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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 Codes: 2020 (HKD counter) and 82020 (RMB counter)

2023 INTERIM RESULTS ANNOUNCEMENT

RESULTS HIGHLIGHTS

In the first half of 2023, the Group's "Single-Focus, Multi-Brand, Globalisation" strategy has shown achievements in recovery of the retail market:

1. Revenue increased by 14.2% year on year to RMB29,645 million; and increased by 100.2% as compared with the same period of 2019.
2. With increased operating efficiency, the Group's operational profit margin increased by 3.4% point year on year to 25.7%; among which:
 - (a) FILA segment operating profit margin increased by 7.2% point year on year to 29.7%; and
 - (b) All other brand's operating profit margin increased by 8.7% point year on year to 30.3%.

The increase of operating profit margin was partially offset by:

- (c) ANTA segment operating profit margin decreased by 1.0% point year on year to 21.0%, which was mainly attributable to (i) 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; and (ii) decrease in government grants recognised during the financial period.
3. Profit attributable to equity shareholders without the effect of share of profit or loss of a joint venture increased by 39.8% year on year to RMB5,264 million. Profit attributable to equity shareholders with the effect of share of profit or loss of a joint venture increased by 32.3% year on year to RMB4,748 million.

4. Joint venture AS Holding's (Amer Sports is a subsidiary of AS Holding) operational performance is continuously improving. During the financial period, AS Holding recorded revenue (on a consolidated basis) of RMB13,267 million, increased by 37.2% year on year; EBITDA (on a consolidated basis) of RMB1,779 million, increased by 149.2% year on year, reflecting the healthy development and the enhancement in profitability at operation level of the joint venture under the strategic growth plan set by the investor consortium.

AS Holding recorded net loss (on a consolidated basis) of RMB983 million for the financial period which was mainly attributable to certain one-off nature items of approximately RMB985 million charging to profit or loss. In particular, due to significant rise in the discount rate used in impairment testing and adjustment in development priority of the brands under Amer Sports, impairments on goodwill and trademarks of approximately RMB1,131 million in total for Peak Performance business were recognised by AS Holding.

Share of loss of a joint venture for the financial period was RMB516 million.

5. During the financial period, the Group recorded net cash inflow from operating activities amounting to RMB10,164 million, increased by 104.1% year on year; free cash inflow was RMB9,523 million, increased by 131.8% year on year.
6. The Board declared an interim dividend of HKD82 cents per ordinary share for the six months ended 30 June 2023.

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 2023. This announcement, containing the full text of the *Interim Report 2023* 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 Company's *Interim Report 2023* will be available to public for viewing on the HKEXnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at ir.anta.com in early September 2023.

APPROVAL OF INTERIM RESULTS

The unaudited interim results for the six months ended 30 June 2023 have been reviewed by the audit committee of the Company and approved by the Board. The Company's 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. KPMG's independent review report to the Board is set out in the *Interim Report 2023*.



ANTA SPORTS PRODUCTS LIMITED

Incorporated in the Cayman Islands with limited liability

Stock Codes: 2020 (HKD counter) and 82020 (RMB counter)

CORPORATE PROFILE

ANTA 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 Codes: 2020 (HKD counter) and 82020 (RMB counter)). For many years, ANTA Sports has been principally engaging in the design, R&D, manufacturing, marketing and sales 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 Arc'teryx, Salomon, 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.

THREE CORES

- Consumer-oriented
- Benchmarking against high standards
- Learning from leaders





Klay Thompson,
Brand ambassador of ANTA

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FINANCIAL OVERVIEW

Six months ended 30 June

	2023	2022	Changes
	(RMB million)	(RMB million)	(%)
Revenue	29,645	25,965	↑ 14.2
ANTA	14,170	13,360	↑ 6.1
FILA	12,229	10,777	↑ 13.5
All other brands	3,246	1,828	↑ 77.6
Gross profit	18,755	16,109	↑ 16.4
ANTA	7,912	7,358	↑ 7.5
FILA	8,461	7,395	↑ 14.4
All other brands	2,382	1,356	↑ 75.7
Profit from operations	7,623	5,792	↑ 31.6
ANTA	2,972	2,942	↑ 1.0
FILA	3,638	2,426	↑ 50.0
All other brands	985	395	↑ 149.4
Profit for the period	5,294	3,950	↑ 34.0
Profit attributable to equity shareholders			
– without the effect of share of profit or loss of a joint venture	5,264	3,766	↑ 39.8
– with the effect of share of profit or loss of a joint venture	4,748	3,588	↑ 32.3
Free cash inflow	9,523	4,108	↑ 131.8
	(RMB)	(RMB)	(%)
Earnings per share			
– Basic	1.74	1.33	↑ 30.8
– Diluted	1.70	1.31	↑ 29.8
	(HK cents)	(HK cents)	(%)
Interim dividend per share	82	62	↑ 32.3
	(%)	(%)	(% point)
Gross profit margin	63.3	62.0	↑ 1.3
ANTA	55.8	55.1	↑ 0.7
FILA	69.2	68.6	↑ 0.6
All other brands	73.4	74.2	↓ 0.8
Operating profit margin	25.7	22.3	↑ 3.4
ANTA	21.0	22.0	↓ 1.0
FILA	29.7	22.5	↑ 7.2
All other brands	30.3	21.6	↑ 8.7
Net profit margin	17.9	15.2	↑ 2.7
Margin of profit attributable to equity shareholders			
– without the effect of share of profit or loss of a joint venture	17.8	14.5	↑ 3.3
– with the effect of share of profit or loss of a joint venture	16.0	13.8	↑ 2.2
Effective tax rate ⁽¹⁾	27.2	28.5	↓ 1.3
Advertising and promotional expenses ratio (as a percentage of revenue)	7.1	10.3	↓ 3.2
Staff costs ratio (as a percentage of revenue)	15.5	15.3	↑ 0.2
R&D costs ratio (as a percentage of revenue)	2.3	2.3	–

Notes:

- (1) Effective tax rate does not include the effect of share of profit or 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

	2023	2022	Changes
	(RMB)	(RMB)	(%)
Shareholders' equity per share	17.19	11.66	↑ 47.4
	(%)	(%)	(% point)
Gearing ratio ⁽²⁾	16.5	19.9	↓ 3.4
Return on average total shareholders' equity (annualized) ⁽³⁾	23.0	23.9	↓ 0.9
Return on average total assets (annualized) ⁽⁴⁾	12.5	11.4	↑ 1.1
Average total shareholders' equity to average total assets	54.4	47.7	↑ 6.7
	(in 181 days)	(in 181 days)	(days)
Average inventory turnover days ⁽⁵⁾	124	145	↓ 21
Average trade receivables turnover days ⁽⁶⁾	17	22	↓ 5
Average trade payables turnover days ⁽⁷⁾	42	53	↓ 11

Cautionary Statement Regarding Forward-Looking Statements

This *Interim Report 2023* contains certain forward-looking statements with respect to the financial conditions, results of operations and business 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 14.2% to
RMB29.6 BILLION



Gross profit margin
increased by 1.3% point to
63.3%



Profit attributable to equity shareholders
increased by 32.3% to
RMB4.7 BILLION



Basic earnings per share increased
by 30.8% to
RMB1.74



Payout of the profit attributable
to equity shareholders
45.2%

OPERATIONAL PERFORMANCE

(As of 30 June 2023)



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

6,941
(6,924*)

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

2,692
(2,679*)



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

1,942
(1,984*)



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

183
(191*)



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

160
(161*)

* As of 31 December 2022

A full-page photograph of Wang Yibo in a green hooded jacket, looking off to the side. The background is a dense green forest. There are red and green brushstroke-like graphics in the top corners. A dashed white line curves across the lower left. A small 'CHISEL' tag is on the jacket's sleeve.

Wang Yibo,
*Global Chief Ambassador
of ANTA*

CORPORATE INFORMATION

Board		
Executive Directors	Ding Shizhong (<i>Chairman</i>) Lai Shixian (<i>Co-Chief Executive Officer</i>) Zheng Jie	Ding Shijia (<i>Deputy Chairman</i>) Wu Yonghua (<i>Co-Chief Executive Officer</i>) Bi Mingwei (<i>Chief Financial Officer</i>)
Independent Non-Executive Directors	Yiu Kin Wah Stephen <i>JP</i> Wang Jiaqian	Lai Hin Wing Henry Stephen Xia Lian
Company Secretary	Tse Kin Chung	

Board Committees		
Audit Committee	Yiu Kin Wah Stephen (<i>committee chairman</i>) Wang Jiaqian	Lai Hin Wing Henry Stephen Xia Lian
Remuneration Committee	Lai Hin Wing Henry Stephen (<i>committee chairman</i>) Xia Lian	Wang Jiaqian
Nomination Committee	Lai Hin Wing Henry Stephen (<i>committee chairman</i>) Wang Jiaqian Lai Shixian	Yiu Kin Wah Stephen Xia Lian
Risk Management Committee	Yiu Kin Wah Stephen (<i>committee chairman</i>) Xia Lian	Wang Jiaqian Bi Mingwei
Sustainability Committee	Lai Shixian (<i>committee chairman</i>) Lai Hin Wing Henry Stephen Xia Lian Yiu Wai Hung*	Yiu Kin Wah Stephen Wang Jiaqian Wu Yonghua Tsui Yeung*

Authorized Representatives	Lai Shixian	Tse Kin Chung

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 SAR		
Hong Kong SAR Office	16/F, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong SAR	

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 SAR Branch Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong SAR	

Legal Adviser	Morgan, Lewis & Bockius	

Auditor	KPMG <i>Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance</i>	

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 2023.

Riding the Recovery Wave and Sticking to Correct Strategies

Meeting the challenges head-on like diamonds in the rough, which rise to the occasion and forge excellence through determination. In the first half of 2023, the Chinese sportswear market regained its momentum as social activities in China normalized and the retail market environment improved as compared with the same period last year. During the financial period, in-store foot traffic has gradually recovered alongside restoration of consumer demand. We proactively seized the market opportunities and expedited the implementation of various plans, which improved store efficiency and various retail indicators significantly. Not only did we achieve high-quality growth in our business, but we also far surpassed the retail sales scale in 2019. This noticeable achievement serves as a testament to our steadfast commitment to long-term strategic thinking.

In spite of China's implementation of policies favorable to consumer market and sports industry, the complex global situation has presented uncertainties to both the global and Chinese economies, inevitably impacting the domestic consumer goods market. However, the Group's "Single-focus, Multi-brand, Globalization" strategy has proven advantageous within the industry and has demonstrated robust resilience in the face of a rapidly changing business environment. We will deploy dynamic management, implement stringent

cost management, prioritize healthy inventory levels and adhere to the correct strategic planning, while remaining optimistic about long-term business prospects.

Rising to Challenges and Achieving High-quality Leapfrog Growth

We firmly believe in embracing a consumer-oriented approach. In the face of challenges, our determination to uphold the Group's strategies and development goals has only grown stronger. We forge ahead with the spirit of "Keep Moving" and standing tall on our path to becoming the leading sportswear company in China. Despite the unpredictable external factors over the past few years, the Company continued to witness a spurt of progress in its business scale. Compared with the same period in 2019, the Group's overall revenue has doubled, while ANTA and FILA segment revenues have grown by over 85% each and all other brands' revenue has experienced an impressive growth of over 3.5 times. Furthermore, our must-win battles have achieved milestones across various fronts, as evidenced by a steady and consistent increase in market share over the past few years.

During the financial period, we were able to capitalize on the recovery in the retail market and overall revenue increased by 14.2% to RMB29.65 billion (2022 1H: RMB25.97 billion). All our brands demonstrated robust underlying performance, with overall gross profit margin and operating profit margin witnessing noticeable expansion compared with the same period in 2022. Overall gross profit margin rose by 1.3% point to an all-time high of 63.3% (2022 1H: 62.0%). Operating efficiency

recorded considerable improvement, with overall operating profit surging 31.6% to RMB7.62 billion (2022 1H: RMB5.79 billion) and operating profit margin increasing 3.4% points to 25.7% (2022 1H: 22.3%). On a consolidated basis, without the effect of the share of profit or loss of a joint venture, the profit attributable to shareholders rebounded strongly, leaping 39.8% to RMB5.26 billion (2022 1H: RMB3.77 billion). On a consolidated basis, with the effect of the share of profit or loss of a joint venture, the profit attributable to shareholders increased by 32.3% to RMB4.75 billion (2022 1H: RMB3.59 billion).

During the financial period, net operating cash inflow of RMB10.16 billion (2022 1H: RMB4.98 billion) and free cash inflow of RMB9.52 billion (2022 1H: RMB4.11 billion) were recorded, underscoring our strong cash-generating capability. We strategically managed our capital allocation to further strengthen the Group's financial position. As of 30 June 2023, the aggregate amount of cash and cash equivalents, fixed deposits held at banks with maturity over three months and pledged deposits registered RMB45.40 billion. The abundant fund provided substantial support for the orderly implementation of various business expansion plans and ensured solid protection for our operations.

The Group also strived to share the fruits of its success with its shareholders through sustainable growth in dividends. The Board has declared an interim dividend of HK82 cents per ordinary share (2022 1H: HK62 cents) for the six months ended 30 June 2023, representing an increase of 32.3% year-on-year.

Leveraging Innovation, Breakthroughs and Synergies of Multiple Brands

We continued to foster multi-brand and all-round synergies through product design, R&D, and manufacturing to brand marketing and retail, which empowered us to adapt to the dynamic and diverse market demands swiftly. During the financial period, all our brands achieved outstanding results, driven by our spirit of innovation and breakthroughs.

Benefiting from the burgeoning rebound in the offline retail environment and the effective facilitation of the DTC model, ANTA segment revenue grew by 6.1% to RMB14.17 billion (2022 1H: RMB13.36 billion), cementing its leading position in China. Gross profit margin expanded to 55.8% (2022 1H: 55.1%) and operating profit margin decreased to 21.0% (2022 1H: 22.0%).

Characterized by having a high proportion of direct retail business, FILA segment delivered promising performance. Revenue increased by 13.5% to RMB12.23 billion (2022 1H: RMB10.78 billion), while gross profit margin and operating profit margin expanded to 69.2% (2022 1H: 68.6%) and 29.7% (2022 1H: 22.5%), respectively.

All other brands (including DESCENTE and KOLON SPORT) sustained their rapid upswing, with total revenue surging 77.6% to RMB3.25 billion (2022 1H: RMB1.83 billion). Gross profit margin recorded 73.4% (2022 1H: 74.2%), while operating profit margin expanded to 30.3% (2022 1H: 21.6%). The diligent efforts invested in incubating new brands have yielded remarkable results.

Amer Sports achieved splendid advancements to meet all its strategic goals and the businesses of its core brands delivered commendable results. Revenue of the joint venture grew by 37.2% to RMB13.27 billion (2022 1H: RMB9.67 billion), and EBITDA increased by 149.2% to RMB1.78 billion (2022 1H: RMB710 million). However, share of loss of the joint venture to the Group amounted to RMB516 million (2022 1H: RMB178 million) due to the effect of one-off nature items. Excluding these, the joint venture managed to achieve breakeven with operating profit adequately covering both interest expenses and purchase price allocation impact, making it the best-performing first half since the acquisition by the investor consortium.

Optimizing Corporate Governance and Embracing New Challenges

In pursuit of good corporate governance and our ESG vision, the Group made adjustments to its organizational structure and personnel appointments in early 2023, laying a vital foundation for a new phase of growth. We also achieved steady progress in the capital markets. During the financial period, the Group stood as one of the pioneering Hong Kong-listed companies to partake in the “HKD-RMB Dual Counter Model”, affording our shareholders and investors the choice of trading currencies and enhanced flexibility while contributing to the advancement of RMB internationalization.

In addition, we are committed to operating our business in a responsible and sustainable manner and continuously improving our sustainable practices. During the financial period, we published our “Supplier Sustainability Management Handbook” which assists suppliers in fostering

and maintaining a safe, healthy and compliant manufacturing environment. We also refined several corporate governance policies and established sustainability-linked internal performance indicators for a more informed integration of sustainability principles into our operations. At the same time, we actively fostered harmonious labor relations and published our “Labor Policy” with the aim of creating an equitable, inclusive, healthy and safe working environment for our nearly 60,000 employees from over 40 countries and regions. We also implemented a training system for diversified talent development to create a brighter future for all our employees. Furthermore, the philanthropic platforms established by the Group and the Hemin Foundation became more mature, forming a socially responsible corporate philanthropy and charitable system. We firmly believe the realization of long-term value relies on sustainable development and progress of our partners and our business, and these initiatives reflect our belief in this guiding principle.

As always, on behalf of the Board, I would like to extend our heartfelt gratitude to our Shareholders, stakeholders and consumers for their unwavering support, and, not least, to our talented team who have served with dedication. Together, we will strive to make ANTA Sports a leading multi-brand sportswear group in the world and create even greater value for our Shareholders.

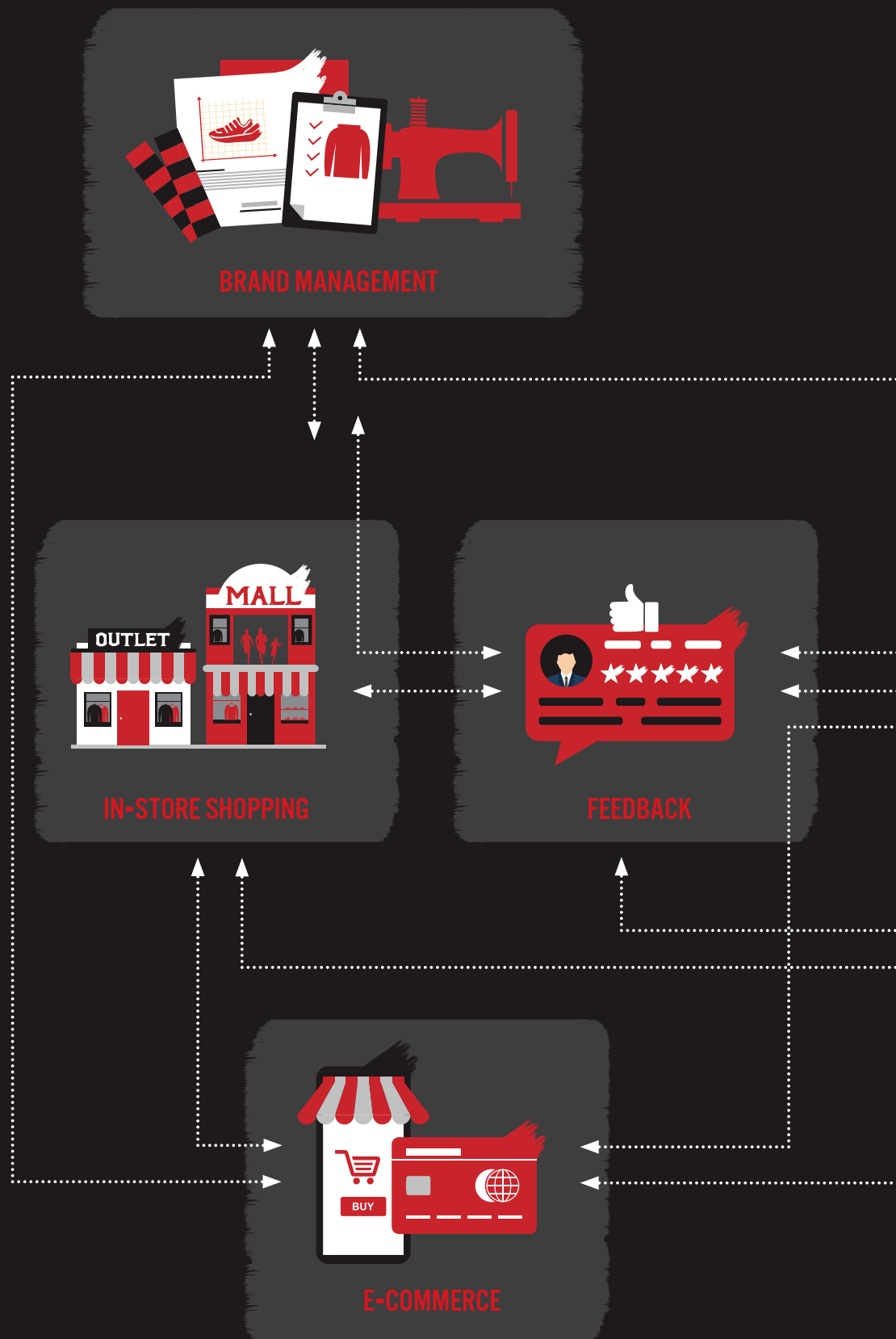


Ding Shizhong
Chairman
Hong Kong SAR, 22 August 2023

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 R&D to design, 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 the 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 change in demand of our customers.





