adoption date. The specific objectives of Share Award Scheme are (i) to recognise the contributions by certain employees and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Pursuant to the Share Award Scheme, the professional trustee appointed by the Company for the administration of the scheme could use the cash contributed by the Group to purchase from open market or subscribe (as the case may be) the shares of the Company, and hold the shares in the trust for selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the scheme.

During the reporting period, no ordinary shares (2021: Nil) in the Company were purchased from open market by the trustee of the Share Award Scheme.

During the reporting period, the number and weighted average fair value of the awarded shares granted were 10,294,500 shares (2021: Nil) and HKD98.50 per awarded share (2021: Nil) respectively.

The fair value of the awarded shares was measured based on the market price of the Company’s shares at the respective grant date. No expected dividends were incorporated into the measurement of fair value.

During the reporting period, for the purpose of granting awarded shares pursuant to the Share Award Scheme, 10,294,500 ordinary shares (2021: Nil) were allotted and issued at par value to the trustee of the Share Award Scheme. No new funds were raised as a result of the aforesaid allotment and issue of the new shares.

During the reporting period, 1,879,816 awarded shares (2021: 1,983,416) with a total amount of RMB105 million (2021: RMB110 million) were vested, resulting in the transfer out of RMB138 million (2021: RMB140 million) from the share-based compensation reserve, with the difference of RMB33 million (2021: RMB30 million) credited to share premium account. 920,532 awarded shares were lapsed during the reporting period (2021: 356,584).

As at 30 June 2022, the total number of awarded shares granted but not vested (subject to certain vesting conditions) under the Share Award Scheme was 14,652,987 (31 December 2021: 7,158,835).

NOTES TO THE INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

20. CAPITAL, RESERVES AND DIVIDENDS

(Continued)

(j) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the current financial year

	Six months ended 30 June	
	2022 RMB'million	2021 RMB'million
Interim dividend declared after the end of the interim period of HK62 cents per ordinary share (2021: HK60 cents per ordinary share)	1,455	1,357

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

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year

	Six months ended 30 June	
	2022 RMB'million	2021 RMB'million
Special interim dividend in respect of the year ended 31 December 2021, approved in the previous financial year and paid during the period, of HK30 cents per ordinary share (2020: Nil)	666	—
Final dividend in respect of the year ended 31 December 2021, approved and paid during the period, of HK68 cents per ordinary share (2020: HK47 cents per ordinary share)	1,578	1,054
Total	2,244	1,054

21. FAIR VALUES MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS/HKFRS 13, *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

21. FAIR VALUES MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

	Fair value measurements as at 30 June 2022 categorised into			
	Total RMB'million	Level 1 RMB'million	Level 2 RMB'million	Level 3 RMB'million
Recurring fair value measurements				
Financial assets/(liabilities):				
Equity instruments:				
– Unlisted equity investments	75	–	–	75
– Listed perpetual bonds	956	956	–	–
Derivative financial instruments:				
– Forward foreign exchange contracts	(4)	–	(4)	–

	Fair value measurements as at 31 December 2021 categorised into			
	Total RMB'million	Level 1 RMB'million	Level 2 RMB'million	Level 3 RMB'million
Recurring fair value measurements				
Financial assets:				
Equity instruments:				
– Unlisted equity investments	65	–	–	65
– Listed perpetual bonds	657	657	–	–

During the six months ended 30 June 2022 and 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of financial assets/liabilities in Level 2 is determined by discounting the expected future cash flows at prevailing market interest rate as at the end of the reporting period or option pricing model that incorporated present value techniques and reflected both the time value and the intrinsic value, taking into account the terms and conditions of the contracts.

Information about Level 3 fair value measurements

The fair values of the unlisted equity investments are determined by using the adjusted net assets value method, with unobservable inputs of net assets value. The fair value measurements are positively correlated to the net assets value.

(b) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of all financial assets and liabilities measured at amortised cost are not materially different from their fair values as at 30 June 2022 and 31 December 2021.

22. CAPITAL COMMITMENTS

Capital commitments outstanding as at 30 June 2022 not provided for in the interim financial report were as follows:

	30 June 2022 RMB'million	31 December 2021 RMB'million
Contracted for		
– Property, plant and equipment	1,758	2,545
– Intangible assets	46	52
	1,804	2,597
Authorised but not contracted for		
– Property, plant and equipment	251	389
– Intangible assets	110	129
	361	518
	2,165	3,115

NOTES TO THE INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

23. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	Six months ended 30 June	
	2022 RMB'million	2021 RMB'million
Recurring transactions		
Purchases of raw materials		
– Quanzhou Anda Packaging Co., Ltd. (“Quanzhou Anda”) and other related entities	–	51
– Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Wang Wenmo (and their associates)	49	–
Service fees		
– Mr. Ding Shijia (and his associates)	–	10
– Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Wang Wenmo (and their associates)	12	–
Non-recurring transaction		
Acquisition of land use rights and factory under construction		
– Fujian Anta Investment Co., Limited	–	72

The above recurring related party transactions were in the ordinary and usual course of business of the Group, on normal commercial terms or better, and fair and reasonable.

(b) Balances with related parties

	30 June 2022 RMB'million	31 December 2021 RMB'million
Amounts due to related parties		
Trade balance		
– Quanzhou Anda and other related entities	–	22
– Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Wang Wenmo (and their associates)	17	–
Other balances		
– Mr. Ding Shijia (and his associates)	–	5
– Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Wang Wenmo (and their associates)	4	–
	21	27

The amounts due to related parties are unsecured, interest free and are expected to be paid within one year.