MANAGEMENT DISCUSSION AND ANALYSIS



Eddie Peng,
*Brand ambassador
of DESCENTE*

Market Review

Business Regains Momentum as Foot Traffic Returns and Consumption Recovers

As society and people's livelihoods got back on track since the end of 2022, China's economy showed signs of persistent growth. With the gradual revival of offline foot traffic to a healthy level, different industries and the consumer market have gained vitality. The resumption of sporting events, such as professional competitions, training, physical education classes, outdoor sports, winter sports, running, and basketball, spurred the demand for sportswear and making the sportswear industry a beneficiary, with growth outpacing the overall consumer market.

As per the data released by the National Bureau of Statistics of China, China's GDP witnessed a substantial recovery in the first half of 2023 and grew by 4.5% year-on-year in the first quarter, beating market expectations. Growth accelerated to 6.3% in the second quarter, indicating a significant quarterly acceleration. Moreover, the total retail sales value of social consumer goods in the first half of 2023 amounted to RMB22.76 trillion, year-on-year increase of 8.2%. Notably, the sales value of garments, footwear, hats and knitwear experienced a growth of 12.8% compared with the same period last year, reflecting the sportswear industry's gradual return to normalcy.

The global economy has been grappling with the dual challenges of escalated geopolitical tensions in certain regions and soaring interest rates, leading to heightened macroeconomic uncertainties. Central banks worldwide have responded to inflationary pressures by rate hikes, sparking potential recession concerns and dampening consumer confidence. In China, further improvements in consumer sentiment and purchasing power are still urgently in need of, with a bumpy recovery in the consumer market. As such, the Chinese government has introduced a series of economic stimulus measures, which are expected to reinvigorate economic growth and spur consumption. Hence, we remain optimistic about the domestic business environment in the second half of the year.



Surge in Sports Participation as a Result of Sports Scenarios Recovery and Policy Support

Under favorable factors such as restoration of sports and consumption events alongside policy support, the development trend of China's sports industry continues to show signs of optimism. In late 2022, marathon events in multiple cities, including Beijing, Shanghai and Chengdu have resumed, and several ministries jointly released a series of development plans



MANAGEMENT DISCUSSION AND ANALYSIS

for various industries, shoring up recovery and growth expectations for the sports industry. *The guideline on expanding domestic demand (2022–2035)*, issued by the State Council of China, prioritizes the restoration and expansion of sports consumption. Seeing sports as a way to spur domestic demand, improve people's livelihood and drive economic growth, the guideline outlines a plan to respond to the trend of differentiated, diversified, and quality-upgraded consumer behavior. Efforts will be made to bolster the supply of high-quality sports-related products and services, and enrich sports consumption scenarios, in addition to strengthening the foundation, unlocking the potential, expanding the scale, and optimizing the structure of sports consumption.

Over the past few years, China has continued to implement a range of new policies to promote mass fitness and sports. For instance, the *Healthy China 2030 Blueprint* was introduced to encourage a healthy lifestyle, optimize health services, improve medical protection, create a healthy environment, and develop the healthcare industry. On the other hand, the *National Fitness Plan for 2021–2025* was designed to enhance the public service system for national fitness and increase convenience for the public to exercise. Consequently, the number of participants in

various sports continues to grow, raising the proportion of people who exercise regularly to 38.5% of the population and driving the value of China's sports industry to RMB5 trillion by 2025. The survey indicated that China's sporting population exceeded 500 million in 2022, and the sports industry is expected to become a pillar industry of the national economy by 2035. In addition, the General Administration of Sport of China and the Ministry of Education have jointly issued the *Opinions on Integrating Sports and Education to Promote the Healthy Development*

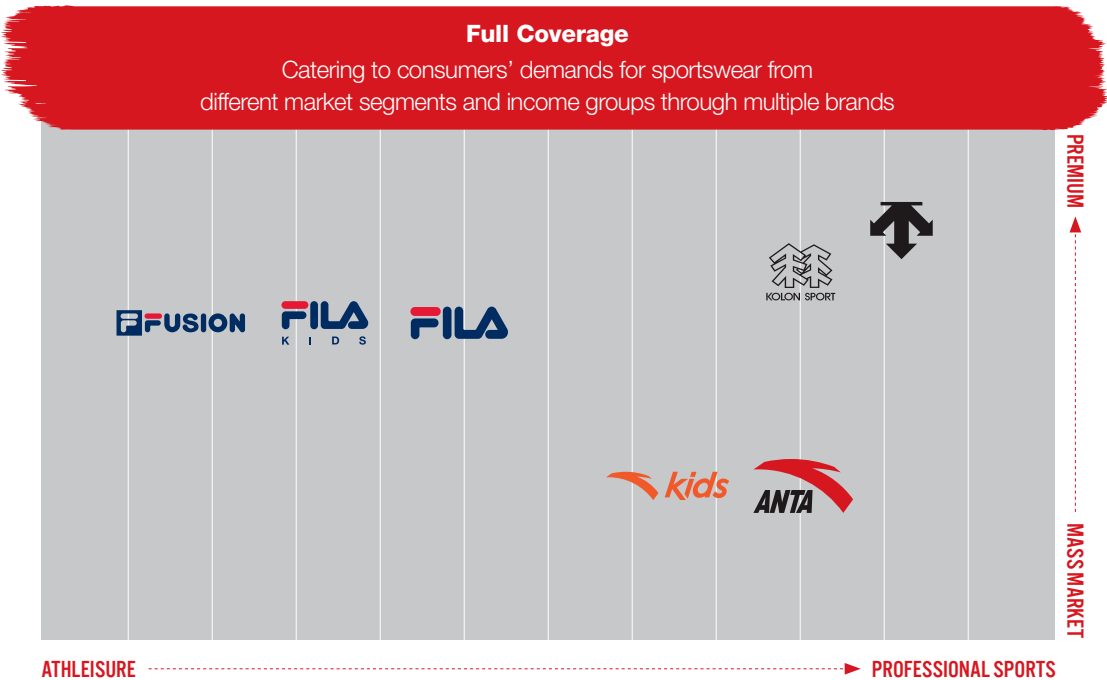


of the Youth. The document explicitly prioritizes health and aims to promote the integration of sports and education, fostering a harmonious development of cultural learning and physical well-being among young people. Therefore, there is still significant untapped potential in sports consumption, with abundant growth momentum.

Chinese Brands on the Rise:
Prized for Quality and Innovation

China’s leading sportswear brands continue their rising trend, with their competitiveness on the global stage continue to advance. This success can be attributed not only to greater appreciation of Chinese culture and brands by Chinese consumers, but also to the substantial investment in product innovation by these leading sportswear brands, allowing domestic sportswear products to improve their functionality, design, technology and innovation continuously. As a result, domestic brands are increasingly favored by domestic consumers, particularly among the younger generation.

Furthermore, as a result of the public’s rising health awareness and passion for sports as an integral part of people’s lifestyle, the rising trend of outdoor sports has persisted. As sports



- **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

continue to diversify and take on various forms, consumers seek greater brand differentiation, stimulating the need for new scenarios and related products. The demand for high-end outdoor sports products, including outdoor

and camping gear, ski products and golf, has maintained a relatively high growth. This trend presents promising prospects for the Group’s professional outdoor sports brands such as DESCENTE and KOLON SPORT.

MANAGEMENT DISCUSSION AND ANALYSIS

Stay True to Longtermism in Strategy Execution

In the first half of 2023, the Group's operating quality and various operating indicators showed gradual enhancement, with significant improvements in inventory levels and store efficiency across all brands. Despite the severe challenges in the operating environment over recent years, the Group remains dedicated to investing for the future while staying true to its long-term strategy by taking on a number of initiatives. To unlock future growth potential, ANTA envisioned to put forward the DTC model transformation, vigorously develop its e-commerce business and digitalization, implement structural reforms for offline channels, and step up on refining operations and inventory management. These efforts have brought significant operational leverage after normalization. We adhered to our long-term vision and implemented the multi-brand strategy years ago, which is now progressively yielding synergies and starting to bear fruit, demonstrating the Group's ability to drive an upward trajectory by leveraging its multi-brand advantages. In addition, the Group continues to invest in the R&D of technology and innovative materials, showcasing our dedication to enhancing product quality and optimizing our product portfolio. This reflects our unwavering determination to achieve long-term development and our confidence in our business.

We continue to execute our "Single-focus, Multi-brand, Globalization" strategy, further optimizing our governance structure and business operations to drive strategic reforms, while strengthening our "Globalization" strategy. In addition to further expanding the overseas business of our brands, we will continue to unleash the growth potential of Amer Sport. Amer Sports achieved splendid advancements to meet all its strategic goals and the businesses of its core brands delivered commendable results. We will continue to bolster

its business in three key markets – China, North America and Europe, and focus on the three major brands. Amer Sport seeks to secure breakthroughs for the Group in the increasingly competitive sportswear market while advancing the Group's vision of becoming "a leading multi-brand sportswear group in the world".



Eileen Gu,
*Brand ambassador
of ANTA*



Business Review

Brand Management

ANTA

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

As the official partner of COC for 16 consecutive years, ANTA provides sporting equipment for 28 Chinese national teams, spanning various sports such as winter sports, boxing, taekwondo, gymnastics, karate, weightlifting, swimming and trampoline. The strategic partnership between ANTA and the COC demonstrates ANTA's long-standing commitment to promoting the Olympic and Chinese sport spirit. This partnership amplifies ANTA's brand influence and value. As part of this alliance, ANTA designs and produces winning outfits and competition equipment for Chinese Sports Delegation, including those in the upcoming Hangzhou Asian Games in September 2023 and the Paris Olympics in 2024. This initiative will propel ANTA's development as a prominent Chinese sports brand, particularly enhancing its appeal among Generation Z and radiate positivity.

Empowered by strong research and development capabilities, ANTA is committed to elevating the professional image of its products. ANTA introduced a range of professional running shoes in response to the diverse needs of runners from beginners to experts. NITRO MACH 3.0 and NITRO MACH PRO, created specifically for race training, were launched, boasting cutting-edge technology. Building on the core technology of the previous two generations of the NITRO MACH series, these shoes incorporate full-palm NITROEDGE midsole, GOZONE midfoot booster and A-GRIP PRO outsole. Such products with enhanced durability and high-performance help to strengthen the product line.



MANAGEMENT DISCUSSION AND ANALYSIS

During the financial period, ANTA officially signed Kyrie Irving, the 2016 NBA champion and eight-time All-Star player, as the latest spokesperson for ANTA basketball products and will create additional products under Irving's signature series. This endorsement marked one of the highest-profile partnerships for Chinese sports brands in recent years. Furthermore, in April 2023, ANTA made another important signing with Wang Siyu, the winner of the 2022-23 WCBA All-Star Skills Challenge, as the first Chinese women's basketball player representing ANTA basketball. This move further promoted the development of women's basketball and beefed up ANTA's basketball product portfolio. ANTA also continued to work with professional basketball players such as Klay Thompson and Gordon Hayward to launch popular signature shoes. In April 2023, ANTA invited Gordon Hayward to visit Shanghai and Xi'an to interact with fans and unveil the new generation of GH4 signature shoes, which received a warm reception from fans.

Basketball holds an important position within ANTA's professional sports segment. We remain dedicated to promoting the growth of basketball culture. Stepping into the seventh year of ANTA's self-created basketball IP event "Shock the Game series", the "ANTA Shock the Game Gold League" basketball tournament has been held in Chengdu, Chongqing, Zhengzhou and Xi'an. Broadcasted nationwide on Douyin, the event invited all basketball enthusiasts to participate and actively engaged the youth communities in these cities. In addition, the ANTA-Irving Youth Basketball Camp is currently in the planning stage, with global initiatives aimed at promoting basketball

development and youth welfare activities. These marketing endeavors are anticipated to boost the sales of ANTA's basketball products, elevate the professional brand image and influence of ANTA within the basketball market, and foster deeper consumer loyalty to the ANTA brand.

With a view to expand distribution channels, ANTA continued to focus on high-tier cities through building strategic flagship stores in key cities and deepening its presence in major business districts and shopping malls. On the overseas front, ANTA ventured into developed countries within the Southeast Asia region to tap into the previously uncovered markets and successfully opened new stores in prime locations of Singapore during the financial period.

During the financial period, the DTC model transformation continued to progress. As of June 2023, we had successfully adopted a hybrid operating model in 24 provinces or cities, namely, Jilin, Hunan, Sichuan, Chongqing, Guangdong, Yunnan, Jiangsu, Shanghai, Hubei, Shaanxi, Zhejiang, Liaoning, Quanzhou, Xinjiang, Henan, Shandong, Beijing, Heilongjiang, Guangxi, Tianjin, Gansu, Guizhou, Jiangxi and Shanxi. Under the DTC model, we directly operate around 43% of approximately 5,500 ANTA stores, while the remaining 57% are operated by franchisees adhering to our operating standards. Of the approximately 2,200 ANTA Kids stores, we directly operate around 66% of them, with the remaining 34% being operated by franchisees. In the future, our strategic emphasis will be on channel optimization and upgrades. This will involve leveraging differentiated store images

tailored to suit various business locations, thereby enhancing the store and product efficiencies, as well as the profitability of the DTC store.





ANTA KIDS

Positioned as a professional children's sports brand, ANTA KIDS offers high-quality, professional and technology-driven sports products that cater to the diverse needs of children aged from 1 to 14. Its range of products addresses various occasions, including professional competition, training, physical education classes, outdoor sports, running, basketball, etc.. Based on data from KANTAR, an international market consulting organization, ANTA KIDS secured the top

position in terms of overall brand power within China's rapidly evolving children's sportswear industry during the first half of 2023. As parents increasingly recognize the significance of nurturing sporting habits and interests among children from an early age, there is a booming demand for high-performance technological sports equipment in the children's professional sportswear market. ANTA KIDS, being rooted in technology, actively advances relevant scientific research and innovation endeavors.

ANTA KIDS has been pioneering emerging and burgeoning sports segments by broadening its product line-up to serve diverse needs. In a bid to capture the girls' sportswear market, the brand developed a range of apparel offerings for artistic gymnastics, physical training, dance, kids' yoga and other occasions. Collaborating with the Chinese National Artistic Gymnastics Team, the brand introduced the "Girls Slim-fit Leggings", featuring highly breathable and high tensile performance fabrics. Moreover, the

brand ventured into professional figure skating training wear, thoughtfully designed to highlight children's flexibility and vitality, spearheading the development of professional gear for girls' sports. For kids' run bikes, the brand developed specialized cycling jerseys suitable for both professional riding and daily training through the launch of the tight-fitting and highly breathable "Flying Rider Pro series" for cycling races. ANTA KIDS also fostered children's interests in cycling by hosting the first "527" Children's Riding Festival and sponsoring the major run bikes races.

ANTA KIDS strived to deepen the association between the brand and superior sports performance in consumers' minds while to grow the proportion of the footwear category. The brand continued to promote "Resilient Elastic", its first midsole cushioning technology designed specifically for children, to elevate the functionality of its footwear and make a foray into the school running scene. During the financial period, it launched products such as the D7 children's professional running shoes and the "5th RESILIENT ELASTIC WIND-RIDING" running shoes. To fortify the children's basketball segment, ANTA KIDS offered professional basketball sports equipment. For instance, ALIEN 3.0 is a professional basketball shoes for children, characterized by enhanced support and protection. The ANTA KIDS "Play Makes Your Day" training camp – Basketball Elite League, was also organized to further uplift the brand's recognition and influence in the market.

In pursuit of establishing a children's sports community, ANTA KIDS offered an array of professional sports courses designed for both children and teenagers. Partnering with world champions, Olympic champions, and professional athletes from national teams, ANTA KIDS strived to elevate children's sports skills, and enhance their physical fitness and self-esteem while cultivating their enthusiasm and habits for sports. Through the creation of this community, ANTA KIDS has not only broadened its consumer base but also solidified its leading position in China's children's sports market.



MANAGEMENT DISCUSSION AND ANALYSIS



FILA, FILA KIDS and FILA FUSION

FILA, along with FILA KIDS and FILA FUSION, is positioned as a high-end athletic fashion brand that targets high-end consumers in a wide range of age groups. During the financial period, FILA continued to adhere to its core strategy of “Top-notch Products, Top-notch Brands and Top-notch Channels”, which has led to an improvement in the brand’s operational indicators and core competitiveness.

FILA continued to enhance its brand attributes of “performance sports” and “sense of technology” by providing high-performance products for sports enthusiasts. FILA actively crafted a compelling brand story and focused on the presentation of technological sensation in its product marketing campaign, to build up a fashionable and professional sports image in consumers’ minds. During the financial period, FILA expanded its crossover series by partnering with McLaren, a pioneering British supercar brand, to launch a joint collection that empowered golf equipment with technology, leading to a significant enhancement in consumers’ golfing experience and awareness.

In terms of core product offerings, FILA rolled out high-end products of elite sports such as in tennis, golf, skiing, outdoor and cross-training, leading to a progressive increase in the proportion of footwear and professional sports products within its product offerings. The brand also actively enhanced the differentiation of each collection to cater to different customer groups, such as the competition level and the new generation, in different scenarios. Regarding channel deployment, FILA continued to adjust its existing stores by consolidating inefficient stores and expanding into higher-end shopping districts to engage with consumers in different scenarios effectively. Additionally, FILA strategically expanded its e-commerce business by strengthening its social media marketing and traffic on its private domain and official website, leading to tremendous growth in the brand’s online business and on emerging platforms, which have become the industry benchmark.

Ning Chang,
*Ambassador of
FILA athletic fashion*





FILA KIDS provides high-end children's apparel and footwear products and has established a unique position in the high-end kidswear market. FILA KIDS actively cooperated with large-scale major children's sporting events and continued to sponsor the 2023 FILA KIDS Diamond Cup Junior Tennis Challenge during the financial period to promote the development of youth tennis in China. The brand also continued to deepen its development of performance sporting products for children, focusing on outdoor sports such as golf, tennis, skiing and running and launching a variety of supreme products. We focused on innovative R&D and continued to achieve breakthroughs in applying high-end technology to such products. During the financial period, we launched the "FILA KIDS ACE PRO Champion Series", which incorporated professional tennis functionality to create products designed for professional tournaments.

A photograph of Nana Ou-Yang, the ambassador for FILA FUSION, and a young child. Nana is wearing a black FILA baseball cap, a black and white FILA varsity jacket, and white pants. The child is wearing a light blue FILA tracksuit. They are standing in front of a background with large red and blue brushstrokes and a surfboard with a red leaf pattern.

Nana Ou-Yang,
Ambassador of
FILA FUSION



FILA FUSION is a trendy youth lifestyle brand that embodies street style at its core, with a more trendy and edgy design style than the core brand. During the financial period, the Group actively refined its brand positioning and distinctiveness with a new brand concept, "STAY IN FUSION", and was committed to building the concept of sporty trend. FILA FUSION also established a community marketing approach focusing on personality expression and targeting street fashion circles, enabling the young generation to connect emotionally with the brand. FILA FUSION has introduced collaborative collections with a range of designers and artists to demonstrate its diverse characteristics and showcase its ability to fuse sports and fashion. These partnerships have significantly broadened the brand's awareness and amplified its impact in the market.

MANAGEMENT DISCUSSION AND ANALYSIS



DESCENTE

DESCENTE upholds the design-driven sports spirit of “DESIGN THAT MOVES” and incorporates revolutionary technology with ingenious craftsmanship into its creations throughout 80 years of brand legacy. By encompassing skiing, golf, cycling, running, cross-training and female fitness, amongst others, DESCENTE focuses on creating a high-quality and diversified product matrix, exploring the demand arising out of different sporting scenarios and capturing the attention of core consumers who pursue unique high-tech materials and top-notch craftsmanship products.

During the financial period, DESCENTE proactively enhanced its innovative capabilities, explored strategic suppliers that provide inventive materials, and developed cutting-edge sports technology, in order to enhance its

innovation capabilities in product design. Product lines such as golf and triathlon continued to drive DESCENTE’s sales growth. We focused on establishing golf signature products and launched the new professional master series 4PRO T-shirt. We also concentrated on establishing functional and professional sports flagship products and launched the new AWAKEN collection, which includes cycling, running, and DELTA PRO running shoes that utilize professional sports fabrics and design to improve athletic performance. In addition, footwear and female products have emerged as potential core products, with sales recording considerable year-on-year growth.

Moreover, we launched brand collaborations to increase brand awareness and continued to develop differentiated flagship products. We collaborated again with renowned Japanese fashion designer Kazuki Kuraishi, introducing

the DESCENTE x KAZUKI KURAISHI limited edition spring ski series. We also partnered with the famous British fashion designer brand Paul Smith to launch a new crossover collection, showcasing DESCENTE’s cutting-edge sports technology and craftsmanship. In March, we joined forces with well-known Japanese artist Mika Ninagawa to empower women’s sports by unveiling a female art crossover collection that elegantly combines sports performance and fashion.

To enhance our brand reputation, DESCENTE also launched various campaigns to strengthen the cohesion of the sports community, including the “CARVE MY MOVEMENT” community activity. We also created our own IP race, “AWAKEN Cycling and Running Competition”, which deeply penetrated the professional sports circle. It featured customized 40-kilometer cycling routes and 10-kilometer running routes in five cities, calling on cycling and running enthusiasts to join the race. DESCENTE’s professional community platform, D-MOVERs, not only organized community activities such as urban cycling and outdoor running, but also invited coaches and race ambassadors to share professional physical training and competition experiences, as well as launching online live courses to allow sports enthusiasts to access professional content from both online and offline channels.

In terms of store upgrades, DESCENTE is dedicated to building high-end retail excellence and optimizing the channel structure. We have successfully deployed a number of premium flagship stores with high productivity and improved store efficiency through store upgrades. In our online channels, we also strengthened our in-store livestreaming and short video content, producing high-quality content and successfully expanding into markets of higher price range with our core products.

KOLON SPORT

Since its founding in 1973, KOLON SPORT has aspired to become a premium outdoor lifestyle brand that integrates fashionable design and functionality. Successfully satisfying consumers' sophisticated needs for functionality, KOLON SPORT has also transcended the boundaries between urban and outdoor fashion by fusing stylish and inventive design elements. To proactively seize the burgeoning demands in the outdoor sports and camping market, KOLON SPORT continuously amplified its brand influence through advocating a premium outdoor lifestyle, curated a diverse product portfolio, elevated retail standards, and progressively expand marketing channels.

On the momentous occasion of the 50th anniversary of KOLON SPORT, its inaugural Cultural Centre Flagship Store, "KOLON 1973", was officially unveiled in Shanghai, presenting the brand's long-held philosophy of high-end outdoor lifestyle by establishing an immersive high-end outdoor scene. Additionally, a series of marketing activities centred around the brand's anniversary were launched, including the limited edition debut of the "NOACH Eco-Collection" on Tmall's Hey Box together with Chen Kun and Liu Shishi as the official brand ambassadors, to convey the brand's philosophy of professionalism and connecting with nature. KOLON SPORT also joined hands with French outdoor sports brand SALOMON to launch the 50th-anniversary limited edition KOLON SPORT X SALOMON XT-6 hiking and trail running shoes. This collaboration offers adventurous individuals a seamless blend of trendy outdoor design, enhanced practicality, and a secure outdoor experience.

In order to establish a product range that caters to a broader customer base, KOLON SPORT has methodically advanced its footwear development and planning efforts to increase the share of footwear products within its offering. The brand has expanded its product lines by venturing into outdoor product series and camping equipment, which have gained immense popularity among youngers and families. It has also expanded the price range of its products, effectively broadening its reach across relevant markets and consumer segments. In addition, the brand has been fostering its proprietary R&D capabilities for technical fabrics and equipment to create iconic products and professional collections, such as professional waterproof and windproof jackets, meticulously crafted from top-quality outdoor high-tech fabrics. KOLON SPORT also optimized its demographic structure to continuously enhance its influence on young and female consumers.

In terms of channel development, during the financial period, the brand actively sought store locations that aligned with its high-end positioning and entered high-end shopping areas in high-end cities such as Shanghai, Chengdu, Hangzhou, Wuhan and Zhengzhou, gradually expanding its business coverage. In addition, the brand has collaborated with e-commerce platforms to jointly promote its 50th anniversary, resulting in a notable increase in media exposure, propelling robust growth in its e-commerce business and elevated the brand's ranking among outdoor brands on online platforms.



MANAGEMENT DISCUSSION AND ANALYSIS

Supply Chain Management and Digitalization

Our supply chain revolves around a centralized procurement platform with a focus on the core strategies of each brand, while establishing different procurement models and strategies to cater to the differentiated needs of multiple brands. Additionally, we align with global business trends by strengthening our sustainable development strategy and action plans within our supply chain management.

For production, the Group carried out a number of innovation and reform initiatives in the areas of raw materials supplier and R&D, aiming to meet the increasing demand for high-end, functional products under each brand. We introduced high-end technological material suppliers and producers while striving to improve the value for money with upgraded material quality. During the financial period, we also published “The Supplier Sustainability Management Handbook”, which mandates suppliers to establish and maintain a safe, healthy and compliant employment relationship and production environment. They are also required to comply with the “Code of Conduct for Suppliers of ANTA Sports” along with national and local laws and regulations in an effort to foster an environmentally-friendly, healthy, safe, and efficient collaborative supply chain platform. To further enhance supplier management, we specified an evaluation process for the introduction of new suppliers, periodic supplier audits and ratings, emergency reporting procedures for suppliers, and a

complaint and grievance mechanism. We also provide various training sessions to suppliers, encouraging them to embrace the principles of sustainable development. Meanwhile, we joined the Sustainable Apparel Coalition (SAC), an international organization dedicated to the sustainable development of the apparel industry, and utilize its tools to manage environmental performance within our supply chain.

In addition, the Group has implemented the logistics “5+N” network strategy by building a logistics network comprising five first-tier regional warehouses and multiple second-tier cloud warehouses in China. During the financial period, the preparation of the construction of the Eastern China regional warehouse, the Integrated Operation Center in Suzhou, marked the successful advancement of our strategic layout. We also actively drive the transformation and upgrade of our logistics towards digitalization. In March, the Group’s logistics unit signed a cooperation agreement with China Unicom in Jinjiang, Fujian, to jointly develop the 5G Smart Logistics Park project. The introduction of 5G technology will effectively enhance logistics data transmission, operational efficiency, logistics cost reduction, and the overall digitalization and intelligence of our logistics processes. As a key component of the Group’s Jinjiang Integrated Science and Technology Industrial Park (phase 2 and 3), this project will leverage the “5G+AGV” smart logistics system to achieve a breakthrough in the omnichannel retail logistics model and provide the Group with a strong and impactful solution to achieve its strategic goals.

During the financial period, ANTA’s self-produced footwear and apparel accounted for 18.7% and 9.7%, respectively, out of our total sold quantities (2022 1H: 21.6% and 9.7%). FILA’s self-produced footwear and apparel accounted for 7.1% and 3.7% of our total sold quantities (2022 1H: 7.6% and 3.7%).

Product Management

We have launched design centers across various regions in China to establish a global design and innovation resource platform. Collaborating with designers from around the world, including the United States, Japan, South Korea, and Italy, we have formed an international design team dedicated to driving the enhancement of our innovation capabilities. We also actively collaborate with prestigious domestic institutes, such as Tsinghua University, Beijing Sport University

and Beijing Institute of Fashion Technology, to lay the groundwork for fundamental research in design innovation, talent cultivation, and material innovation.

We continued to forge partnerships with various industry partners to bolster our research and development capabilities. During the financial period, we co-established the “BSU-ANTA Research and Development Center for Sports Technology” with Beijing Sport University to build a sports science research platform, providing

technological innovation resources for China’s national team in preparation for the Olympic Games, while facilitating the application of the Group’s proprietary technology in mass sports. In this way, we drive supplier technology upgrades and spearhead the industrialization of scientific research findings. Additionally, the Group has teamed up with Donghua University to embark on the second phase of R&D for the “Breathable Membrane Technology” project, showcasing high-performance waterproof and breathable materials.

Product design innovation is one of our key focuses. The Group partnered with Tsinghua University to joint hold the second “Global Sportswear Design Award”, which called for innovative sportswear designs from around the world, serving as a platform to unearth and cultivate creative talents through the integration of production, academia, and research.

To enhance our product quality, we are dedicated to improving quality management capability, technological R&D, product quality and service, and formulating sustainable development standards. We implement rigorous quality and safety controls for all products by engaging external organizations to conduct the annual supervisory audit of our quality management system certification, environmental management system, and occupational health and safety management system. These audits comprehensively encompass the design, development, production and sales management of sports and leisure footwear and apparel.



MANAGEMENT DISCUSSION AND ANALYSIS



E-commerce Business

After the market recovery, although consumers have returned to shopping at brick-and-mortar stores, there have been structural changes in consumer behavior and the e-commerce market landscape. We formulated differentiated marketing strategies for various e-commerce and social platforms, fostered collaborations with a variety of platforms, and strengthened our penetration into them, to implement precise marketing and satisfy the specific needs of our diverse consumer base. During the financial period, the e-commerce business of all brands increased by 21.7% as compared with the same period of 2022 in terms of absolute amount and contributed 30.8% (2022 1H: 28.9%) of the overall revenue of the Group.

We strategically broadened our digital presence across multiple platforms, effectively encompassing a diverse spectrum of content-based e-commerce and traditional e-commerce marketplaces. We established operating

standards to ensure a consistent brand image and strengthen our core competitiveness. During the financial period, we collaborated with various platforms in a diverse range of marketing activities, ensuring that resources were accurately allocated and achieving more effective and broader communication for each brand, hence expanding our market share.

For platforms with content-based recommendation systems, the Group accelerated its penetration into various high-growth emerging platforms while focusing on the high-performing stores. We seized the growing opportunities presented by platform users and increasing sales volumes. We strengthened our live-streaming team and content marketing efforts to ramp up our own brand-led live-streaming initiatives, utilizing private domain traffic to conduct live-streaming featuring popular products, thereby driving brand awareness and reputation. Among the short-form video and live-streaming platforms, the Group achieved remarkable performance on Douyin, due to

FILA's robust e-commerce sales contribution. Moreover, we are actively expanding our presence in additional emerging channels and have achieved considerable results thus far.

We maintained our focus on traditional e-commerce platforms by forging collaborations with key platforms to drive marketing campaigns, improving the operations and content of our official e-commerce store, optimizing the consumer experience, and providing suitable product support.

During the financial period, we fine-tuned the mix of products exclusively available online and in-season products to more effectively leverage e-commerce as a channel for destocking, and digest the accumulated inventory from the challenging environment of the previous year. In terms of our membership operation, we implemented precise membership management across different channels, ensuring a seamless experience for members across different tiers, thereby fortifying their brand loyalty and recognition.

Human Resources Management

The Group has a distinct organizational structure and put strong emphasis on training and development of our employees, which equips them with strengths. We are committed to complying with all laws and regulations to establish a safe, friendly, and conducive work environment for both employees and enterprise development.

During the financial period, the Group published a new labor policy applicable to all employees. This policy reaffirms our commitment to upholding their fundamental rights and interests, fostering a working environment of equality, inclusivity and well-being, as well as a diversified talent development training system. We also require our third-party business partners to mirror our approach in safeguarding the rights of their employees. Should any violations be reported, we pledge to take appropriate actions promptly in response. We have implemented relevant systems to govern the employee code of conduct, ethics standards, remuneration

and benefits, and devised proactive reporting mechanisms and solutions to regulate, curb and rectify behaviors that might infringe on employees' rights and interests.

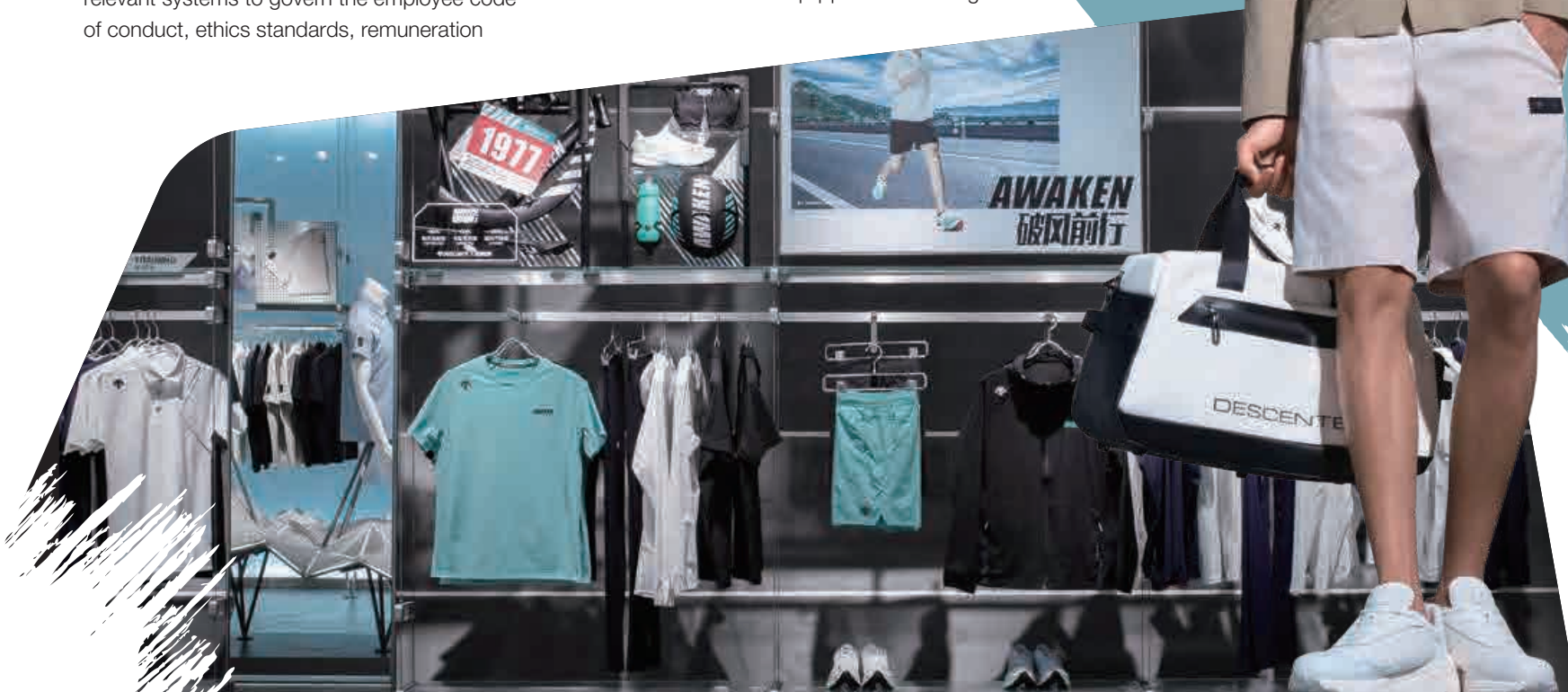
In addition, the Group has been bestowed with the "2023 ATD BEST Awards", a globally renowned accolade in talent development, making it one of the four Chinese enterprises to receive this esteemed honor. The award serves as a testament to the Group's longstanding dedication to talent development and its remarkable achievements, signifying the Group's recognition by authoritative talent development organizations as a learning organization and its success in talent cultivation.

The Group has invested substantial resources in establishing an exemplary employee training system, offering tailored skill training that caters to the needs of various job functions. Regular assessments are mandatory for our employees to ensure that they consistently meet standards and remain equipped with cutting-

edge knowledge. We also collaborate with educational institutions and introduce their high-quality courses to enhance the professional competencies of employees in specific positions.

As of 30 June 2023, we had approximately 59,400 employees (At the end of 2022: 59,000 employees).

William Chan,
*Brand ambassador
of DESCENTE*





Liu Shishi,
Brand ambassador
of KOLON SPORT

MANAGEMENT DISCUSSION AND ANALYSIS

Internal Management

Legal Compliance

To the knowledge of the Directors and management, we are not aware of any non-compliance of laws or regulations resulting in a significant impact on the Group.

As part of our corporate governance practice, Audit Committee regularly reviews and monitors the Group's policies and practices in compliance with legal and regulatory requirements.

Relationship with Stakeholders

Good corporate governance mechanisms help build stable relationships with our suppliers, distributors, franchisees, customers, shareholders and other stakeholders. Through various communication channels, we collect feedbacks and advices from stakeholders, which provide considerable benefits to our business. Maintaining long-term relationships with our stakeholders is not only an intangible asset to us, but also helps all parties 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

Strategic Risk

Economic Environment Risk

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

Globalization Risk

When expanding overseas, enterprises should comply with the laws and regulations, technical standards, and other policies of the import and export countries; and any breach may cause an adverse impact on the Group's operations.

There are significant differences among countries in terms of population, culture, religion, law and regulations, and consumer habits. In the process of global expansion, the Group may be hindered by its failure to obtain sufficient and accurate understanding of the native characteristics.

Technical Environment Risk

The rapid development of technologies, materials, and craftsmanship is having a significant impact on product technique upgrade, supply chain management and sales model for sportswear. It would result in an adverse impact on the operations if the Group fails to adapt with the uncertainties arising from technical progress, product innovation and other relevant factors.