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company’s executive directors were as follows:

	Six months ended 30 June	
	2022 RMB'million	2021 RMB'million
Short-term employee benefits	13	11
Equity-settled share-based payment transactions	7	10
	20	21

The total remuneration is included in “staff costs” (see note 5).

24. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (a) In July 2022, the Group completed issuance of a tranche of green medium term notes, with an aggregate principal amount of RMB500 million and a coupon rate 2.80% per annum. The green medium term notes will mature in three years from the issue date.
- (b) After the end of the reporting period, the board of directors of the Company declared an interim dividend of HK62 cents per share. Further details are disclosed in note 20(j).

OTHER INFORMATION

INTERIM DIVIDEND

The Board has declared an interim dividend of HK62 cents per ordinary share in respect of the six months ended 30 June 2022. The interim dividend will be payable on or about Tuesday, 20 September 2022 to shareholders whose names appear on the register of members of the Company as at 4:30 p.m. on Tuesday, 6 September 2022.

DISCLOSURE OF INTERESTS

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2022, the Directors and chief executives of the Company and their associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"):

Interests in Shares and underlying Shares and associated corporations

Name of Directors	Company/Name of associated corporation	Capacity/Nature of interest	Number of shares interested	Number of underlying Shares interested ⁽²⁾	Approximate percentage of interest in such corporation ⁽¹⁾
Mr. Ding Shizhong	Company	Founder of a discretionary trust	1,486,946,000 (L) ⁽³⁾	–	54.80%
	Anta International	Founder of a discretionary trust	503,172,690 (L) ⁽³⁾	–	34.06%
	Anta International	Interest in controlled corporation	18,267,273 (L) ⁽³⁾	–	1.24%
Mr. Ding Shijia	Company	Founder of a discretionary trust	1,478,500,000 (L) ⁽⁴⁾	–	54.48%
	Anta International	Founder of a discretionary trust	495,300,570 (L) ⁽⁴⁾	–	33.52%
Mr. Lai Shixian	Company	Beneficial owner	491,955 (L)	–	0.02%
	Company	Beneficiary of a trust (other than a discretionary trust)	–	400,000 (L)	0.01%
	Anta International	Beneficiary of a discretionary trust/ Interest of spouse	146,189,463 (L) ⁽⁵⁾	–	9.89%
Mr. Wu Yonghua	Anta International	Interest in controlled corporation	39,961,734 (L) ⁽⁵⁾	–	2.70%
	Anta International	Founder of a discretionary trust	78,136,038 (L) ⁽⁶⁾	–	5.29%
Mr. Zheng Jie	Company	Beneficial owner	800,000 (L)	–	0.03%
Mr. Bi Mingwei	Company	Beneficial owner	122,771 (L)	–	0.00%
	Company	Beneficiary of a trust (other than a discretionary trust)	–	120,000 (L)	0.00%
Mr. Wang Wenmo ⁽⁷⁾	Anta International	Founder of a discretionary trust	146,170,945 (L) ⁽⁷⁾	–	9.89%
Mr. Yiu Kin Wah Stephen	Company	Beneficial owner	33,000 (L)	–	0.00%
	Company	Other	20,000 (L) ⁽⁸⁾	–	0.00%

(L) – Long Position

Notes:

- (1) As at 30 June 2022, the number of issued ordinary shares of the Company and of Anta International were 2,713,623,500 and 1,477,500,000, respectively.
- (2) The interests in underlying Shares represent the interests in awarded shares granted pursuant to the Company's share award scheme, details of which are set out in the section entitled "Share Award Scheme" below.
- (3) A total of 1,477,500,000 Shares were directly held by Anta International and its wholly-owned subsidiaries, and 9,446,000 Shares were directly held by Shine Well (Far East) Limited ("Shine Well"), representing 54.45% and 0.35% of the issued Shares as at 30 June 2022 respectively. Shine Well directly held 503,172,690 shares of Anta International, representing 34.06% of the issued shares of Anta International as at 30 June 2022, and was entitled to exercise or control the exercise of one third or more of the voting power at the general meeting of Anta International, and therefore was deemed to be interested in all the Shares held by Anta International. The entire issued shares of Shine Well was held by Top Bright Assets Limited ("Top Bright"). The entire issued shares of Top Bright was in turn held by HSBC International Trustee Limited ("HSBC Trustee") acting as the trustee of the DSZ Family Trust. The DSZ Family Trust was an irrevocable discretionary trust set up by Mr. Ding Shizhong as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the DSZ Family Trust are family members of Mr. Ding Shizhong. Mr. Ding Shizhong as founder of the DSZ Family Trust was deemed to be interested in the total 1,486,946,000 Shares held by Anta International and Shine Well and the 503,172,690 shares of Anta International held by Shine Well. 18,267,273 shares of Anta International, representing 1.24% of the issued shares of Anta International as at 30 June 2022, were directly held by Blossom Prospect Limited ("Blossom Prospect"). Mr. Ding Shizhong held 50% of the issued shares of Blossom Prospect and was entitled to exercise or control the exercise of one third or more of the voting power at the general meeting of Blossom Prospect, and therefore was deemed to be interested in the 18,267,273 shares of Anta International held by Blossom Prospect.
- (4) A total of 1,477,500,000 Shares were directly held by Anta International and its wholly-owned subsidiaries, and 1,000,000 Shares were directly held by Talent Trend Investment Limited ("Talent Trend"), representing 54.45% and 0.04% of the issued Shares as at 30 June 2022 respectively. Talent Trend directly held 495,300,570 shares of Anta International, representing 33.52% of the issued shares of Anta International as at 30 June 2022, and was entitled to exercise or control the exercise of one third or more of the voting power at the general meeting of Anta International, and therefore was deemed to be interested in all the Shares held by Anta International. The entire issued shares of Talent Trend was held by Allwealth Assets Limited ("Allwealth"). The entire issued shares of Allwealth was in turn held by HSBC Trustee acting as the trustee of the DSJ Family Trust. The DSJ Family Trust was an irrevocable discretionary trust set up by Mr. Ding Shijia as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the DSJ Family Trust are Mr. Ding Shijia and his family members. Mr. Ding Shijia as founder and one of the beneficiaries of the DSJ Family Trust was deemed to be interested in the total 1,478,500,000 Shares held by Anta International and Talent Trend and the 495,300,570 shares of Anta International held by Talent Trend.
- (5) Certain interests of Mr. Lai Shixian in Anta International were held through Gain Speed Holdings Limited ("Gain Speed"), which directly held 146,189,463 shares of Anta International, representing 9.89% of the issued shares of Anta International as at 30 June 2022. The entire issued shares of Gain Speed was held by Spring Star Assets Limited. The entire issued shares of Spring Star Assets Limited was in turn held by HSBC Trustee acting as the trustee of the DYL Family Trust. The DYL Family Trust was an irrevocable discretionary trust set up by Mr. Lai Shixian's spouse, Ms. Ding Yali, as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the DYL Family Trust were Mr. Lai Shixian, Ms. Ding Yali and their family members. Ms. Ding Yali as the founder of the DYL Family Trust was deemed to be interested in the 146,189,463 shares of Anta International held by Gain Speed. Mr. Lai Shixian as one of the beneficiaries of the DYL Family Trust and as the spouse of Ms. Ding Yali was deemed to be interested in the 146,189,463 shares of Anta International held by Gain Speed. 18,267,273 shares of Anta International, representing 1.24% of the issued shares of Anta International as at 30 June 2022, were directly held by Blossom Prospect. Mr. Lai Shixian held 50% of the issued shares of Blossom Prospect and was entitled to exercise or control the exercise of one third or more of the voting power at the general meeting of Blossom Prospect, and therefore was deemed to be interested in the 18,267,273 shares of Anta International held by Blossom Prospect. 21,694,461 shares of Anta International, representing 1.47% of the issued shares of Anta International as at 30 June 2022, were directly held by First Start Investment Limited ("First Start"). Mr. Lai Shixian held 90% of the issued shares of First Start and was entitled to exercise or control the exercise of one third or more of the voting power at the general meeting of First Start, and therefore was deemed to be interested in the 21,694,461 shares of Anta International held by First Start.
- (6) The interests of Mr. Wu Yonghua in Anta International were held through Spread Wah International Limited ("Speed Wah"), which directly held 78,136,038 shares of Anta International, representing 5.29% of the issued shares of Anta International as at 30 June 2022. The entire issued shares of Spread Wah was held by Allbright Assets Limited. The entire issued shares of Allbright Assets Limited was in turn held by HSBC Trustee acting as the trustee of the WYH Family Trust. The WYH Family Trust was an irrevocable discretionary trust set up by Mr. Wu Yonghua as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the WYH Family Trust were Mr. Wu Yonghua and his family members. Mr. Wu Yonghua as the founder and one of the beneficiaries of the WYH Family Trust was deemed to be interested in the 78,136,038 shares of Anta International held by Spread Wah.
- (7) The interests of Mr. Wang Wenmo in Anta International were held through Fair Billion Development Limited ("Fair Billion"), which directly held 146,170,945 shares of Anta International, representing 9.89% of the issued shares of Anta International as at 30 June 2022. The entire issued shares of Fair Billion was held by Asia Bridges Assets Limited. The entire issued shares of Asia Bridges Assets Limited was in turn held by HSBC Trustee acting as the trustee of the WWM Family Trust. The WWM Family Trust was an irrevocable discretionary trust set up by Mr. Wang Wenmo as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the WWM Family Trust were Mr. Wang Wenmo and his family members. Mr. Wang Wenmo as the founder and one of the beneficiaries of the WWM Family Trust was deemed to be interested in the 146,170,945 shares of Anta International held by Fair Billion Development Limited.

Mr. Wang Wenmo tendered his resignation as a Non-Executive Director with effect from 1 July 2022.
- (8) The interests of Mr. Yiu Kin Wah Stephen were held by his family member as at 30 June 2022. Mr. Yiu Kin Wah Stephen, having a general power of attorney of a family member's securities account, was deemed to be interested in the 20,000 Shares held by his family member.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2022, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had otherwise been notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Interests and Short Positions of Substantial Shareholders

As at 30 June 2022, the persons or corporations (not being a Director or chief executive of the Company) who had an interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Interests in Shares and/or underlying Shares