Distribution Channel Risk

In the omni-channel era, consumers and enterprises will have different touchpoints. "Channel" is no longer a concept that refers merely to retail stores. It also covers various social media, application scenarios, and after-sales services that can offer different consumer experiences. If the Group fails to fulfil consumer needs and determine the functions of different channels appropriately, it would have an adverse impact on the operations.

Market Risk

Risk of Changes in Consumer Structure and Consumption Behaviour

In terms of the current consumption trend, 90s-95s have become the major consumer groups; the potential of female market is being unleashed; the demand for outdoor sports products is growing rapidly; and changes in the consumer structure and consumption behaviour are having a significant impact on enterprises. If the Group fails to fully consider changes in market demand and adjust its marketing layout in a timely manner, it would have an adverse impact on the operations.



MANAGEMENT DISCUSSION AND ANALYSIS

Competition Risk

Increasingly tense 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 the Group has maintained our leading position in the China sportswear market, the Group acknowledges that further intensified market competition may impact future revenue and profitability to a certain degree.

Policy Risk

Risk of Foreign Exchange Policy

While the Group's businesses in the Mainland China are denominated in RMB, offshore businesses are denominated in other currencies, which could result in other currencies' cash flows. Currently, RMB is a managed floating currency which is adjusted by reference to a basket of foreign 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.

Risk of Foreign Investment Policies

In 2019, a consortium of investors led by the Group was formed and successfully acquired Amer Sports, an international sports brand group with internationally recognized brands including Arc'teryx, Salomon, Wilson, Peak Performance, Atomic, etc. The consortium has formulated a strategic growth plan to unlock the full potential of those sporting goods and equipment brands. However, outbound investment involves many relevant policies and regulations of China and overseas. If there are subsequent changes in relevant laws, tax policies, foreign exchange policies and financial policies, it may have an adverse impact on the Group's investment value.

Operational Risks

Consumer Experience Enhancement Risk

The market has entered an era of experience economy, and personalisation of consumer needs and diversification of retail scenarios make consumer experience a key factor in brand and product selection. Consumer experience enhancement is conducive to better strengthening brand loyalty. If the Group fails to deliver an all-rounded consumer experience through various touchpoints, it would have an adverse impact on brand development.

Product Innovation and R&D Risk

The Group focuses on the branded sportswear business, and consumers have a certain level of demand on product function and style. Consumer preferences for fabrics and clothing styles change at a rapid pace, and our product development

ability to adapt to these preferences would affect the sales performance of our products.

Risk 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 sportswear 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 on our (and suppliers') operations.

Risk of Channel Costs Increase

For brick-and-mortar business, we adopt a hybrid business model combining wholesale and retail for different brands, including DTC model and direct retail model. Should retail shop rents and staff costs increase, profitability of the Group, distributors and franchisees would be reduced.

Also for e-commerce business, profitability of the Group would be reduced when e-commerce platforms and social media e-commerce channels related costs increase.

Risk of Cross-Region Operation

Consumer groups' purchasing power and consumption preferences are different among different regional markets. Currently, our businesses are located in multiple areas in China as well as some overseas markets, and it is under fast, steady and healthy development. The cross-region operation and business development bring in higher requirements on the Group's existing organizational structure and managerial system. Therefore, potential internal management and operation risks could exist.

Force Majeure Risk

In case of an uncontrollable change in external market and environment (for instance, a potential natural disaster or political and economic issues in China and foreign countries), it would have an adverse impact on our operations, and we may not be able to raise sufficient capital resulting in negative impact on 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 and operation risks could exist.

Risk of Brand Reputation

The Group has established a complete internal control system as well as product quality and safety management system, in order to facilitate risk and 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 needs. In this case, our brand image, product sales and operational results could be adversely affected.

Supplier Management Risk

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 would also be adversely affected by suppliers' liquidity problems or credit deterioration.

Risk 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.

Risk 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 incidents 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.





Huang Jingyu,
*Ambassador of
FILA athletic fashion*

MANAGEMENT DISCUSSION AND ANALYSIS

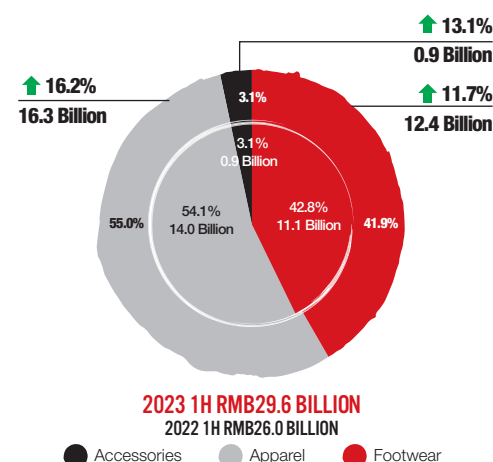
Financial Review

Revenue

Breakdown by Product Category

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

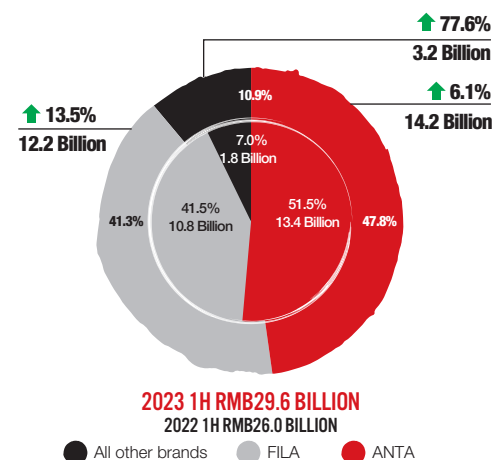
Six months ended 30 June					
	2023		2022		Changes
	(RMB million)	(% of revenue)	(RMB million)	(% of revenue)	(%)
Footwear	12,407	41.9	11,111	42.8	↑11.7
Apparel	16,313	55.0	14,036	54.1	↑16.2
Accessories	925	3.1	818	3.1	↑13.1
Overall	29,645	100.0	25,965	100.0	↑14.2



Breakdown by Segment

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

Six months ended 30 June					
	2023		2022		Changes
	(RMB million)	(% of revenue)	(RMB million)	(% of revenue)	(%)
ANTA	14,170	47.8	13,360	51.5	↑6.1
FILA	12,229	41.3	10,777	41.5	↑13.5
All other brands	3,246	10.9	1,828	7.0	↑77.6
Overall	29,645	100.0	25,965	100.0	↑14.2



During the financial period, the Group's revenue increased by 14.2% as compared with the same period of 2022 to RMB29,645 million (2022 1H: RMB25,965 million) because there was constant promulgation of favorable policies to boost domestic consumption in the Mainland China. For the same period of 2022, sales of the Group were adversely affected by the overall retail market condition. With the recovery of the retail market, sales of ANTA brand, FILA brand and other brands for the financial period recorded a rebound as compared with the same period of 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue (Continued)

ANTA segment contributed 47.8% of the overall revenue to the Group. The segment revenue increased by 6.1% as compared with the same period of 2022 to RMB14,170 million (2022 1H: RMB13,360 million), which was mainly attributable to (i) recovery of the retail market; and (ii) increase in DTC revenue as a result of our continuous DTC model transformation in the Mainland China.

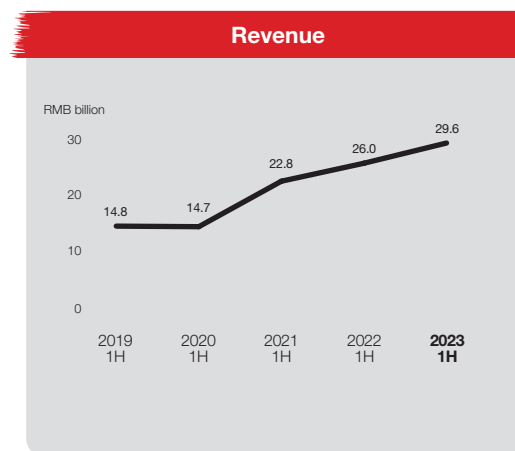
The following table sets out the ANTA segment's revenue by business model for the financial period:

Six months ended 30 June					
	2023		2022		Changes
	(RMB million)	(% of revenue)	(RMB million)	(% of revenue)	(%)
DTC	8,085	57.1	6,640	49.7	↑ 21.8
E-commerce	4,635	32.7	4,569	34.2	↑ 1.4
Traditional wholesale and others	1,450	10.2	2,151	16.1	↓ 32.6
Total	14,170	100.0	13,360	100.0	↑ 6.1

FILA segment contributed 41.3% of the overall revenue to the Group. The segment revenue increased by 13.5% as compared with the same period of 2022 to RMB12,229 million (2022 1H: RMB10,777 million), which was mainly attributable to (i) recovery of the retail market; and (ii) growth of e-commerce business.

Revenue of all other brands increased by 77.6% as compared with the same period of 2022 to RMB3,246 million (2022 1H: RMB1,828 million). The growth was driven by the businesses of DESCENTE and KOLON SPORT, which the performance exceeded management's internal targets.

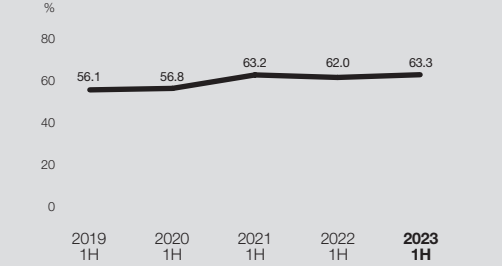
The e-commerce business contributed 30.8% (2022 1H: 28.9%) of the overall revenue to the Group, and increased by 21.7% as compared with the same period of 2022 in terms of absolute amount. The revenue growth was attributable to (i) recovery of the retail market; (ii) continuous enhancement in channel mix of the traditional e-commerce platforms (including T-mall, JD.com, Pinduoduo and VIP.com); and (iii) 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						Gross Profit Margin	
	2023		2022		Changes		
	Gross profit (RMB million)	Gross profit margin (%)	Gross profit (RMB million)	Gross profit margin (%)	Gross profit margin (% point)		
Footwear	7,155	57.7	6,494	58.4	↓ 0.7		
Apparel	11,057	67.8	9,152	65.2	↑ 2.6		
Accessories	543	58.7	463	56.6	↑ 2.1		
Overall	18,755	63.3	16,109	62.0	↑ 1.3		

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					
	2023		2022		Changes
	Gross profit (RMB million)	Gross profit margin (%)	Gross profit (RMB million)	Gross profit margin (%)	Gross profit margin (% point)
ANTA	7,912	55.8	7,358	55.1	↑ 0.7
FILA	8,461	69.2	7,395	68.6	↑ 0.6
All other brands	2,382	73.4	1,356	74.2	↓ 0.8
Overall	18,755	63.3	16,109	62.0	↑ 1.3

During the financial period, the Group's overall gross profit margin increased by 1.3% point as compared with the same period of 2022 to 63.3% (2022 1H: 62.0%). The increase in overall gross profit margin was mainly attributable to (i) increase in gross profit margins of ANTA segment and FILA segment; and (ii) faster expansion of the businesses of all other brands which have relatively higher gross profit margins.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin (Continued)

ANTA segment gross profit margin increased by 0.7% point as compared with the same period of 2022 to 55.8% (2022 1H: 55.1%), which was mainly attributable to continuous DTC model transformation which has a relatively higher gross profit margin.

FILA segment gross profit margin increased by 0.6% point as compared with the same period of 2022 to 69.2% (2022 1H: 68.6%), which was mainly attributable to decrease in write-down of inventories charged to profit or loss for the financial period.

Other Net Income

Other net income for the financial period amounted to RMB637 million (2022 1H: RMB821 million), which mainly comprised of government grants of RMB528 million (2022 1H: RMB719 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 decreased by 3.2% point for the financial period, which was mainly due to (i) promotional activities of the Beijing Winter Olympics in the same period of 2022 with more expenses incurred, compared with relatively less

large-scale advertising and marketing campaigns for the financial period; (ii) slowdown in the store opening and upgrade of high-end brands, resulting in decrease in related expenditures; and (iii) notable growth in overall revenue. The ratio of staff costs to revenue increased slightly by 0.2% point, representing the Group's continuous investment in human resources and talent development. The ratio of R&D costs to revenue remained at the same level of the same period of 2022, reflecting the Group's continuous investment in its R&D capability.

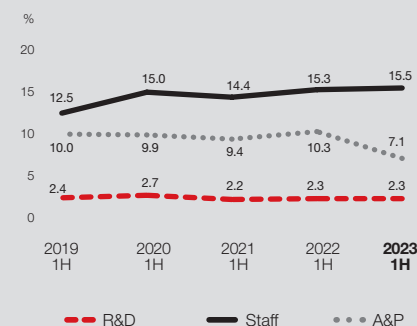
Write-down of Inventories

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 RMB189 million was charged to profit or loss (2022 1H: RMB228 million).

In spite of the recovery of the retail market, the Group's inventory condition returned to healthy level, the remaining off-season products still led to the write-down of inventories for the financial period. The Group continues to adopt the flexible "Dynamic Management" approach in response to market volatilities 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 RMB3 million was credited to profit or loss (2022 1H: RMB2 million).

Attributable to the DTC model transformation (ANTA) and expansion of direct retail businesses (FILA and all other brands), the Group's overall level of trade receivables kept decreasing in recent years.

Profit from Operations and Operating Profit Margin

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

Six months ended 30 June					
	2023		2022		Changes
	Profit from operations (RMB million)	Operating profit margin (%)	Profit from operations (RMB million)	Operating profit margin (%)	Operating profit margin (% point)
ANTA	2,972	21.0	2,942	22.0	↓ 1.0
FILA	3,638	29.7	2,426	22.5	↑ 7.2
All other brands	985	30.3	395	21.6	↑ 8.7
	7,595	25.6	5,763	22.2	↑ 3.4
Headquarters and unallocated items	28	N/A	29	N/A	N/A
Overall	7,623	25.7	5,792	22.3	↑ 3.4

During the financial period, the Group's overall operating profit margin increased by 3.4% point as compared with the same period of 2022 to 25.7% (2022 1H: 22.3%). The overall revenue growth for the financial period led to a higher operating leverage. The ratio of the overall operating expenses to revenue was lower than that for the same period of 2022, and as a result the growth of the Group's profit from operations was higher than the growth of revenue.

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 expenses relating to retail operation. The Group continues to implement stringent cost control measures in order to reduce operating expenditures in all possible areas.

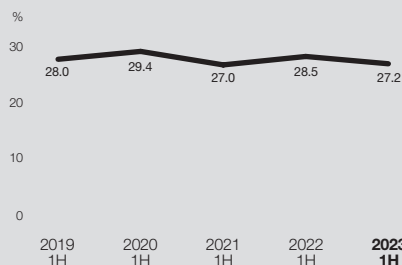
ANTA segment operating profit margin decreased by 1.0% point as compared with the same period of 2022 to 21.0% (2022 1H: 22.0%), which was mainly attributable to (i) increase in operating expenses to revenue ratio as a result of the continuous DTC model transformation in the Mainland China with store level lease expenses and staff costs increased; and (ii) decrease in government grants recognized during the financial period; while the decrease was partially offset by 0.7% point increase in gross profit margin.

FILA segment operating profit margin increased by 7.2% point as compared with the same period of 2022 to 29.7% (2022 1H: 22.5%), which was mainly attributable to higher operating leverage with decrease in operating expenses to revenue ratio (especially for advertising and promotional expenses, staff costs and rental-related expenses).

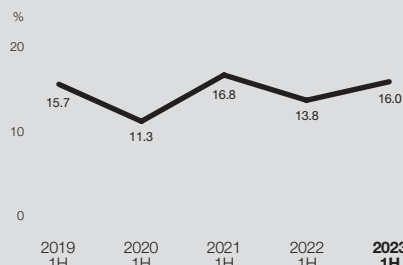


MANAGEMENT DISCUSSION AND ANALYSIS

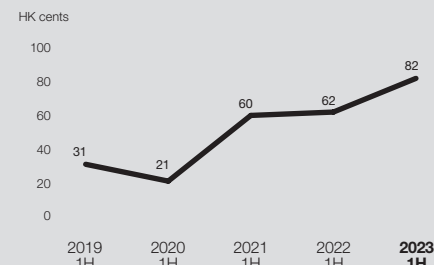
Effective Tax Rate



Margin of Profit Attributable to Equity Shareholders



Interim Dividend Per Ordinary Share



Finance Income/Costs

Total interest income for the financial period amounted to RMB583 million (2022 1H: RMB254 million). The increase was mainly due to increase in average bank deposit balances and increase in average bank deposit interest rates (especially for offshore fixed deposits) as compared with the same period of 2022, reflecting the Group's effective treasury management.

Total interest expense (excluding interest expense on lease liabilities) amounted to RMB95 million (2022 1H: RMB125 million) for the financial period. The decrease was mainly driven by decrease in average debt financing interest rates through RMB bank loans and medium term notes.

Interest expense on lease liabilities under applicable financial reporting standards amounting to RMB146 million was incurred during the financial period (2022 1H: RMB144 million).

Effective Tax Rate

Effective tax rate (excluding the effect of share of profit or loss of a joint venture) was 27.2% for the financial period (2022 1H: 28.5%). The ratio returned back to normal level with the recovery of the retail market.

Margin of Profit Attributable to Equity Shareholders

Margin of profit attributable to equity shareholders increased by 2.2% point to 16.0% for the financial period, which was mainly attributable to (i) 3.4% point increase in operating profit margin; (ii) increase in total interest income with decrease in total interest expense at the same time; and (iii) decrease in effective tax rate; while the increase was partially offset by increase in share of loss of a joint venture.

Dividends

The Board has declared an interim dividend of HK82 cents per ordinary share in respect of the financial year 2023, representing a payout of RMB2,146 million (2022 1H: RMB1,508 million),

or a distribution of 45.2% (2022 1H: 42.0%) of the current period's profit attributable to equity shareholders.

Liquidity and Financial Resources

As the retail market recovers, the Group's financial position remains robust and recorded a net operating cash inflow during the financial period.

As at 30 June 2023, the cash and cash equivalents of the Group amounted to RMB25,829 million, which were mainly denominated in RMB, USD, HKD and EUR, representing an increase of RMB8,451 million as compared with the cash and cash equivalents of RMB17,378 million as at 31 December 2022 (while the fixed deposits held at bank with maturity over three months increased by RMB9,261 million and the net cash position increased by RMB16,608 million). This was mainly attributable to:

- Net cash inflow from operating activities amounted to RMB10,164 million, which was more than the profit from operations and represented the strong cash generating capability of the Group.

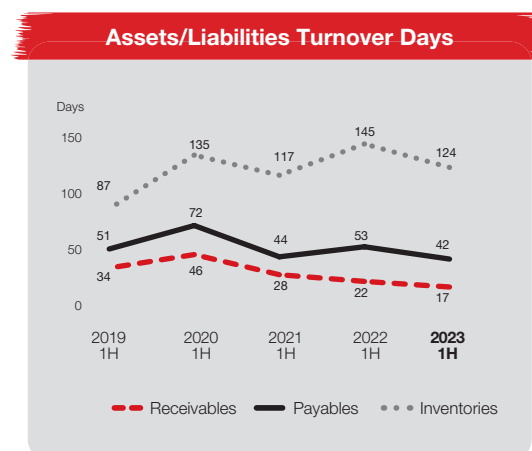
- Net cash outflow from investing activities amounted to RMB9,337 million, mainly including capital expenditures of RMB664 million, and net placements of fixed deposits held at banks with maturity over three months of RMB8,685 million.
- Net cash inflow from financing activities amounted to RMB7,307 million, mainly including the net proceeds from the placing and top-up subscription in April 2023 amounting to RMB10,497 million, payment of the final dividend in respect of the financial year 2022 amounting to RMB1,852 million, net drawdowns of bank loans amounting to RMB521 million, payments of interest expenses on bank loans amounting to RMB18 million, and payment of lease liabilities amounting to RMB1,968 million.