Name of Shareholders	Capacity/Nature of interest	Number of Shares/ underlying Shares interested	Approximate percentage of interest in the Company
HSBC Trustee	Trustee ⁽¹⁾	1,487,986,000 (L)	54.83%
Top Bright	Interest in controlled corporation ⁽¹⁾	1,486,946,000 (L)	54.80%
Shine Well	Interest in controlled corporation ⁽¹⁾	1,477,500,000 (L)	54.45%
	Beneficial owner ⁽¹⁾	9,446,000 (L)	0.35%
Allwealth	Interest in controlled corporation ⁽¹⁾	1,478,500,000 (L)	54.48%
Talent Trend	Interest in controlled corporation ⁽¹⁾	1,477,500,000 (L)	54.45%
	Beneficial owner ⁽¹⁾	1,000,000 (L)	0.04%
Anta International	Beneficial owner ⁽²⁾	1,201,125,000 (L)	44.26%
	Interest in controlled corporation ⁽²⁾	276,375,000 (L)	10.18%
Anda Holdings	Beneficial owner	160,875,000 (L)	5.93%

(L) – Long Position

Notes:

- (1) The interests of HSBC Trustee in the Company were held through Anta International, Anda Holdings, Anda Investments, Shine Well and Talent Trend, representing approximately 44.26%, 5.93%, 4.26%, 0.35%, 0.04% of the issued Shares, respectively. In addition, HSBC Trustee also held 38,600 Shares as trustee for persons unrelated to the substantial shareholders of the Company.

HSBC Trustee was the trustee of the DSZ Family Trust, the DSJ Family Trust, the WWM Family Trust, the WYH Family Trust and the DYL Family Trust, and it held the entire issued shares of Top Bright and Allwealth, which in turn held the entire issued shares of Shine Well and Talent Trend, respectively. Each of Shine Well and Talent Trend was entitled to exercise or control the exercise of one third or more of the voting power at general meeting of Anta International and therefore each of them was deemed to be interested in all the 1,201,125,000 Shares directly held by Anta International. Anta International held the entire issued shares of each of Anda Holdings and Anda Investments and therefore was deemed to be interested in 160,875,000 Shares and 115,500,000 Shares directly held by Anda Holdings and Anda Investments, respectively. Accordingly, HSBC Trustee, Top Bright, Allwealth, Shine Well and Talent Trend were deemed to be interested in the total 1,477,500,000 Shares held by Anta International and its wholly-owned subsidiaries. 9,446,000 Shares were held by Shine Well directly. Accordingly, HSBC Trustee and Top Bright were also deemed to be interested in the 9,446,000 Shares held by Shine Well. 1,000,000 Shares were held by Talent Trend directly. Accordingly, HSBC Trustee and Allwealth were also deemed to be interested in the 1,000,000 Shares held by Talent Trend.

- (2) 1,201,125,000 Shares were directly held by Anta International. 160,875,000 Shares and 115,500,000 Shares were directly held by Anda Holdings and Anda Investments, respectively. Each of Anda Holdings and Anda Investments was wholly-owned by Anta International and therefore was a controlled corporation of Anta International. Accordingly, Anta International was deemed to be interested in the 160,875,000 Shares held by Anda Holdings and the 115,500,000 Shares held by Anda Investments.

Save as disclosed above, as at 30 June 2022, the Directors were not aware of any other person or corporation having an interest or short positions in shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

CONVERTIBLE BONDS

On 5 February 2020, the Group completed the issuance of EUR1,000 million zero coupon convertible bonds (the “Bonds”) due on 5 February 2025 and the Bonds are listed on the Singapore Stock Exchange.

The conversion price per conversion share is subject to adjustments in accordance with the terms and conditions of the Bonds. As a result of (i) the declaration of the special interim dividend of HK30 cents per Share for the year ended 31 December 2021 by the Board on 30 December 2021; and (ii) the approval of the final dividend of HK68 cents per Share for the year ended 31 December 2021 by Shareholders at the AGM held on 11 May 2022, the applicable conversion price per conversion share as at 30 June 2022 was adjusted to HKD102.63. For details, please refer to the announcement of the Company dated 30 December 2021 and 11 May 2022.

As at 30 June 2022, the total number of the issued shares of the Company is 2,713,623,500. Based on the applicable conversion price of HKD102.63 on that date and assuming full conversion of the Bonds, the Bonds would be convertible into 84,250,219 conversion shares, representing approximately 3.10% of the issued shares of the Company and approximately 3.01% of the issued shares of the Company as enlarged by the issue of such conversion shares (assuming that there is no other change to the issued shares of the Company).

The conversion shares that may fall to be issued upon exercise of the conversion right attaching to the Bonds will be issued under the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the AGM held on 9 April 2019. The conversion shares to be issued upon exercise of the conversion right to the Bonds will be fully paid and rank *pari passu* in all respects with the Shares then in issue on the date on which the name of the exercising bondholder is registered as holder of the relevant conversion shares in the register of members of the Company.

As at 30 June 2022, the total outstanding principal amount of the Bonds was EUR1,000 million (equivalent to RMB6,988 million). There had not been any exercise of conversion right of the Bonds and no redemption right had been exercised by the bondholders or the Company during the financial period.

OTHER INFORMATION

Assuming the Bonds were fully converted on 30 June 2022, the shareholdings of the Company immediately before and after the full conversion of the Bonds are set out below for illustration purposes:

Name of Shareholders	Shareholding immediately before the full conversion of the Bonds		Upon full conversion of the Bonds at the conversion price of HKD102.63 each	
	Number of Shares	Approximate % of issued shares of the Company	Number of Shares	Approximate % of issued shares of the Company
Anta International ⁽¹⁾	1,201,125,000	44.26%	1,201,125,000	42.93%
Anda Holdings ⁽¹⁾	160,875,000	5.93%	160,875,000	5.75%
Anda Investments ⁽¹⁾	115,500,000	4.26%	115,500,000	4.13%
Shine Well	9,446,000	0.35%	9,446,000	0.34%
Talent Trend	1,000,000	0.04%	1,000,000	0.04%
Hemin Holdings ⁽²⁾	84,500,000	3.11%	84,500,000	3.02%
Bondholders	—	—	84,250,219	3.01%
Other Shareholders	1,141,177,500	42.05%	1,141,177,500	40.78%
Total	2,713,623,500	100.00%	2,797,873,719	100.00%

Notes:

(1) Each of Anda Holdings and Anda Investments is wholly-owned by Anta International.

(2) Hemin Holdings is a company controlled by Mr. Ding Shizhong, Mr. Ding Shijia and their family members.

Based on the cash and cash equivalents and the fixed deposits held at banks with maturity over three months as at 30 June 2022, the Company has the ability to meet its redemption obligation under the Bonds.

Please refer to note 17(c) to the interim financial report for further details of the Bonds.

Bondholders to convert or redeem

The analysis of the Company's share price at which it would be equally financially advantageous for the bondholders to convert or redeem the Bonds based on their implied rate of return (and therefore the bondholders would be indifferent as to whether the Bonds are converted or redeemed) at certain dates in the future is as follows:

Date	31 December 2022	30 June 2023
Company's share price	HKD99.67	HKD100.25

SHARE OPTION SCHEME

Share Option Scheme

Pursuant to a resolution passed by the shareholders of the Company at the AGM held on 6 April 2017, the Company adopted the Share Option Scheme. The Share Option Scheme shall be valid and effective for a period of ten years from the adoption of the scheme on 6 April 2017.

The purpose of the Share Option Scheme is to motivate Eligible Persons (as defined in the Share Option Scheme) to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives (as defined in the Share Option Scheme), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

The Board may, at its absolute discretion, offer options to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to:

- (a) any proposed executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group;
- (b) a director or proposed director (including an independent non-executive director) of any member of the Group;
- (c) a direct or indirect shareholder of any member of the Group;
- (d) a supplier of goods or services to any member of the Group;
- (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group;
- (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and
- (g) an associate of any of the foregoing persons.

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within ten years after the adoption date to offer the grant of an option to any Eligible Person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Hong Kong Stock Exchange or an integral multiple thereof).

OTHER INFORMATION

The exercise price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but the exercise price must be at least the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in the Hong Kong Stock Exchange's daily quotations sheet on the offer date; and
- (c) the average closing price of a Share as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date.

An offer of the grant of an option shall remain open for acceptance by the Eligible Persons for a period of 30 days from the offer date provided that no such grant of an option may be accepted after the expiry of the effective period of the Share Option Scheme. An option shall be deemed to have been granted and accepted by the Eligible Persons and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the option duly signed by the grantee together with a remittance in favour of the Company of HK\$1.0 by way of consideration for the grant thereof is received by the Company on or before 30 days after the offer date. Such remittance shall in no circumstances be refundable.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the issued shares of the Company as at the adoption date of the scheme (i.e. 267,753,910). The Company may at any time as the Board may think fit seek approval from its Shareholders in general meeting to refresh the limit in accordance with the terms of Shares Option Scheme. Also, the maximum number of Shares that may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other schemes shall not exceed 30% of the number of issued shares of the Company from time to time. Unless approved by the Shareholders in general meeting in the manner prescribed in the Listing Rules, the Board shall not grant options to any grantee if the acceptance of those options would result in the total number of Shares issued and to be issued to that grantee on exercise of his options during any twelve-month period exceeding 1% of the total shares of the Company (or its subsidiary) then in issue.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board, which must not be more than ten years from the date of grant. As at 30 June 2022, the remaining life of the Share Option Scheme is around 4.5 years.

No options were granted, exercised, lapsed or cancelled under the Share Option Scheme during the financial period. As at 30 June 2022, there were no outstanding options under the Share Option Scheme.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on 19 October 2018 in which employees of the Group will be entitled to participate, and shall be valid and effective for a term of ten years commencing on the adoption date. The specific objectives of the Share Award Scheme are (i) to recognise the contributions by certain employees and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Pursuant to the Share Award Scheme, the professional trustee (which is independent of and not connected with the Company) appointed by the Company for the administration of the scheme could use the cash contributed by the Group to purchase from the open market or subscribe (as the case may be) the shares of the Company, and hold the shares in the trust for selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the scheme.

The Board shall not make any further award of Shares to selected employees which will result in the number of the Shares awarded by the Board under the Share Award Scheme exceeding 10% of the number of the issued shares of the Company from time to time.

Pursuant to the Share Award Scheme, awarded shares held by the trustee upon the trust and which are in relation to a selected employee shall not vest in the selected employee if, amongst others, the selected employee has been terminated by the Group because of, amongst others, (i) dishonesty or serious misconduct; (ii) incompetence or negligence in the performance of his duties; (iii) becoming bankrupt; and (iv) being convicted for any criminal offence involving his integrity or honesty.

The Share Award Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules, and is a discretionary scheme of the Company.

On 4 April 2022, the Company has granted an aggregate of 10,294,500 awarded shares to 3,707 selected employees pursuant to the existing Share Award Scheme. For the purpose of granting the aforesaid awarded shares pursuant to the Share Award Scheme, on 4 April 2022, the Board also resolved to allot and issue 10,294,500 new Shares to the professional trustee under the Share Award Scheme pursuant to the general mandate granted by the Shareholders at the AGM held on 7 May 2021. Such 10,294,500 new Shares were issued at HKD0.10 per Share, being the par value per Share, to the professional trustee under the Share Award Scheme on 11 April 2022. The aggregate nominal value of the new Shares was HKD1,029,450.