As at 30 June 2023, total assets of the Group amounted to RMB83,686 million, of which current assets were RMB51,976 million. Total liabilities and non-controlling interests were RMB34,985 million and total equity attributable to equity shareholders of the Company amounted to RMB48,701 million.

The Group's gearing ratio was 16.5% as at 30 June 2023 (as at 31 December 2022: 18.3%), being a ratio of total borrowings to total assets. Bank loans were denominated in RMB or EUR and measured at amortized cost. All bank loans were at fixed rates, and 29% of bank loans were repayable within 1 year. Bills payable (financing in nature) were bills of exchange denominated in RMB, measured at amortized cost and repayable within 1 year. Convertible bonds (liability component) were denominated in EUR, measured at amortized

	2023 (RMB million)	2022 (RMB million)
Six months ended 30 June		
Operating cash inflow	10,164	4,979
Capital expenditures	(664)	(858)
Others	23	(13)
Free cash inflow	9,523	4,108
As at 30 June/31 December		
Cash and cash equivalents	25,829	17,378
Fixed deposits held at banks with maturity over three months	19,566	10,305
Pledged deposits	5	5
Less: borrowings		
– Bank loans	(3,506)	(2,959)
– Bills payable (financing in nature)	(1,000)	(1,000)
– Convertible bonds (liability component)	(7,742)	(7,212)
– Medium term notes	(1,546)	(1,519)
Net cash position	31,606	14,998

cost and repayable between 1 and 2 years (subject to early redemption provision under the terms and conditions). Medium term notes were denominated in RMB and measured at amortized cost; principal amount of RMB1,000 million were repayable within 1 year, and principal amount of RMB500 million were repayable between 2 and 3 years.



MANAGEMENT DISCUSSION AND ANALYSIS

Assets/Liabilities Turnover Ratios

The average inventory turnover days decreased by 21 days with decreased balance of inventories as at the end of the financial period as compared with that as at 31 December 2022, showing the recovery of the retail market and the Group's capability in off-season stock clearance. The average trade receivables turnover days decreased by 5 days with decreased balance of trade receivables as at the end of the financial period as compared with that as at 31 December 2022, reflecting the Group's effective trade receivable management and the DTC model transformation. The average trade payables turnover days decreased by 11 days. The turnover ratios mentioned above were at healthy levels.

Pledge of Assets

As at 30 June 2023, the Group had bank deposits of RMB5 million (as at 31 December 2022: RMB5 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 the convertible bonds (liability component) are denominated in EUR, fluctuations in the exchange rates of the EUR against RMB may have a significant impact on 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 2023, the Group has 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 Arc'teryx, Salomon, 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 has been 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 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. 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.

AS Holding's operational performance is continuously improving. During the financial period, AS Holding recorded revenue (on a consolidated basis) of RMB13,267 million and EBITDA (on a consolidated basis) of RMB1,779 million, reflecting the healthy development and the enhancement in profitability at operation level of the joint venture under the strategic growth plan set by the investor consortium.

AS Holding recorded net loss (on a consolidated basis) of RMB983 million for the financial period which was mainly attributable to certain one-off nature items of approximately RMB985 million charging to profit or loss. In particular, due to significant rise in the discount rate used in impairment testing and adjustment in development priority of the brands under Amer Sports, impairments on goodwill and trademarks of approximately RMB1,131 million in total for Peak Performance business were recognized by AS Holding.

Based on the 52.70% interest held, share of loss of a joint venture was RMB516 million for the financial period.

As at 30 June 2023, 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 RMB9,210 million, representing 11.0% 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.

Carrying amount of the Group's investment in AS Holding

	2023 (RMB million)	2022 (RMB million)
As at 1 January	9,343	9,027
Share of loss	(516)	(178)
Share of other comprehensive (loss)/income	(131)	245
Share of other reserves	(76)	14
Foreign currency translation differences	590	(272)
As at 30 June	9,210	8,836

Summarized consolidated financial information of AS Holding

	2023 (RMB million)	2022 (RMB million)
Six month ended 30 June		
Revenue	13,267	9,671
EBITDA	1,779	714
Depreciation and amortization	(727)	(631)
Impairment	(1,131)	–
Interest income	23	8
Interest expense	(725)	(389)
Income tax expense	(202)	(41)
Net loss	(983)	(339)
Other comprehensive (loss)/income	(250)	464
Total comprehensive (loss)/income	(1,233)	125

	2023 (RMB million)	2022 (RMB million)
As at 30 June/31 December		
Non-current assets	40,933	39,470
Current assets	15,116	15,044
Current liabilities	(19,161)	(9,023)
Non-current liabilities	(19,381)	(27,753)
Non-controlling interests	(30)	(9)
Equity attributable to equity shareholders	17,477	17,729

MANAGEMENT DISCUSSION AND ANALYSIS

Significant Financing

Zero Coupon EUR1 Billion Convertible Bonds Due 2025 Issue

On 5 February 2020, the Group issued zero coupon convertible bonds due 2025 in the aggregate principal amount of EUR1 billion, 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 at 30 June 2023, the total outstanding principal amount of the convertible bonds was EUR1 billion (equivalent to RMB7,893 million). There had not been any exercise of conversion right of the convertible bonds and no redemption right had been exercised by the bondholders or the Company during the financial period.

Based on the applicable conversion price of HKD100.72 on that date and assuming full conversion of the convertible bonds, the convertible bonds would be convertible into 85,847,895 conversion shares.

The net proceeds from the convertible bonds issue were fully utilized by the end of the financial year 2022.

Pursuant to the terms and conditions of the convertible bonds, on 5 February 2023 (the “Optional Put Date”), the holder of each convertible bond had the right, at such holder’s option, (the “Put Option”) to require the Group to redeem all or some only of such holder’s convertible bonds on the Optional Put Date at their principal amount. The holders of the relevant convertible bonds should notify the payment agent of their election to exercise the

Put Option during normal business hours no later than 6 January 2023 in accordance with the terms and conditions of the convertible bonds.

As of the close of business on 6 January 2023, the payment agent did not receive any notice in relation to the Put Option. Accordingly, none of the holders of the convertible bonds exercised the Put Option and no redemption of the convertible bonds was required under the terms and conditions of the convertible bonds on the Optional Put Date.

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

Placing and Top-up Subscription

On 17 April 2023 (after trading hours of the Hong Kong Stock Exchange), Anta International, Anda Holdings and Anda Investments (collectively the “Vendors”), UBS AG Hong Kong Branch, Morgan Stanley Asia Limited and Citigroup Global Markets Limited (collectively the “Placing Agents”) and the Company entered into a placing and subscription agreement pursuant to which (i) the Vendors agreed to sell, and each of the Placing Agents agreed, to procure, as agent of the Vendors, placees for (or failing which, to purchase for and on behalf of itself) an aggregate of 119,000,000 existing Shares held by the Vendors (the “Placing Share(s)”) at placing price of HKD99.18 per Placing Share (the “Placing”); and (ii) the Vendors agreed to subscribe for and the Company agreed to issue to the Vendors, an aggregate of 119,000,000 new Shares (the “Subscription Share(s)”, equivalent to the number of the Placing Shares sold by the Vendors pursuant to the Placing) at subscription price (being the same as the placing price) of HKD99.18 per Subscription Share (the “Subscription”). The closing price of the Shares as quoted on the Hong Kong Stock Exchange on 17 April 2023 (being the date of the placing

and subscription agreement) was HKD108.80. Based on a par value of HKD0.10 per Share, the aggregate nominal value of the Subscription Shares was HKD11,900,000.

The Directors have considered various ways of raising funds and consider that it would be in the interests of the Company to raise equity funding through the Placing and the Subscription to broaden its shareholder base, strengthen the Group’s capital base and enhance its financial position and net assets base for long-term development and growth. The Directors (including the Independent Non-Executive Directors) consider that the placing price, the subscription price and the terms and conditions of the placing and subscription agreement (including the Placing Agents’ commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The completion of the Placing took place on 20 April 2023 and a total of 119,000,000 Placing Shares were successfully placed by the Placing Agents to not less than six placees, whom are professional, institutional or other investors procured by the Placing Agents and (to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries) whom and their respective ultimate beneficial owners are independent persons and non-connected persons of the Company, at the placing price of HKD99.18 per Placing Share.

The completion of the Subscription took place on 27 April 2023 and a total of 119,000,000 new Subscription Shares were allotted and issued to the Vendors at the subscription price of HKD99.18 per Subscription Share. The net price of each Subscription Share, after deduction of all relevant fees, costs and expenses, was approximately HKD98.68.

None of the placees became substantial shareholders of the Company upon completion of the Placing.

The gross proceeds from the Subscription were approximately HKD11,802 million. The net proceeds from the Subscription (after deducting all fees, costs and expenses properly incurred by the Vendors (including without limitation, the Placing Agents' commission, the stamp duty, the Hong Kong Stock Exchange trading fee and the Securities and Futures Commission transaction levy) borne by the Company, and other expenses incurred by the Company, in connection with the

Placing and the Subscription) are approximately HKD11,743 million (equivalent to RMB10,497 million).

During the financial period, HKD5,362 million (equivalent to RMB4,824 million) of the net proceeds from the Subscription were used. As at 30 June 2023, the unutilized net proceeds were HKD6,381 million (equivalent to RMB5,989 million).

For further details of the Placing and the Subscription, please refer to the announcements of the Company dated 18 April 2023 and 27 April 2023.

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

Intended use of proceeds	Initial intended allocation (HKD million)	Utilized amount for the six months ended 30 June 2023 (HKD million)	Unutilized amount as at 30 June 2023 (HKD million)	Expected timeline for utilizing the remaining proceeds
<i>Placing and Top-up Subscription in April 2023</i>				
Repayment of the Group's outstanding financial indebtedness	9,121	(3,311)	5,810	Before 31 December 2025
General working capital of the Group	2,622	(2,051)	571	Before 31 December 2025
	11,743	(5,362)	6,381	

Capital Commitments, Contingencies and Guarantee

Capital Commitments

As at 30 June 2023, the Group had capital commitments of RMB1,767 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 RMB10,260 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 2023, Facility A has been fully drawn by AS Holding.

Saved as disclosed above, as at 30 June 2023, the Group did not provide any form of guarantee for any company outside the Group.

A full-page advertisement featuring Wu Dajing in a dynamic, athletic pose. He is wearing a black long-sleeved shirt with a gold logo, black pants, and black sneakers with red accents. He is holding a black resistance band with both hands, pulling it taut. The background is a textured grey wall with a large red brushstroke in the upper right corner. The overall aesthetic is modern and energetic.

Wu Dajing,
*Brand ambassador
of ANTA*

MANAGEMENT DISCUSSION AND ANALYSIS

Prospects

Unyielding Persistence in the Journey to Success

In the second half of 2023, despite ongoing uncertainties in both China and the global markets, we remain confident in the prospects for a gradual recovery. As the Chinese government focuses on boosting business development and domestic consumption, we believe that the various stimulus measures will effectively stimulate retail and economic growth. The Group holds fast to the importance of attaining high-quality growth to ensure sustainable growth amid intense competition. With a steadfast commitment to long-term strategic thinking, the Group remains resolute in executing the “Single-focus, Multi-brand, Globalization” strategy, steadily progressing in its development journey. To foster future development, we persist in nurturing talent, cultivating key talent teams, strengthening the integration of omnichannel, and refining multi-brand development – all working together to propel business growth.

Performance Sports Group – Elevating Brand Narrative by Harnessing the Asian and Olympic Games

For the Performance Sports Group, ANTA and ANTA KIDS will further optimize their product portfolios, strengthen design teams, emphasize the ongoing success of popular product lines, infuse brand stories into products, and create “Flagship products”. In addition, we are set to reinforce our basketball segment. Through our partnership with NBA star Kyrie Irving, we are confident in solidifying ANTA’s differentiated positioning within the segment.

The Hangzhou 2023 Asian Games and Paris 2024 Summer Olympics are on the horizon, and we will capitalize on these pivotal events. By harnessing our core athlete resources, we intend to effectively enhance the value of our brands and products. As the one-year countdown to the Paris 2024 Summer Olympics commences, ANTA and COC jointly launched the “Mountain and River Project”. This initiative aims to promote the concept of “Green Olympics” in anticipation of the forthcoming Olympic Games. Through strategic sponsorship of major sports events and athletes, our goal is to maximize the impact of these resources for a more significant outcome.

We will continue to solidify our market share within the value-for-money mass sportswear market by optimizing the existing product portfolio and expanding new product offerings. Simultaneously, we are dedicated to nurturing the professional sports segment and further enhancing our distinct high-end products. In addition, we will execute channel optimization by employing unique store images tailored to different city tiers and business districts, as well as proactively enhancing store efficiency and profitability of our DTC business to ensure effective retail management.



MANAGEMENT DISCUSSION AND ANALYSIS

We are also pursuing opportunities in Southeast Asia and overseas markets. ANTA has gradually established its presence in the Southeast Asia market. By leveraging our sophisticated supply chain, value-for-money product offerings, and extensive experience in channel development and brand marketing, our Southeast Asia business unit will play a key role in advancing the Group's strategic goal of "Globalization".

Fashion Sports Group – Enforcing Diverse Strategies to Attain Breakthroughs in High-Quality Development

FILA has made significant strides in recent years, particularly in the areas of staying ahead of fashion trends, rebranding, expanding the share of professional sports products and footwear, and channel upgrades. These endeavors have significantly bolstered our resilience. FILA's focus lies in achieving high-quality development across various operational indicators and striving for breakthroughs. Regarding the optimization of our product structure, we will develop a range of products with high potential, including professional running shoes and sportswear. We emphasize on enhancing product quality, utilizing high-end fabrics, and enhancing craftsmanship and technology to strengthen our core competitiveness. Meanwhile, we plan to enhance the functionality and innovation of our products while refining our promotion and marketing efforts.

FILA has initiated the "Beacon Project" to drive brand enhancement. This initiative will primarily focus on the development of "elite sports" products across four key areas – artistic athleticism, top-notch channels, the ambassador matrix and footwear products, with the aim of propelling the brand to new heights. FILA KIDS is devoted to cultivating professional sports products tailored for children, with an emphasis on sports such as tennis

and skiing that embody character and style. We aim to cement our unique position in the high-end children's sportswear market. FILA FUSION, on the other hand, will further develop its streetwear style and fortify its brand narrative that embodies youthful and fashionable lifestyles.

In terms of retail excellence, FILA will focus on its presence in prime shopping malls and business districts. We will enhance our store image, forge competitive advantages in channels, refine membership operations, foster stronger consumer interaction and communication, and target specific consumer segments with greater precision. Our objective is to elevate the consumer shopping experience and enhance the overall efficiency of our omni-channel operations.

Outdoor Sports Brands – Emphasizing Brand Differentiation

In the face of growing opportunities in the outdoor sports market, we will persist in fortifying the brand positioning of DESCENTE and KOLON SPORT, accentuating their distinct uniqueness. As we pursue high-quality growth, prioritizing store efficiency over aggressive store expansion will remain a core aspect of our management approach.

DESCENTE's pursuits focus on strengthening its capabilities in terms of branding, top-notch products, and retail excellence. Capitalizing on its strengths within professional circles, DESCENTE strives to allure clientele with high spending power while further broadening its range of women's products. A strong emphasis is placed on brand-associated sports competitions to enhance its reputation. In addition, the brand will also bolster collaborations with e-commerce platforms and social media communication.

This year commemorates the 50th anniversary of the establishment of KOLON SPORT. The brand has effectively garnered consumer favor by leveraging its image as a premium quality outdoor lifestyle brand. Expanding on this foundation, our focus will revolve around camping, outdoor sports, high-altitude trekking and beyond. We will introduce a variety of new iconic products while actively broadening footwear offerings, thereby solidifying the core product line-up and enhancing our distinctiveness within the outdoor brand market.

Amer Sports – Advancing Business Growth

In 2023, Amer Sports is on track to complete the "Big Brands, Big Channels, Big Countries" development plan set five years ago and is in the process of shaping its next phase of growth strategy and objectives. In the second half of this year, Amer Sports is expected to maintain healthy operational growth and is poised to further expand the global presence of its brand portfolio, building upon the robust foundation established in the initial five years following the acquisition. Following its purpose statement, Amer Sports will elevate the world through sport, from courts to slopes, from cities to mountains, and everywhere in between, it inspires people to explore and experience the joy of sports and lead better, healthier lives.

By the end of 2023, we expect the total number of ANTA stores and ANTA KIDS stores in the Mainland China and overseas to be 7,000 to 7,100 and 2,800 to 2,900, respectively. FILA (including FILA KIDS and FILA FUSION standalone stores) will have a total of 1,900 to 2,000 stores in the Mainland China, Hong Kong SAR, Macao SAR and Singapore. DESCENTE is expected to have 185 to 195 stores in the Mainland China, Hong Kong SAR and Macao SAR, while KOLON SPORT is expected to have a total of 170 to 180 stores in the Mainland China and Hong Kong SAR.

ADHERING TO THE “SINGLE-FOCUS, MULTI-BRAND, GLOBALIZATION” STRATEGY TO REINFORCE ITS LEADING POSITION IN DIFFERENT MARKET SEGMENTS



Perpetuating healthy development of multiple brands

MAJOR GOAL



- Positioned for the mass market
- Breakthroughs in the field of performance sports
- Brand upgrade



- Staying ahead of product trends
- Beacon Project for uplifting the brand
- Achieving retail excellence



- Enhancing brand power through amplifying brand salience in skiing
- Reinforcing product offering by creating high-quality products
- Elevating retail operations to achieve excellence



- 50th-anniversary marketing campaign
- Creating iconic products
- Delicacy management for retail operations
- Advancing organizational capacity



Target number of stores by the end of 2023:

ANTA :
7,000–7,100

ANTA KIDS:
2,800–2,900

FILA, FILA KIDS
and FILA FUSION:
1,900–2,000

DESCENTE:
185–195

KOLON
SPORT:
170–180

A man with dark hair, smiling and looking to his right, stands in a forest. He is wearing a light beige, high-collared jacket with dark piping along the seams and cuffs. His right hand is near his chin, and his left hand is in his pocket. The background consists of blurred green trees. The image is framed by stylized brushstrokes: a red one in the top left and several green ones on the right and bottom right.