During the financial period, no ordinary shares (2021 1H: Nil) in the Company were purchased from the open market by the trustee of the Share Award Scheme.

As at 30 June 2022, the trustee of the Share Award Scheme held a total of 20,752,601 Shares (31 December 2021: 12,337,917 Shares). As at 30 June 2022, the remaining life of the Share Award Scheme is around 6 years, subject to any early termination as may be determined by the Board pursuant to the rules relating to the Share Award Scheme (as amended from time to time).

Subject to the scheme rules and the fulfilment of the vesting conditions as set out in the grant notice to each grantee, the awarded shares held by the trustee shall vest in the respective grantee, and the trustee shall cause the awarded shares to be transferred to such grantee on the vesting date (or as soon as practicable after the vesting date), or the trustee shall effect the sale of such awarded shares at the prevailing market price on the Hong Kong Stock Exchange on behalf of the grantee and transfer the sale proceeds from the vested awarded shares (after deduction of applicable tax and other expenses) to the grantee on the vesting date (or as soon as practicable after the vesting date), in accordance with the terms of the scheme rules and the trust deed.

OTHER INFORMATION

The details of unvested share awards under the Share Award Scheme during the financial period were as follows:

Name or category of participant			Number of unvested share awards					
			As at 1 January 2022	Granted during the period	Vested during the period	Lapsed during the period	Cancelled during the period	As at 30 June 2022
Date of grant	Vesting period							
Directors								
Mr. Lai Shixian	5 November 2019	5 November 2019 to 1 May 2022	200,000	–	(200,000) ⁽²⁾	–	–	–
	5 November 2019	5 November 2019 to 1 May 2023	200,000	–	–	–	–	200,000
	5 November 2019	5 November 2019 to 1 May 2024	200,000	–	–	–	–	200,000
Mr. Bi Mingwei	5 November 2019	5 November 2019 to 1 May 2022	60,000	–	(60,000) ⁽²⁾	–	–	–
	5 November 2019	5 November 2019 to 1 May 2023	60,000	–	–	–	–	60,000
	5 November 2019	5 November 2019 to 1 May 2024	60,000	–	–	–	–	60,000
Employees other than Directors (including ex-employees)	5 November 2019	5 November 2019 to 1 May 2022	1,606,000	–	(1,335,100) ⁽²⁾	(270,900)	–	–
	5 November 2019	5 November 2019 to 1 May 2023	1,606,000	–	–	(52,000)	–	1,554,000
	5 November 2019	5 November 2019 to 1 May 2024	1,606,000	–	–	(52,000)	–	1,554,000
	2 November 2020	2 November 2020 to 1 May 2022	178,000	–	(146,000) ⁽²⁾	(32,000)	–	–
	2 November 2020	2 November 2020 to 1 May 2023	178,000	–	–	(30,000)	–	148,000
	2 November 2020	2 November 2020 to 1 May 2024	178,000	–	–	(30,000)	–	148,000
	2 November 2020	2 November 2020 to 1 May 2025	178,000	–	–	(30,000)	–	148,000
	1 November 2021	1 November 2021 to 1 May 2022	169,766	–	(138,716) ⁽²⁾	(31,050)	–	–
	1 November 2021	1 November 2021 to 1 May 2023	169,766	–	–	(4,583)	–	165,183
	1 November 2021	1 November 2021 to 1 May 2024	169,766	–	–	(4,583)	–	165,183
	1 November 2021	1 November 2021 to 1 May 2025	169,766	–	–	(4,583)	–	165,183
	1 November 2021	1 November 2021 to 1 May 2026	169,771	–	–	(4,583)	–	165,188
	4 April 2022	4 April 2022 to 1 May 2025	–	6,176,700 ⁽¹⁾	–	(224,550)	–	5,952,150
	4 April 2022	4 April 2022 to 1 May 2027	–	4,117,800 ⁽¹⁾	–	(149,700)	–	3,968,100
Total			7,158,835	10,294,500	(1,879,816)	(920,532)	–	14,652,987

Notes:

- (1) The closing price of the Shares immediately before the date on which the awarded shares were granted during the financial period was HKD97.30.
- (2) The weighted average closing price of the Shares immediately before the dates on which the awarded shares were vested during the financial period was HKD91.85.

The fair value per awarded share granted during the financial period was HKD98.50, which was measured based on the market price of the Company's shares at the respective grant date. No expected dividends were incorporated into the measurement of fair value.

PURCHASES, SALES AND REDEMPTIONS OF LISTED SECURITIES

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the financial period.

CORPORATE GOVERNANCE

The Company recognises the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency and accountability, earning the confidence of shareholders and the public. The Board strives to adhere to the principles of corporate governance and adopt sound corporate governance practices to meet the legal and commercial standards by focusing on areas such as internal control, fair disclosure and accountability to all shareholders.

Saved as disclosed below, the Company has complied with the code provisions of the CG Code during the financial period. The Company periodically reviews its corporate governance practices to ensure its continuous compliance.

Under provision C.2.1 of the CG Code, the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual. During the financial period, the roles of the Chairman and the Chief Executive Officer are performed by Mr. Ding Shizhong. With Mr. Ding's extensive experience in sports products consumer markets, he is responsible for the overall strategic planning and business development of the Group. The Board considers that vesting both of the roles of Chairman and Chief Executive Officer with Mr. Ding is beneficial to the business prospects and management of the Group. The balance of power and authority is ensured by the operation of management and the Board, which comprises experienced and high caliber individuals. The Board currently comprise 6 Executive Directors and 4 Independent Non-Executive Directors and therefore has a strong independence element in its composition.