Chen Kun,
*Brand ambassador
of KOLON SPORT*

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 78 which comprises the condensed consolidated statement of financial position of ANTA Sports Products Limited as of 30 June 2023 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 2023 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 stylized, handwritten version of the KPMG logo, with the letters 'KPMG' in a bold, black, sans-serif font.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong SAR
22 August 2023



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023 – unaudited

		Six months ended 30 June	
		2023	2022
	Note	RMB'million	RMB'million
Revenue	3(a)	29,645	25,965
Cost of sales		(10,890)	(9,856)
Gross profit		18,755	16,109
Other net income		637	821
Selling and distribution expenses		(10,074)	(9,437)
Administrative expenses		(1,695)	(1,701)
Profit from operations		7,623	5,792
Net finance income/(costs)	4	356	(22)
Share of loss of a joint venture	12	(516)	(178)
Profit before taxation	5	7,463	5,592
Taxation	6	(2,169)	(1,642)
PROFIT FOR THE PERIOD		5,294	3,950
Other comprehensive income/(loss) for the period			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		1,009	418
Share of other comprehensive (loss)/income of a joint venture		(75)	213
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)		1	(62)
Share of other comprehensive (loss)/income of a joint venture		(56)	32
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,173	4,551
PROFIT ATTRIBUTABLE TO:			
Equity shareholders of the Company		4,748	3,588
Non-controlling interests		546	362
PROFIT FOR THE PERIOD		5,294	3,950
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity shareholders of the Company		5,627	4,189
Non-controlling interests		546	362
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,173	4,551
Earnings per share	7	RMB	RMB
– Basic		1.74	1.33
– Diluted		1.70	1.31

The notes on pages 53 to 78 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 2023 – unaudited

	Note	30 June 2023 RMB'million	31 December 2022 RMB'million (audited)
Non-current assets			
Property, plant and equipment	8	4,129	3,716
Right-of-use assets	9	7,434	8,015
Construction in progress	10	664	1,058
Other non-current assets		571	544
Intangible assets	11	1,439	1,480
Investment in a joint venture	12	9,210	9,343
Other investments	13	1,112	1,065
Fixed deposits held at banks with maturity over three months	16	5,823	–
Deferred tax assets	19(b)	1,328	1,378
Total non-current assets		31,710	26,599
Current assets			
Inventories	14	6,487	8,490
Trade receivables	15	2,744	2,978
Other current assets	15	2,539	2,822
Other investments	13	629	618
Pledged deposits	16	5	5
Fixed deposits held at banks with maturity over three months	16	13,743	10,305
Cash and cash equivalents	16	25,829	17,378
Total current assets		51,976	42,596
Total assets		83,686	69,195

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023 – unaudited

	Note	30 June 2023 RMB'million	31 December 2022 RMB'million (audited)
Current liabilities			
Borrowings	17	3,059	12,198
Trade payables	18	2,354	2,750
Other current liabilities	18	6,003	6,145
Payable to non-controlling interests		59	53
Lease liabilities		2,612	2,867
Amounts due to related parties	23(b)	17	25
Current taxation	19(a)	1,647	2,169
Total current liabilities		15,751	26,207
Net current assets		36,225	16,389
Total assets less current liabilities		67,935	42,988
Non-current liabilities			
Borrowings	17	10,735	492
Payable to non-controlling interests		–	28
Lease liabilities		3,495	3,938
Deferred tax liabilities	19(b)	899	691
Total non-current liabilities		15,129	5,149
Total liabilities		30,880	31,356
Net assets		52,806	37,839
Equity			
Share capital	20(a)	272	262
Reserves	20	48,429	34,138
Total equity attributable to equity shareholders of the Company		48,701	34,400
Non-controlling interests		4,105	3,439
Total liabilities and equity		83,686	69,195

The notes on pages 53 to 78 form part of this interim financial report.



Ding Shizhong
Chairman and Executive Director



Lai Shixian
Executive Director and Co-Chief Executive Officer

Hong Kong SAR, 22 August 2023

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023 – 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 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		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
Balances as at 1 January 2023		262	34,138	34,400	3,439	37,839
Changes in equity for the six months ended 30 June 2023:						
– Profit for the period		–	4,748	4,748	546	5,294
– Other comprehensive income for the period		–	879	879	–	879
Total comprehensive income for the period		–	5,627	5,627	546	6,173
Dividends approved in respect of the previous year	20(j)	–	(1,852)	(1,852)	–	(1,852)
Shares allotted and issued under a placing and subscription agreement	20(a)	10	10,487	10,497	–	10,497
Equity-settled share-based payment transactions	20(g)	–	105	105	–	105
Share of other reserves of a joint venture	12	–	(76)	(76)	–	(76)
Capital contribution by non-controlling interests of subsidiaries		–	–	–	245	245
Dividends to non-controlling interests of subsidiaries		–	–	–	(125)	(125)
Balances as at 30 June 2023		272	48,429	48,701	4,105	52,806

The notes on pages 53 to 78 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023 – unaudited

		Six months ended 30 June	
		2023	2022
	Note	RMB'million	RMB'million
Operating activities			
Cash generated from operations		11,851	6,908
Income tax paid		(2,433)	(2,166)
Interest received		746	237
Net cash generated from operating activities		10,164	4,979
Investing activities			
Capital expenditures paid		(664)	(858)
Net placements of pledged deposits		–	(14)
Net placements of fixed deposits held at banks with maturity over three months		(8,685)	(2,815)
Net payments of other investments		(11)	(177)
Other cash flows derived from investing activities		23	(13)
Net cash used in investing activities		(9,337)	(3,877)
Financing activities			
Net proceeds from/(repayments of) bank loans		521	(702)
Payments of interest expense on bank loans		(18)	(33)
Net proceeds from bills of exchange		–	500
Payments of lease liabilities		(1,968)	(1,478)
Dividends paid to equity shareholders of the Company	20(j)	(1,852)	(2,244)
Dividends paid to non-controlling interests of subsidiaries		(118)	(105)
Net proceeds from shares allotted and issued under a placing and subscription agreement	20(a)	10,497	–
Other cash flows derived from financing activities		245	122
Net cash received from/(used in) financing activities		7,307	(3,940)
Net increase/(decrease) in cash and cash equivalents		8,134	(2,838)
Cash and cash equivalents as at 1 January		17,378	17,592
Effect of foreign exchange rate changes		317	150
Cash and cash equivalents as at 30 June	16	25,829	14,904

The notes on pages 53 to 78 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* (the “Listing Rules”) 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 22 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 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 2022 annual financial statements.

The interim financial report is unaudited, but has 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 and a new standard to IFRSs and HKFRSs that are first effective for the current accounting period of the Group. Except for the developments set out below, none of other 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 prepared or presented in this interim financial report.

	Effective for accounting period beginning on or after
Amendments to IAS/HKAS 12, <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to IAS/HKAS 12, <i>International Tax Reform – Pillar Two Model Rules</i>	1 January 2023

NOTES TO THE INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

2. CHANGES IN ACCOUNTING POLICIES

(Continued)

(a) Revision on IFRSs/HKFRSs (Continued)

(i) Amendments to IAS/HKAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained profits or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on right-of-use assets and lease liabilities applying the ‘integrally linked’ approach, resulting in a similar outcome to the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS/HKAS 12. There was also no impact on the opening retained profits as at 1 January 2022 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised as set out in note 19(b).

The change in accounting policy will also be reflected in the Group’s consolidated financial statements as at and for the year ending 31 December 2023.

(ii) Amendments to IAS/HKAS 12, *International Tax Reform – Pillar Two Model Rules*

In October 2021, more than 135 jurisdictions agreed to the Organisation for Economic Co-operation and Development (“OECD”)/G20 Inclusive Framework on Base Erosion and Profit Shifting’s *Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy*. Since then, the OECD has published model rules and other documents related to the second pillar of this solution (the “Pillar Two model rules”). The Pillar Two model rules provide a template that jurisdictions can translate into domestic tax law and implement as part of an agreed common approach.

The rules: (1) aim to ensure that large multinational groups pay a minimum amount of tax on income arising in each jurisdiction in which they operate; (2) would achieve that aim by applying a system of top-up taxes that results in the total amount of taxes payable on excess profit in each jurisdiction representing at least the minimum rate of 15%; and (3) typically require the ultimate parent entity of a group to pay top-up tax – in the jurisdiction in which it is domiciled – on profits of its subsidiaries that are taxed below 15%.

As a result of the amendments, IAS/HKAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules. Such tax law, and the income taxes arising from it, are hereafter referred to as Pillar Two legislation and Pillar Two income taxes. The amendments introduce a temporary mandatory exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes and targeted disclosure requirement for affected entities.

The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes for the current accounting period. The new disclosure will be reflected in the Group’s consolidated financial statements as at the ends of and for the periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect.

2. CHANGES IN ACCOUNTING POLICIES

(Continued)

(b) Possible impact of amendments, 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 which are not yet effective for the year ending 31 December 2023 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.

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	
	2023	2022
	RMB'million	RMB'million
Footwear	12,407	11,111
Apparel	16,313	14,036
Accessories	925	818
	29,645	25,965

For the six months ended 30 June 2023, there was no customer with whom transactions have exceeded 10% of the Group's revenue (2022: 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

The chief executive officer of the Company (or the co-chief executive officers (as applicable)) 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:

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(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 2023					
Revenue					
– Revenue from external customers	14,170	12,229	3,246	–	29,645
Gross profit	7,912	8,461	2,382	–	18,755
Results	2,972	3,638	985	28	7,623
– Net finance income	–	–	–	356	356
– Share of loss of a joint venture	–	–	–	(516)	(516)
Profit/(loss) before taxation	2,972	3,638	985	(132)	7,463
As at 30 June 2023					
Assets					
– Investment in a joint venture	–	–	–	9,210	9,210
– Other investments	–	–	–	1,741	1,741
– Deferred tax assets	–	–	–	1,328	1,328
– Other assets	27,576	11,956	5,509	26,559	71,600
<i>Reconciliation:</i>					
– Elimination of internal borrowings	–	–	–	(193)	(193)
Total assets	27,576	11,956	5,509	38,645	83,686
Liabilities					
– Borrowings	–	–	–	13,794	13,794
– Current taxation	–	–	–	1,647	1,647
– Deferred tax liabilities	–	–	–	899	899
– Other liabilities	7,197	5,131	1,686	719	14,733
<i>Reconciliation:</i>					
– Elimination of internal borrowings	(23)	–	(170)	–	(193)
Total liabilities	7,174	5,131	1,516	17,059	30,880

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					
– 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 31 December 2022					
Assets					
– Investment in a joint venture	–	–	–	9,343	9,343
– Other investments	–	–	–	1,683	1,683
– Deferred tax assets	–	–	–	1,378	1,378
– Other assets	26,649	11,326	4,774	14,231	56,980
<i>Reconciliation:</i>					
– Elimination of internal borrowings	–	–	–	(189)	(189)
Total assets	26,649	11,326	4,774	26,446	69,195
Liabilities					
– Borrowings	–	–	–	12,690	12,690
– Current taxation	–	–	–	2,169	2,169
– Deferred tax liabilities	–	–	–	691	691
– Other liabilities	7,734	5,722	1,721	818	15,995
<i>Reconciliation:</i>					
– Elimination of internal borrowings	(23)	–	(166)	–	(189)
Total liabilities	7,711	5,722	1,555	16,368	31,356

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

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(Expressed in Renminbi unless otherwise indicated)

4. NET FINANCE INCOME/(COSTS)

	Six months ended 30 June	
	2023	2022
	RMB'million	RMB'million
Total interest income on financial assets measured at amortised cost	583	254
Net gain on forward foreign exchange contracts	38	22
	621	276
Interest expense on lease liabilities	(146)	(144)
Total interest expense on other financial liabilities measured at amortised cost	(98)	(125)
Less: interest expenses capitalised into properties under development ⁽ⁱ⁾	3	–
Other net foreign exchange loss	(24)	(29)
	(265)	(298)
Net finance income/(costs)	356	(22)

(i) The borrowing costs have been capitalised at a rate of 2.80% per annum (2022: Nil).

5. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2023	2022
	RMB'million	RMB'million
Cost of inventories ⁽ⁱ⁾ (note 14(b))	10,890	9,856
Research and development costs ^{(i) & (ii)}	677	605
Subcontracting charges ⁽ⁱ⁾	108	68
Staff costs ^{(i) & (ii)}	4,584	3,960
Depreciation ⁽ⁱ⁾		
– Property, plant and equipment (note 8)	512	373
– Right-of-use assets (note 9)	1,817	1,660
Amortisation of intangible assets (note 11)	60	60
Reversal of impairment loss of trade receivables (note 15)	(3)	(2)
Variable lease payments not included in the measurement of lease liabilities	1,472	1,404

(i) Cost of inventories includes research and development costs, subcontracting charges, staff costs and depreciation, total amounting to RMB1,275 million (2022: RMB1,227 million).

(ii) Research and development costs include staff costs of employees in the research and development department, of which RMB308 million (2022: RMB284 million) are included in the staff costs as disclosed above.

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

	Six months ended 30 June	
	2023	2022
	RMB'million	RMB'million
Current tax		
PRC Corporate Income Tax and income taxes of other tax jurisdictions	1,832	1,618
Dividends withholding tax	79	123
Deferred tax (note 19(b))		
Dividends withholding tax	(79)	(123)
Origination and reversal of other temporary differences	337	24
	2,169	1,642

- (i) In accordance with the relevant PRC corporate income tax laws, implementation regulations and guidance notes, certain subsidiaries in the 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 the Mainland China are calculated using the applicable income tax rates of 25%.
- (ii) Taxation for subsidiaries in other tax jurisdictions amounting to RMB16 million (2022: 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 the 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 the Mainland China during the reporting 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.

Profit attributable to equity shareholders of the Company

	Six months ended 30 June	
	2023	2022
	RMB'million	RMB'million
Profit attributable to equity shareholders of the Company	4,748	3,588

Weighted average number of ordinary shares

	2023	2022
	'000 shares	'000 shares
Issued ordinary shares as at 1 January	2,713,624	2,703,329
Effect of shares held under share award scheme	(20,753)	(16,888)
Effect of shares vested under share award scheme	391	623
Effect of shares allotted and issued for share award scheme	–	4,550
Effect of shares allotted and issued under a placing and subscription agreement	42,735	–
Weighted average number of ordinary shares as at 30 June	2,735,997	2,691,614

(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.

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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	
	2023 RMB'million	2022 RMB'million
Profit attributable to equity shareholders of the Company	4,748	3,588
Adjustment for interest on convertible bonds, net of tax	44	41
Profit attributable to equity shareholders of the Company (diluted)	4,792	3,629

Weighted average number of ordinary shares (diluted)

	2023 '000 shares	2022 '000 shares
Weighted average number of ordinary shares as at 30 June	2,735,997	2,691,614
Effect of awarded shares under share award scheme	789	1,257
Effect of conversion of convertible bonds	85,136	83,747
Weighted average number of ordinary shares (diluted) as at 30 June	2,821,922	2,776,618

8. PROPERTY, PLANT AND EQUIPMENT

	2023 RMB'million	2022 RMB'million
Net book value, as at 1 January	3,716	2,853
Additions	247	402
Transfer from construction in progress (note 10)	680	19
Disposals	(2)	(2)
Depreciation charge for the period (note 5)	(512)	(373)
Net book value, as at 30 June	4,129	2,899

9. RIGHT-OF-USE ASSETS

	2023 RMB'million	2022 RMB'million
Net book value, as at 1 January	8,015	6,611
Additions	1,421	2,855
Depreciation charge for the period (note 5)	(1,817)	(1,660)
Disposals	(185)	(114)
Net book value, as at 30 June	7,434	7,692

10. CONSTRUCTION IN PROGRESS

	2023 RMB'million	2022 RMB'million
As at 1 January	1,058	926
Additions	286	350
Transfer to property, plant and equipment (note 8)	(680)	(19)
As at 30 June	664	1,257

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

11. INTANGIBLE ASSETS

	2023 RMB'million	2022 RMB'million
Net book value, as at 1 January	1,480	1,531
Additions	19	34
Amortisation charge for the period (note 5)	(60)	(60)
Net book value, as at 30 June	1,439	1,505

12. INVESTMENT IN A JOINT VENTURE

	2023 RMB'million	2022 RMB'million
As at 1 January	9,343	9,027
Share of loss	(516)	(178)
Share of other comprehensive (loss)/income	(131)	245
Share of other reserves	(76)	14
Foreign currency translation differences	590	(272)
As at 30 June	9,210	8,836

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 Arc'teryx, Salomon, 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 2023 RMB'million	31 December 2022 RMB'million
Non-current assets	40,933	39,470
Current assets	15,116	15,044
Current liabilities	(19,161)	(9,023)
Non-current liabilities	(19,381)	(27,753)
Non-controlling interests	(30)	(9)
Equity attributable to equity shareholders	17,477	17,729

	Six months ended 30 June 2023 RMB'million	2022 RMB'million
Revenue	13,267	9,671
Post-tax loss from continuing operations	(983)	(217)
Post-tax loss from discontinued operations	—	(122)
Other comprehensive (loss)/income	(250)	464
Total comprehensive (loss)/income	(1,233)	125
Included in the above profit or loss:		
Depreciation and amortisation	(727)	(631)
Impairment	(1,131)	—
Interest income	23	8
Interest expense	(725)	(389)
Income tax expense	(202)	(41)

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12. INVESTMENT IN A JOINT VENTURE (Continued)

Due to significant rise in the discount rate used in impairment testing and adjustment in development priority of the brands under Amer Sports, impairments on goodwill and trademarks of approximately RMB1,131 million in total for Peak Performance business were recognised by AS Holding.

Reconciliation to the Group's investment in a joint venture	30 June 2023 RMB'million	31 December 2022 RMB'million
AS Holding's net assets	17,507	17,738
Less: non-controlling interest	(30)	(9)
AS Holding's net assets attributable to equity shareholders	17,477	17,729
Group's effective interest	52.70%	52.70%
Group's share of AS Holding's net assets attributable to equity shareholders	9,210	9,343
Carrying amount of the Group's investment	9,210	9,343

A five-year EUR1,300 million (equivalent to RMB10,260 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 2023, Facility A has been fully drawn by AS Holding.

13. OTHER INVESTMENTS

	30 June 2023 RMB'million	31 December 2022 RMB'million
Current		
Financial instruments measured at amortised cost:		
– Listed debt securities	409	404
– Unlisted debt securities	220	214
	629	618
Non-current		
Equity instruments designated at FVOCI (non-recycling):		
– Unlisted equity investments ⁽ⁱ⁾	90	87
– Listed perpetual bonds (equity investment in nature) ⁽ⁱⁱ⁾	1,022	978
	1,112	1,065
Total	1,741	1,683

(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:

	2023 RMB'million	2022 RMB'million
As at 1 January	87	65
Additions	–	1
Total unrealised gains recognised in other comprehensive income	3	9
As at 30 June	90	75

14. INVENTORIES

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

	30 June 2023 RMB'million	31 December 2022 RMB'million
Raw materials	360	318
Work in progress	176	378
Finished goods	5,951	7,794
	6,487	8,490

(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 2023 RMB'million	2022 RMB'million
Carrying amount of inventories sold	10,701	9,628
Write-down of inventories	189	228
	10,890	9,856

15. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	30 June 2023 RMB'million	31 December 2022 RMB'million
Trade receivables	2,762	2,999
Less: loss allowance	(18)	(21)
	2,744	2,978
Other current assets:		
Other assets in relation to refunds (note 18)	81	77
Advance payments to suppliers	729	577
Deposits and other prepayments	1,074	1,093
VAT deductible	196	278
Derivative financial instruments	38	—
Others	421	797
	2,539	2,822

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 2023 RMB'million	31 December 2022 RMB'million
Current	2,744	2,975
Less than 3 months past due	4	16
Past due over 3 months	14	8
	2,762	2,999

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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:

	2023 RMB'million	2022 RMB'million
As at 1 January	21	25
Reversal of impairment loss recognised (note 5)	(3)	(2)
As at 30 June	18	23

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

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 debtor segments, the loss allowance based on past due status is not further distinguished between the Group's different debtor 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 2023 RMB'million	31 December 2022 RMB'million
Fixed deposits with banks within three months to maturity when placed	4,464	4,613
Cash at bank and in hand	12,862	5,785
Short-term investments ⁽ⁱ⁾	8,503	6,980
Cash and cash equivalents in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows	25,829	17,378
Fixed deposits with banks with more than three months to maturity when placed		
– Current portion	13,743	10,305
– Non-current portion	5,823	–
Pledged deposits ⁽ⁱⁱ⁾	5	5
Total ⁽ⁱⁱⁱ⁾	45,400	27,688

(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 2023, certain bank deposits have been pledged as security for certain contracts.

(iii) As at 30 June 2023, the balances, deposits and short-term investments that were placed with banks and financial institutions in the Mainland China amounted to RMB30,559 million (31 December 2022: RMB21,156 million). Remittance of funds out of the Mainland China is subject to applicable laws and regulations of foreign exchange control.

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 2023 RMB'million	31 December 2022 RMB'million
Big 4 domestic banks (and its subsidiaries)	19,246	8,283
Other reputable and sizeable domestic shareholding commercial banks (and its subsidiaries)	14,429	10,078
Reputable domestic non-bank financial institutions	8,503	6,980
Highly reputable and sizeable foreign-owned banks	3,222	2,347
	45,400	27,688

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 2023 RMB'million	31 December 2022 RMB'million
Renminbi	27,580	19,636
United States Dollars	17,227	6,157
Hong Kong Dollars	309	174
Euro	170	1,626
Singapore Dollars	56	53
Others	58	42
	45,400	27,688

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17. BORROWINGS

	Note	30 June 2023 RMB'million	31 December 2022 RMB'million
Current			
Bank loans	(a)	1,012	2,959
Bills payable (financing in nature)	(b)	1,000	1,000
Convertible bonds	(c)	–	7,212
Medium term notes	(d)	1,047	1,027
		3,059	12,198
Non-Current			
Bank loans	(a)	2,494	–
Convertible bonds	(c)	7,742	–
Medium term notes	(d)	499	492
		10,735	492
Total		13,794	12,690

(a) Bank loans

All bank loans were unsecured, denominated in Renminbi or Euro 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 due on 5 February 2025 and the convertible bonds are listed on the Singapore Stock Exchange.

Each convertible 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 convertible 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 convertible bonds) by the conversion price in effect on the relevant conversion date.

The outstanding principal amount of the convertible bonds is repayable by the Group upon the maturity of the convertible bonds on 5 February 2025, if not previously redeemed, converted or purchased and cancelled. Pursuant to the terms and conditions of the convertible bonds, on 5 February 2023 (the “Optional Put Date”), the holder of each convertible bond had the right at such holder’s option (the “Put Option”), to require the Group to redeem all or some only of such holder’s convertible bonds on the Optional Put Date at their principal amount. Accordingly, under applicable financial reporting standard, at 31 December 2022, the convertible bonds were deemed to be due on the Optional Put Date and were classified as current in nature. Since the Group (via payment agent) did not receive any notice in relation to the Put Option up to the end of the notice period, none of the holders of the convertible bonds exercised the Put Option and no redemption of the convertible bonds was required under the terms and conditions of the convertible bonds. The convertible bonds were then reclassified as non-current in nature after the Optional Put Date.

The convertible 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 convertible bonds originally issued.

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 convertible 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.

As at 30 June 2023, the total outstanding principal amount of the convertible bonds was EUR1,000 million (equivalent to RMB7,893 million). There had not been any exercise of conversion right of the convertible bonds and no redemption right had been exercised by the bondholders or the Group during the reporting period.

Based on the applicable conversion price of HKD100.72 on that date and assuming full conversion of the convertible bonds, the convertible bonds would be convertible into 85,847,895 conversion shares.

(d) Medium term notes

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

As at 30 June 2023, the outstanding medium term notes issued are as follows:

	Coupon rate (per annum)	Tenor	Due date	Principal amount RMB'million
20安踏体育MTN001 (20 ANTA SPORTS MTN001*)	3.95%	3 years	24 August 2023	1,000
22安踏体育MTN001(绿色) (22 ANTA SPORTS MTN001(GREEN)*)	2.80%	3 years	13 July 2025	500

* The English translation of the medium term notes names is for reference only. The official names of these medium term notes are in Chinese.

18. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	30 June 2023 RMB'million	31 December 2022 RMB'million
Trade payables	2,354	2,750
Other current liabilities:		
Refund liabilities ⁽ⁱ⁾	159	166
Contract liabilities ⁽ⁱⁱ⁾	1,002	993
Construction costs payables	328	402
VAT and other taxes payables	696	629
Accruals	2,506	2,384
Others	1,312	1,571
	6,003	6,145

(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.

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 2023 RMB'million	31 December 2022 RMB'million
Within 3 months	2,320	2,707
3 months to 6 months	5	28
Over 6 months	29	15
	2,354	2,750

NOTES TO THE INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

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 RMB1,627 million (31 December 2022: RMB2,162 million) and income taxes in other tax jurisdictions of RMB20 million (31 December 2022: RMB7 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 reporting period are as follows:

Deferred tax arising from:	Dividend withholding tax RMB'million	Right-of-use assets RMB'million	Other deferred tax liabilities RMB'million	Accruals RMB'million	Lease liabilities RMB'million	Other deferred tax assets RMB'million	Total RMB'million
As at 1 January 2022 (as previously reported)	591	–	64	(325)	–	(728)	(398)
Effect of the initial application of Amendments to IAS/HKAS 12, <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> (note 2(a)(i))	–	1,077	–	–	(1,095)	18	–
As at 1 January 2022 (as restated)	591	1,077	64	(325)	(1,095)	(710)	(398)
Charged/(credited) to profit or loss (note 6)	163	222	(20)	31	(251)	(121)	24
Released upon distribution of dividends (note 6(iii))	(123)	–	–	–	–	–	(123)
As at 30 June 2022	631	1,299	44	(294)	(1,346)	(831)	(497)
As at 1 January 2023 (as previously reported)	661	–	30	(310)	–	(1,068)	(687)
Effect of the initial application of Amendments to IAS/HKAS 12, <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> (note 2(a)(i))	–	1,505	–	–	(1,637)	132	–
As at 1 January 2023 (as restated)	661	1,505	30	(310)	(1,637)	(936)	(687)
Charged/(credited) to profit or loss (note 6)	289	(135)	(2)	32	147	6	337
Released upon distribution of dividends (note 6(iii))	(79)	–	–	–	–	–	(79)
As at 30 June 2023	871	1,370	28	(278)	(1,490)	(930)	(429)

19. TAXATION IN THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised (Continued)

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

	30 June 2023 RMB'million	31 December 2022 RMB'million
Amount recognised in the condensed consolidated statement of financial position:		
– Deferred tax assets	(1,328)	(1,378)
– Deferred tax liabilities	899	691
	(429)	(687)

(c) Deferred tax assets not recognised

As at 30 June 2023, certain subsidiaries of the Group have not recognised deferred tax assets in respect of cumulative tax losses carried forward of RMB719 million (31 December 2022: RMB910 million) of which RMB345 million (31 December 2022: RMB596 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 2023, temporary differences relating to the undistributed profits of certain subsidiaries of the Group in the Mainland China amounted to RMB13,807 million (31 December 2022: RMB12,257 million). Deferred tax liabilities of RMB690 million (31 December 2022: RMB613 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 the Mainland China and the Company has determined that these profits are not likely to be distributed in the foreseeable future.

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(Expressed in Renminbi unless otherwise indicated)

20. CAPITAL, RESERVES AND DIVIDENDS

The components of reserves recognised in the condensed consolidated statement of financial position and the movements during the reporting 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 reserves RMB'million
Balances as at 1 January 2023		(583)	4,681	176	1,927	(16)	6	407	463	114	26,963	34,138
Changes in equity for the six months ended 30 June 2023:												
– Profit for the period		-	-	-	-	-	-	-	-	-	4,748	4,748
– Other comprehensive income/ (loss) for the period		-	-	-	-	1	1,009	-	-	(131)	-	879
Total comprehensive income for the period		-	-	-	-	1	1,009	-	-	(131)	4,748	5,627
Dividends approved in respect of the previous year	20(i)	-	-	-	-	-	-	-	-	-	(1,852)	(1,852)
Shares allotted and issued under a placing and subscription agreement	20(a)	-	10,487	-	-	-	-	-	-	-	-	10,487
Equity-settled share-based payment transactions	20(g)	-	-	-	-	-	-	105	-	-	-	105
Vesting of awarded shares of share award scheme	20(i)	66	20	-	-	-	-	(86)	-	-	-	-
Share of other reserves of a joint venture	12	-	-	-	-	-	-	-	-	(76)	-	(76)
Appropriation to statutory reserve	20(d)	-	-	-	35	-	-	-	-	-	(35)	-
Balances as at 30 June 2023		(517)	15,188	176	1,962	(15)	1,015	426	463	(93)	29,824	48,429

20. CAPITAL, RESERVES AND DIVIDENDS (Continued)

		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 reserves 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		(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

NOTES TO THE INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

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.

On 17 April 2023, certain vendors which are the shareholders of the Company (collectively the "Vendors"), certain agents (collectively the "Placing Agents") and the Company entered into a placing and subscription agreement pursuant to which (i) the Vendors agreed to sell, and each of the Placing Agents agreed, to procure, as agent of the Vendors, placees for (or failing which, to purchase for and on behalf of itself) an aggregate of 119,000,000 existing Shares held by the Vendors (the "Placing Share(s)") at placing price of HKD99.18 per Placing Share (the "Placing"); and (ii) the Vendors agreed to subscribe for and the Company agreed to issue to the Vendors, an aggregate of 119,000,000 new Shares (the "Subscription Share(s)", equivalent to the number of the Placing Shares sold by the Vendors pursuant to the Placing) at subscription price (being the same as the placing price) of HKD99.18 per Subscription Share (the "Subscription").

The completion of the Placing and the Subscription took place on 20 April 2023 and 27 April 2023, respectively.

The net proceeds of the Subscription (after deducting all relevant expenses in connection with the Placing and the Subscription) approximately were RMB10,497 million, out of which RMB10 million was credited to share capital and RMB10,487 million was credited to the share premium account.

(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 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 the Mainland China.

(g) Share-based compensation reserve

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

20. CAPITAL, RESERVES AND DIVIDENDS

(Continued)

(h) Share option scheme

2017 Share Option Scheme

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

Pursuant to a resolution passed by the shareholders of the Company at the annual general meeting dated 10 May 2023, the 2017 Share Option Scheme was terminated on the same day and replaced by the 2023 Share Option Scheme (as defined below) to bring the Company's share option scheme in line with the new requirements of Chapter 17 of the Listing Rules. No options were granted under the 2017 Share Option Scheme since the adoption of the scheme.

No options were granted, exercised, lapsed or cancelled under the 2017 Share Option Scheme during the reporting period. At the time of the termination of the 2017 Share Option Scheme and as at 30 June 2023, there were no outstanding options under the 2017 Share Option Scheme.

2023 Share Option Scheme

Pursuant to a resolution passed by the shareholders of the Company at the annual general meeting dated 10 May 2023, the Company adopted a share option scheme ("2023 Share Option Scheme"). The 2023 Share Option Scheme shall be valid and effective for a period of ten years from the adoption of the scheme on 10 May 2023.

The purposes of the 2023 Share Option Scheme are (i) to recognise and reward for the past contributions by eligible participants, including employee participants, related entity participants and service providers; (ii) to retain or otherwise maintain on-going relations with eligible participants; (iii) to give the eligible participants an opportunity to have a personal stake in the Company and help motivate eligible participants to optimise their future contributions to the Group; and (iv) to attract suitable personnel for further growth and development of the Group.

Pursuant to the 2023 Share Option Scheme, the Board shall be entitled at any time at its absolute discretion to select any eligible participant for participation in the 2023 Share Option Scheme as a selected participant and to offer the grant of an option to any selected participant to subscribe at the exercise price for such number of Shares as the Board may determine. Upon exercise of the option and payment of the exercise price by the relevant grantee, the Board shall allot and issue new Shares to the grantee.

Subject to the provisions of the Listing Rules and the 2023 Share Option Scheme, the Board may in its absolute discretion (i) when offering the grant of an option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the 2023 Share Option Scheme as the Board may think fit (to be stated in the grant letter) including (without prejudice to the generality of the foregoing) (a) the qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Group and/or the grantee, (b) the satisfactory performance or maintenance by the grantee of certain conditions or obligations or (c) the time or period before all or some of the options shall be vested; and (ii) at any time after the grant of an option, waive or amend such conditions, restrictions or limitations to the advantage of the grantee, provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the 2023 Share Option Scheme.

No options were granted, exercised, lapsed or cancelled under the 2023 Share Option Scheme during the reporting period. As at 30 June 2023, there were no outstanding options under the 2023 Share Option Scheme.

(i) Share award scheme

2018 Share Award Scheme and 2018 Share Award Scheme (2023 Revision)

The Company adopted a share award scheme ("2018 Share Award Scheme") on 19 October 2018 by a resolution passed by the Board. The 2018 Share Award Scheme shall be valid and effective for a period of ten years from the adoption of the scheme on 19 October 2018.

Chapter 17 of the Listing Rules has been amended to govern both share option schemes and share award schemes with effect from 1 January 2023. The 2018 Share Award Scheme originally involved both new Shares and existing Shares and did not comply with the new requirements of Chapter 17 of the Listing Rules relating to share scheme involving issue of new Shares. To bring the Company's 2018 Share Award Scheme in line with the new requirements of Chapter 17 of the Listing Rules, on 21 March 2023, the Company amended the 2018 Share Award Scheme such that, from 10 May 2023, only grant of awards involving existing Shares may be made thereunder and no further grant of awards involving new Shares may be made under the revised 2018 Share Award Scheme ("2018 Share Award Scheme (2023 Revision)").

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20. CAPITAL, RESERVES AND DIVIDENDS

(Continued)

(i) Share award scheme (Continued)

2018 Share Award Scheme and 2018 Share Award Scheme (2023 Revision)
(Continued)

The purposes of the 2018 Share Award Scheme (2023 Revision) are (i) to recognise and reward for the past contributions by eligible participants, including employee participants; (ii) to retain or otherwise maintain on-going relations with eligible participants; (iii) to give the eligible participants an opportunity to have a personal stake in the Company and help motivate eligible participants to optimise their future contributions to the Group; and (iv) to attract suitable personnel for further growth and development of the Group.

Pursuant to the 2018 Share Award Scheme (2023 Revision), the Board may from time to time cause sufficient funds to be paid to the trustee (being appointed for the purpose of the 2018 Share Award Scheme (2023 Revision) and being independent of and not connected with the Company) for purchase of Shares on or off the Hong Kong Stock Exchange. Once purchased, the Shares are to be held by the trustee for the benefit of the grantees and the eligible participants (as applicable). Upon vesting, the trustee shall cause the awarded Shares to be transferred to grantees on the vesting date, or as soon as practicable after the vesting date. All Shares (including any returned Shares) shall be held by the trustee for the benefit of the grantees or the eligible participants (as applicable) under the relevant trust on and subject to the terms and conditions of the 2018 Share Award Scheme (2023 Revision) and the related trust deed.

The Board may, from time to time, at its absolute discretion select any eligible participant for participation in the 2018 Share Award Scheme (2023 Revision) as a selected participant, and grant awarded Shares to any selected participant (i) at such amount payable and time (if any) on acceptance of the award; (ii) at such purchase price (if any) of the awarded Shares; (iii) in such number of awarded Shares; and (iv) on and subject to such terms and conditions, as it may in its absolute discretion determine.

Subject to the provisions of the Listing Rules and the 2018 Share Award Scheme (2023 Revision), the Board may in its absolute discretion (i) when offering the grant of an award impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the 2018 Share

Award Scheme (2023 Revision) as the Board may think fit (to be stated in the grant notice) including (without prejudice to the generality of the foregoing) (a) the qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Group and/or the grantee, (b) the satisfactory performance or maintenance by the grantee of certain conditions or obligations or (c) the time or period before all or some of the awarded Shares shall be vested, and (ii) at any time after the grant of an award, waive or amend such conditions, restrictions or limitations to the advantage of the grantee, provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the 2018 Share Award Scheme (2023 Revision).

During the reporting period, no Shares (2022: Nil) were purchased from the open market, and no new shares (2022: 10,294,500 Shares) were subscribed, by the trustee of the 2018 Share Award Scheme (and the 2018 Share Award Scheme (2023 Revision)).

As at 30 June 2023, the trustee of the 2018 Share Award Scheme (2023 Revision) held a total of 19,572,302 Shares (31 December 2022: 20,752,601 Shares).

During the reporting period, no awards were granted. During the six months ended 30 June 2022, the number and weighted average fair value of the awarded shares granted were 10,294,500 shares and HKD98.50 per awarded share, respectively.

The fair value of the awards 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, 1,180,299 awards (2022: 1,879,816) with a total amount of RMB66 million (2022: RMB105 million) were vested, resulting in the transfer out of RMB86 million (2022: RMB138 million) from the share-based compensation reserve, with the difference of RMB20 million (2022: RMB33 million) credited to share premium account. 780,450 awards were lapsed during the reporting period (2022: 920,532).

As at 30 June 2023, the total number of awards granted but not vested (subject to certain vesting conditions) under the 2018 Share Award Scheme (and 2018 Share Award Scheme (2023 Revision)) was 12,194,150 (31 December 2022: 14,154,899).

20. CAPITAL, RESERVES AND DIVIDENDS

(Continued)

(i) Share award scheme (Continued)

2023 Share Award Scheme

Pursuant to a resolution passed by the shareholders of the Company at the annual general meeting dated 10 May 2023, the Company adopted a share award scheme ("2023 Share Award Scheme") pursuant to which only grant of awards involving new Shares may be made. The 2023 Share Award Scheme shall be valid and effective for a period of ten years from the adoption of the scheme on 10 May 2023.

The purposes of the 2023 Share Award Scheme are (i) to recognise and reward for the past contributions by eligible participants, including employee participants, related entity participants and service providers; (ii) to retain or otherwise maintain on-going relations with eligible participants; (iii) to give the eligible participants an opportunity to have a personal stake in the Company and help motivate eligible participants to optimise their future contributions to the Group; and (iv) to attract suitable personnel for further growth and development of the Group.

Pursuant to the 2023 Share Award Scheme, the Board may from time to time cause sufficient funds to be paid to the trustee (being appointed for the purpose of the 2023 Share Award Scheme and being independent of and not connected with the Company) for subscription of Shares at their nominal value. Once subscribed, the Shares are to be held by the trustee for the benefit of the grantees and the eligible participants (as applicable). Upon vesting, the trustee shall cause the awarded Shares to be transferred to grantees on the vesting date, or as soon as practicable after the vesting date. All Shares (including any returned Shares) shall be held by the trustee for the benefit of the grantees or the eligible participants (as applicable) under the relevant trust on and subject to the terms and conditions of the 2023 Share Award Scheme and the related trust deed.

The Board may, from time to time, at its absolute discretion select any eligible participant for participation in the 2023 Share Award Scheme as a selected participant, and grant awarded Shares to any selected participant (i) at such amount payable and time (if any) on acceptance of the award; (ii) at such purchase price (if any) of the awarded Shares; (iii) in such number of awarded Shares; and (iv) on and subject to such terms and conditions, as it may in its absolute discretion determine.