The Company has established written guideline no less exacting than the Model Code for the Directors in respect of their dealings in the Company's securities ("Code for Securities Transactions"). Our management's dealings in the Company's securities are also subject to the Code for Securities Transactions for those who have access to potential inside information, and are recorded in the register under the Code of Securities Transactions. The Company has further made specific enquiries to all the Directors and they have confirmed their compliance with the required standards set out in the Code for Securities Transactions regarding the Directors' securities transactions during the financial period. During the financial period, no incident of non-compliance with the Code of Securities Transactions was noted by the Company.

OTHER INFORMATION

CONSTITUTIONAL DOCUMENTS

During the financial period, the Board proposed to amend the then memorandum and articles of association of the Company and to adopt a new set of amended and restated memorandum and articles of association of the Company in order to, among other things, (i) bring the memorandum and articles of association of the Company in line with the relevant requirement of the applicable laws of the Cayman Islands and the Listing Rules; (ii) allow the Company to hold electronic and hybrid general meetings; and (iii) make some other housekeeping improvements. A special resolution of the Shareholders was passed at the AGM on 11 May 2022 to approve the amendments to the then memorandum and articles of association of the Company and the adoption of the new set of amended and restated memorandum and articles of association of the Company with effect from the same date.

For the summary of the major changes brought by and the details of the amendments to the then memorandum and articles of association of the Company, please refer to the announcement of the Company dated 22 March 2022 and the AGM circular of the Company dated 31 March 2022.

The new set of amended and restated memorandum and articles of association of the Company was published on the Company's investor relations website (ir.anta.com) and the HKEXnews websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

CHANGE OF DIRECTORS AND MEMBERS OF BOARD COMMITTEES

Mr. Wang Wenmo has tendered his resignation as a Non-Executive Director with effect from 1 July 2022 due to the need to focus on his other personal businesses. Mr. Wang has confirmed that there is no disagreement with the Board and there is no matter relating to his resignation that needs to be brought to the attention of the Shareholders or the Hong Kong Stock Exchange. The Board would like to express its sincere gratitude to Mr. Wang for his invaluable contributions to the Company during the tenure of his service as a Director.

Mr. Dai Zhongchuan has tendered his resignation as (i) an Independent Non-Executive Director as well as (ii) the chairman of the remuneration committee, a member of the audit committee and a member of the risk management committee of the Company, with effect from 1 July 2022 due to the need to focus on his other personal businesses. Mr. Dai has confirmed that he has no disagreement with the Board and there is no matter relating to his resignation that needs to be brought to the attention of the Shareholders or the Hong Kong Stock Exchange. The Board would like to express its sincere gratitude to Mr. Dai for his invaluable contributions to the Company during the tenure of his service as a Director.

Ms. Xia Lian has been appointed as (i) an Independent Non-Executive Director as well as (ii) a member of the audit committee, a member of the remuneration committee, a member of the risk management committee, and a member of the sustainability committee of the Company with effect from 1 July 2022.

Ms. Xia Lian (夏蓮), aged 43, is currently the general manager of Beijing Qingkongdaokou Investment Management Co., Ltd.* (北京清控道口投資管理有限公司), a manager of Beijing Sunkiss Capital Holdings Ltd.* (北京上奇資本控股有限公司), an executive director and the general manager of Vista Education Technology (Shenzhen) Co., Ltd.* (遠見教育科技(深圳)有限公司) and a director of China Publishing Group Kunlun Media Co. Ltd.* (中版昆侖傳媒有限公司), and has over 20 years of experience in business administration and business consultancy. She was employed by Cheung Kong Graduate School of Business from April 2007 to August 2020 with her last position as an assistant dean. Ms. Xia holds a bachelor's degree in marketing from the Peking University in China.

Ms. Xia is appointed by way of a letter of appointment with a term of 3 years. Pursuant to the Company's articles of association, she shall hold office only until the first AGM after her appointment and shall then be eligible for re-election.

Ms. Xia has confirmed that she meets the independence criteria as set out in Rule 3.13 of the Listing Rules.

In light of Mr. Dai's resignation from the Board, Mr. Lai Hin Wing Henry Stephen, an Independent Non-Executive Director, has been appointed as the chairman of the remuneration committee of the Company with effect from 1 July 2022.

* The English translation of the company names is for reference only. The official names of these companies are in Chinese.

CHANGE IN DIRECTOR'S INFORMATION

The Company was informed by Mr. Lai Hin Wing Henry Stephen, an Independent Non-Executive Director, that after the Company's last published *Annual Report 2021* on 30 March 2022, the changes in his biographical details are as follow: he was appointed as an independent non-executive director of China Resources Beer (Holdings) Company Limited (stock code: 291), which is listed on the Hong Kong Stock Exchange, with effect from 17 August 2022.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REVIEW OF INTERIM REPORT

The interim financial report for the six months ended 30 June 2022 is unaudited, but has been reviewed by the Company's auditor, KPMG, in accordance with *Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants with an unqualified opinion, whose report on review of interim financial report is set out on page 47 of this interim report. This interim report, including the interim financial report, has also been reviewed by the audit committee of the Company and approved by the Board.

GLOSSARY

AGM

The annual general meeting of the Company or any adjournment thereof

AMER SPORTS

Amer Sports Oy (Amer Sports Corporation), a sporting goods company incorporated in the Republic of Finland

ANDA HOLDINGS

Anda Holdings International Limited

ANDA INVESTMENTS

Anda Investments Capital Limited

ANTA

ANTA brand

ANTA INTERNATIONAL

Anta International Group Holdings Limited

ANTA KIDS

ANTA KIDS brand, which offers ANTA products for children

ANTA SPORTS/COMPANY

ANTA Sports Products Limited

ANTA STORE(S)

ANTA retail store(s)

ANTA KIDS STORE(S)

ANTA KIDS retail store(s)

AS HOLDING

Amer Sports Holding (Cayman) Limited

BOARD

The Board of Directors of the Company

BVI

The British Virgin Islands

CG CODE

Corporate Governance Code set out in Appendix 14 to the Listing Rules

CHINA/PRC

People's Republic of China

COC

Chinese Olympic Committee

CSD

Chinese Sports Delegation

DESCENTE

DESCENTE brand

DESCENTE STORE(S)

DESCENTE retail store(s)

DTC

Direct to Consumer

EBITDA

Earnings before interest, taxes, depreciation and amortisation

EURO, EUR

Euro, the lawful currency of European Union

EXECUTIVE DIRECTORS

Executive directors of the Company

FILA

FILA brand

FILA FUSION

The sub-brand of FILA, which offers youth's trendy clothing

FILA KIDS

FILA KIDS brand, which offers FILA products for children

FILA STORE(S)

FILA retail store(s)

GDP

Gross Domestic Product

GROUP

The Company and its subsidiaries

HEMIN HOLDINGS

Hemin Holdings Limited

HONG KONG

The Hong Kong Special Administrative Region of the PRC

HONG KONG DOLLARS, HKD

Hong Kong Dollars, the lawful currency of Hong Kong

HONG KONG STOCK EXCHANGE/HKEX

The Stock Exchange of Hong Kong Limited

INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive directors of the Company

IP

Intellectual property

KOLON SPORT

KOLON SPORT brand

KOLON SPORT STORE(S)

KOLON SPORT retail store(s)

LISTING RULES

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

MACAO

The Macao Special Administrative Region of the PRC

MAINLAND CHINA

Mainland of China, geographically excluding Hong Kong, Macao and Taiwan

MSCI

Morgan Stanley Capital International Global Standard Index

NON-EXECUTIVE DIRECTOR

Non-executive director of the Company

OEM

Original Equipment Manufacturer

O2O MODEL

Online-to-offline commerce

PANDEMIC

2019 novel coronavirus disease (COVID-19)

PERIOD

6 months ended 30 June 2022

R&D

Research and development

RMB

Renminbi, the lawful currency of the PRC

SHARE(S)

Ordinary share(s) of HK\$0.10 each in the share capital of the Company

SHARE AWARD SCHEME

The share award scheme adopted by the Company on 19 October 2018

SHARE OPTION SCHEME

The share option scheme adopted by the Company on 6 April 2017

SHAREHOLDERS

Shareholders of the Company

SINGAPORE

Republic of Singapore

US

the United States of America

USD

United States dollars, the lawful currency of the United States of America

INVESTORS INFORMATION

SHARE INFORMATION

Listing Day:
10 July 2007

Board lot size:
200 shares

Numbers of issued shares:
2,713,623,500 shares
(As at 30 June 2022)

DIVIDENDS

HK cents	2018	2019	2020	2021	2022
Ordinary interim	50	31	21	60	62
Ordinary final	28	36	47	68	
Special interim	—	—	—	30	

IMPORTANT DATES

23 August 2022
6 September 2022 4:30 p.m.
On or about 20 September 2022
31 December 2022

STOCK CODES

The Stock Exchange of Hong Kong
2020

Reuters
2020.HK

Bloomberg
2020HK

MSCI
3741301

Interim results announcement
Record date of 2022 interim dividend
Payment date of 2022 interim dividend
Financial year end date of 2022

INVESTOR RELATIONS CONTACTS

If you have any inquiries, please contact:
IR Department - ANTA Sports Products Limited
16/F, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong
Telephone: (852) 2116 1660 Fax: (852) 2116 1590 E-mail: ir@anta.com.hk

IR website: ir.anta.com Brand website: www.anta.com



I R . A N T A . C O M

INTERIM DIVIDEND

The Board has declared an interim dividend of HK62 cents per ordinary share in respect of the six months ended 30 June 2022. The interim dividend will be payable on or about Tuesday, 20 September 2022 to shareholders whose names appear on the register of members of the Company as at 4:30 p.m. on Tuesday, 6 September 2022. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, 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, Wan Chai, Hong Kong, not later than 4:30 p.m. on Tuesday, 6 September 2022 for registration.

PUBLICATION OF RESULTS ANNOUNCEMENT

This interim results announcement is available for viewing on the HKEXnews websites of Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk> and the website of the Company at ir.anta.com.

By Order of the Board
ANTA Sports Products Limited
Ding Shizhong
Chairman

Hong Kong, 23 August 2022

As at the date of this announcement, the executive directors of the Company are Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian, Mr. Wu Yonghua, Mr. Zheng Jie and Mr. Bi Mingwei; and the independent non-executive directors of the Company are Mr. Yiu Kin Wah Stephen, Mr. Lai Hin Wing Henry Stephen, Ms. Wang Jiaqian and Ms. Xia Lian.