Subject to the provisions of the Listing Rules and the 2023 Share Award Scheme, the Board may in its absolute discretion (i) when offering the grant of an award impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the 2023 Share Award Scheme as the Board may think fit (to be stated in the grant notice) including (without prejudice to the generality of the foregoing) (a) the qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Group and/or the grantee, (b) the satisfactory performance or maintenance by the grantee of certain conditions or obligations or (c) the time or period before all or some of the awarded Shares shall be vested; and (ii) at any time after the grant of an award, waive or amend such conditions, restrictions or limitations to the advantage of the grantee, provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the 2023 Share Award Scheme.

During the reporting period, no new Shares were subscribed by the trustee of the 2023 Share Award Scheme.

As at 30 June 2023, no Shares were held by the trustee of the 2023 Share Award Scheme.

No awards were granted, vested, lapsed or cancelled under the 2023 Share Award Scheme during the reporting period. As at 30 June 2023, there were no unvested awards under the 2023 Share Award Scheme.

(j) Dividends

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

	Six months ended 30 June	
	2023	2022
	RMB'million	RMB'million
Interim dividend declared after the end of the interim period of HK82 cents per ordinary share (2022: HK62 cents per ordinary share)	2,146	1,508

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

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20. CAPITAL, RESERVES AND DIVIDENDS

(Continued)

(i) Dividends (Continued)

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

	Six months ended 30 June	
	2023	2022
	RMB'million	RMB'million
Special interim dividend in respect of the year ended 31 December 2021, approved in the previous financial year and paid in the year ended 31 December 2022 of HK30 cents per ordinary share	–	666
Final dividend in respect of the year ended 31 December 2022, approved and paid during the reporting period, of HK72 cents per ordinary share (2021: HK68 cents per ordinary share)	1,852	1,578
Total	1,852	2,244

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 hierarchy (Continued)

	Fair value measurements as at 30 June 2023 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	90	–	–	90
– Listed perpetual bonds	1,022	1,022	–	–
Derivative financial instruments:				
– Forward foreign exchange contracts	38	–	38	–

	Fair value measurements as at 31 December 2022 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	87	–	–	87
– Listed perpetual bonds	978	978	–	–

During the six months ended 30 June 2023 and 2022, 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 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 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 2023 and 31 December 2022.

22. CAPITAL COMMITMENTS

Capital commitments outstanding as at 30 June 2023 not provided for in the interim financial report were as follows:

	30 June 2023 RMB'million	31 December 2022 RMB'million
Contracted for		
– Property, plant and equipment	1,465	1,769
– Intangible assets	80	158
	1,545	1,927
Authorised but not contracted for		
– Property, plant and equipment	162	240
– Intangible assets	60	95
	222	335
	1,767	2,262

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	
	2023	2022
	RMB'million	RMB'million
Recurring transactions		
Purchases of raw materials		
– Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Wang Wenmo (and their associates)	47	49
Service fees		
– Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Wang Wenmo (and their associates)	11	12

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 2023	31 December 2022
	RMB'million	RMB'million
Amounts due to related parties		
Trade balance		
– Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Wang Wenmo (and their associates)	15	18
Other balances		
– Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Wang Wenmo (and their associates)	2	7
	17	25

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	
	2023	2022
	RMB'million	RMB'million
Short-term employee benefits	14	13
Equity-settled share-based payment transactions	4	7
	18	20

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

24. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

After the end of the reporting period, the board of directors of the Company declared an interim dividend of HK82 cents per share. Further details are disclosed in note 20(j).

OTHER INFORMATION

INTERIM DIVIDEND

The Board has declared an interim dividend of HK82 cents per ordinary share in respect of the six months ended 30 June 2023. The interim dividend will be payable on or about Monday, 18 September 2023 to shareholders whose names appear on the register of members of the Company as at 4:30 p.m. on Tuesday, 5 September 2023.

DISCLOSURE OF INTERESTS

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

As at 30 June 2023, 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 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⁾	–	52.49%
	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⁾	–	52.20%
	Anta International	Founder of a discretionary trust	495,300,570 (L) ⁽⁴⁾	–	33.52%
Mr. Lai Shixian	Company	Beneficial owner	611,955 (L)	–	0.02%
	Company	Beneficiary of a trust (other than a discretionary interest)	–	280,000 (L)	0.01%
	Anta International	Beneficiary of a discretionary trust/ Interest of spouse	146,189,463 (L) ⁽⁵⁾	–	9.89%
	Anta International	Interest in controlled corporation	39,961,734 (L) ⁽⁵⁾	–	2.70%
Mr. Wu Yonghua	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	144,825 (L)	–	0.01%
	Company	Beneficiary of a trust (other than a discretionary interest)	–	84,000 (L)	0.00%
Mr. Yiu Kin Wah Stephen	Company	Beneficial owner	33,000 (L)	–	0.00%
	Company	Other	20,000 (L) ⁽⁷⁾	–	0.00%

(L) – Long Position

OTHER INFORMATION

Notes:

- (1) As at 30 June 2023, the number of issued ordinary shares of the Company and of Anta International were 2,832,623,500 and 1,477,500,000, respectively.
- (2) The interests in underlying Shares represent the interests in awarded shares granted pursuant to the 2018 Share Award Scheme, details of which are set out in the section entitled "2018 Share Award Scheme and 2018 Share Award Scheme (2023 Revision)" under "Share Schemes" 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 52.16% and 0.33% of the issued Shares as at 30 June 2023 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 2023, 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 2023, 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 52.16% and 0.04% of the issued Shares as at 30 June 2023 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 2023, 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 2023. 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 2023, 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 2023, 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 ("Spread 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 2023. 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. Yiu Kin Wah Stephen were held by his family member as at 30 June 2023. 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.

Save as disclosed above, as at 30 June 2023, 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 and 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 2023, 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, or which were notified to the Company, 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⁾	1,488,048,400 (L)	52.53%
Top Bright	Interest in controlled corporation ⁽¹⁾	1,486,946,000 (L)	52.49%
Shine Well	Interest in controlled corporation ⁽¹⁾	1,477,500,000 (L)	52.16%
	Beneficial owner ⁽¹⁾	9,446,000 (L)	0.33%
Allwealth	Interest in controlled corporation ⁽¹⁾	1,478,500,000 (L)	52.20%
Talent Trend	Interest in controlled corporation ⁽¹⁾	1,477,500,000 (L)	52.16%
	Beneficial owner ⁽¹⁾	1,000,000 (L)	0.04%
Anta International	Beneficial owner ⁽²⁾	1,201,125,000 (L)	42.40%
	Interest in controlled corporation ⁽²⁾	276,375,000 (L)	9.76%
Anda Holdings	Beneficial owner	160,875,000 (L)	5.68%

(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 42.40%, 5.68%, 4.08%, 0.33% and 0.04% of the issued Shares, respectively. In addition, HSBC Trustee also held 102,400 Shares as trustee for persons unrelated to the substantial shareholders.

HSBC Trustee was the trustee of the DSZ Family Trust, the DSJ 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 2023, 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.

OTHER INFORMATION

CONVERTIBLE BONDS

On 5 February 2020, the Group completed the issuance of EUR1,000 million zero coupon convertible bonds due on 5 February 2025 and the convertible 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 convertible bonds, and was adjusted to HKD100.72 as at 30 June 2023. For details of the adjustments of the conversion price during the financial period, please refer to the announcements of the Company dated 18 April 2023 and 10 May 2023.

As at 30 June 2023, the total outstanding principal amount of the convertible bonds was EUR1,000 million (equivalent to RMB7,893 million). There had not been any exercise of conversion right of the convertible bonds and no redemption right had been exercised by the bondholders or the Group during the financial period.

As at 30 June 2023, the total number of the issued shares of the Company is 2,832,623,500. Based on the applicable conversion price of HKD100.72 on that date and assuming full conversion of the convertible bonds, the convertible bonds will be convertible into 85,847,895 conversion shares, representing approximately 3.03% of the issued Shares and approximately 2.94% of the issued Shares as enlarged by the issuance of such conversion shares (assuming that there is no other change to the issued Shares).

The conversion shares that may fall to be issued upon exercise of the conversion right attaching to the convertible 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 attaching to the convertible 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.

Assuming the convertible bonds were fully converted on 30 June 2023, the shareholdings of the Company immediately before and after the full conversion of the convertible bonds are set out below for illustration purposes:

Name of Shareholders	Shareholding immediately before the full conversion of the convertible bonds		Upon full conversion of the convertible bonds at the conversion price of HKD100.72 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	42.40%	1,201,125,000	41.16%
Anda Holdings ⁽¹⁾	160,875,000	5.68%	160,875,000	5.51%
Anda Investments ⁽¹⁾	115,500,000	4.08%	115,500,000	3.96%
Shine Well	9,446,000	0.33%	9,446,000	0.32%
Talent Trend	1,000,000	0.04%	1,000,000	0.03%
Hemin Holdings ⁽²⁾	84,500,000	2.98%	84,500,000	2.90%
Bondholders	—	—	85,847,895	2.94%
Other Shareholders	1,260,177,500	44.49%	1,260,177,500	43.18%
Total	2,832,623,500	100.00%	2,918,471,395	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 2023, the Company has the ability to meet its redemption obligation under the convertible bonds.

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

Partial Redemption by Bondholders

Pursuant to the terms and conditions of the convertible bonds, on 5 February 2023 (the “Optional Put Date”), the holder of each convertible bond had the right at such holder’s option (the “Put Option”), to require the Group to redeem all or some only of such holder’s convertible bonds on the Optional Put Date at their principal amount. The holders of the relevant convertible bonds should notify the payment agent of their election to exercise the Put Option during normal business hours no later than 6 January 2023 in accordance with the terms and conditions of the convertible bonds.

As of the close of business on 6 January 2023, the payment agent did not receive any notice in relation to the Put Option. Accordingly, none of the holders of the convertible bonds exercised the Put Option and no redemption of the convertible bonds was required under the terms and conditions of the convertible bonds on the Optional Put Date.

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 convertible bonds based on their implied rate of return (and therefore the bondholders would be indifferent as to whether the convertible bonds are converted or redeemed) at certain dates in the future is as follows:

Date	31 December 2023	30 June 2024
Company’s share price	HKD102.90	HKD103.49

SHARE SCHEMES

2017 Share Option Scheme

Pursuant to a resolution passed by the Shareholders at the AGM dated 6 April 2017, the Company adopted the 2017 Share Option Scheme. The 2017 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 2017 Share Option Scheme is to motivate eligible persons 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, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

OTHER INFORMATION

Pursuant to a resolution passed by the Shareholders at the AGM dated 10 May 2023, the 2017 Share Option Scheme was terminated on the same day and replaced by the 2023 Share Option Scheme to bring the Company's share option scheme in line with the new requirements of Chapter 17 of the Listing Rules. No options were granted under the 2017 Share Option Scheme since the adoption of the scheme.

The scheme mandate limit, being the maximum number of Shares which may be issued upon exercise of all options to be granted, under the 2017 Share Option Scheme and any other schemes of the Group was 10% of the issued shares of the Company as at the adoption date of the scheme (i.e. 267,753,910 Shares).

The total number of options available for grant under the scheme mandate of the 2017 Share Option Scheme at the beginning of the financial period and at the time of the termination of the 2017 Share Option Scheme was 267,753,910 and 267,753,910, respectively.

No options were granted, exercised, lapsed or cancelled under the 2017 Share Option Scheme during the financial period. At the time of the termination of the 2017 Share Option Scheme and as at 30 June 2023, there were no outstanding options under the 2017 Share Option Scheme.

2023 Share Option Scheme

Pursuant to a resolution passed by the Shareholders at the AGM dated 10 May 2023, the Company adopted the 2023 Share Option Scheme. The 2023 Share Option Scheme shall be valid and effective for a period of ten years from the adoption of the scheme on 10 May 2023.

The purposes of the 2023 Share Option Scheme are (i) to recognise and reward for the past contributions by eligible participants, including employee participants, related entity participants and service providers; (ii) to retain or otherwise maintain on-going relations with eligible participants; (iii) to give the eligible participants an opportunity to have a personal stake in the Company and help motivate eligible participants to optimise their future contributions to the Group; and (iv) to attract suitable personnel for further growth and development of the Group.

The scheme mandate limit is the total number of Shares which may be issued in respect of all options and awards to be granted under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other schemes of the Company, and shall not in aggregate exceed 10% of the total number of issued Shares as at the adoption date of the above schemes (i.e. 283,262,350 Shares). The service provider sublimit, being a sublimit under the scheme mandate limit, is the total number of Shares which may be issued in respect of all options and awards to be granted to the service providers under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other schemes of the Company, and shall not in aggregate exceed 2% of the total number of issued Shares as at the adoption date of the above schemes (i.e. 56,652,470 Shares).

Pursuant to the 2023 Share Option Scheme, the Board shall be entitled at any time at its absolute discretion to select any eligible participant for participation in the 2023 Share Option Scheme as a selected participant and to offer the grant of an option to any selected participant to subscribe at the exercise price for such number of Shares as the Board may determine. Upon exercise of the option and payment of the exercise price by the relevant grantee, the Board shall allot and issue new Shares to the grantee.

Subject to the provisions of the Listing Rules and the 2023 Share Option Scheme, the Board may in its absolute discretion (i) when offering the grant of an option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the 2023 Share Option Scheme as the Board may think fit (to be stated in the grant letter) including (without prejudice to the generality of the foregoing) (a) the qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Group and/or the grantee, (b) the satisfactory performance or maintenance by the grantee of certain conditions or obligations or (c) the time or period before all or some of the options shall be vested; and (ii) at any time after the grant of an option, waive or amend such conditions, restrictions or limitations to the advantage of the grantee, provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the 2023 Share Option Scheme.

The total number of options available for grant under the scheme mandate of the 2023 Share Option Scheme at the time of the adoption of the 2023 Share Option Scheme and the end of the financial period was 283,262,350* and 283,262,350*, respectively. The total number of options available for grant under the service provider sublimit of the 2023 Share Option Scheme at the time of the adoption of the 2023 Share Option Scheme and the end of the financial period was 56,652,470* and 56,652,470*, respectively.

No options were granted, exercised, lapsed or cancelled under the 2023 Share Option Scheme during the financial period. As at 30 June 2023, there were no outstanding options under the 2023 Share Option Scheme.

The total number of Shares available for issue under the 2023 Share Option Scheme is 283,262,350*, representing approximately 10% of the issued Shares, as at the date of this interim report.

* *The scheme mandate limit is the total number of Shares which may be issued in respect of all options and awards to be granted under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other schemes of the Company.*

2018 Share Award Scheme and 2018 Share Award Scheme (2023 Revision)

The Company adopted the 2018 Share Award Scheme on 19 October 2018 by a resolution passed by the Board. The 2018 Share Award Scheme shall be valid and effective for a period of ten years from the adoption of the scheme on 19 October 2018.

Chapter 17 of the Listing Rules has been amended to govern both share option schemes and share award schemes with effect from 1 January 2023. The 2018 Share Award Scheme originally involved both new Shares and existing Shares and did not comply with the new requirements of Chapter 17 of the Listing Rules relating to share scheme involving issue of new Shares. To bring the Company's 2018 Share Award Scheme in line with the new requirements of Chapter 17 of the Listing Rules, on 21 March 2023, the Company amended the 2018 Share Award Scheme such that, from 10 May 2023, only grant of awards involving existing Shares may be made thereunder and no further grant of awards involving new Shares may be made under the 2018 Share Award Scheme (2023 Revision).

The purposes of the 2018 Share Award Scheme (2023 Revision) are (i) to recognise and reward for the past contributions by eligible participants, including employee participants; (ii) to retain or otherwise maintain on-going relations with eligible participants; (iii) to give the eligible participants an opportunity to have a personal stake in the Company and help motivate eligible participants to optimise their future contributions to the Group; and (iv) to attract suitable personnel for further growth and development of the Group.

The Board shall not make any further award of awarded Shares which will result in the number of the existing Shares awarded by the Board under the 2018 Share Award Scheme (2023 Revision) exceeding 10% of the number of the Company's issued shares from time to time.

Pursuant to the 2018 Share Award Scheme (2023 Revision), the Board may from time to time cause sufficient funds to be paid to the trustee (being appointed for the purpose of the 2018 Share Award Scheme (2023 Revision) and being independent of and not connected with the Company) for purchase of Shares on or off the Hong Kong Stock Exchange. Once purchased, the Shares are to be held by the trustee for the benefit of the grantees and the eligible participants (as applicable). Upon vesting, the trustee shall cause the awarded Shares to be transferred to grantees on the vesting date, or as soon as practicable after the vesting date. All Shares (including any returned Shares) shall be held by the trustee for the benefit of the grantees or the eligible participants (as applicable) under the relevant trust on and subject to the terms and conditions of the 2018 Share Award Scheme (2023 Revision) and the related trust deed.

The Board may, from time to time, at its absolute discretion select any eligible participant for participation in the 2018 Share Award Scheme (2023 Revision) as a selected participant, and grant awarded Shares to any selected participant (i) at such amount payable and time (if any) on acceptance of the award; (ii) at such purchase price (if any) of the awarded Shares; (iii) in such number of awarded Shares; and (iv) on and subject to such terms and conditions, as it may in its absolute discretion determine.

OTHER INFORMATION

Subject to the provisions of the Listing Rules and the 2018 Share Award Scheme (2023 Revision), the Board may in its absolute discretion (i) when offering the grant of an award impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the 2018 Share Award Scheme (2023 Revision) as the Board may think fit (to be stated in the grant notice) including (without prejudice to the generality of the foregoing) (a) the qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Group and/or the grantee, (b) the satisfactory performance or maintenance by the grantee of certain conditions or obligations or (c) the time or period before all or some of the awarded Shares shall be vested, and (ii) at any time after the grant of an award, waive or amend such conditions, restrictions or limitations to the advantage of the grantee, provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the 2018 Share Award Scheme (2023 Revision).

During the financial period, no Shares (2022 1H: Nil) were purchased from the open market, and no new shares (2022 1H: 10,294,500 Shares) were subscribed, by the trustee of the 2018 Share Award Scheme (and the 2018 Share Award Scheme (2023 Revision)).

As at 30 June 2023, the trustee of the 2018 Share Award Scheme (2023 Revision) held a total of 19,572,302 Shares (31 December 2022: 20,752,601 Shares).

The total number of awards available for grant under the scheme mandate of 2018 Share Award Scheme (and the 2018 Share Award Scheme (2023 Revision)) at the beginning and the end of the financial period is 251,288,552 and 263,969,002, respectively.

The details of unvested share awards under the 2018 Share Award Scheme (and the 2018 Share Award Scheme (2023 Revision)) during the financial period were as follows:

				Number of unvested share awards					
Name or category of participant	Date of grant	Vesting period	Purchase price	As at 1 January 2023	Granted during the period	Vested during the period	Lapsed during the period	Cancelled during the period	As at 30 June 2023
Director									
Mr. Lai Shixian	5 November 2019	5 November 2019 to 1 May 2023	Nil	120,000	–	(120,000)	–	–	–
	5 November 2019	5 November 2019 to 1 May 2024	Nil	280,000	–	–	–	–	280,000
Mr. Bi Mingwei	5 November 2019	5 November 2019 to 1 May 2023	Nil	36,000	–	(36,000)	–	–	–
	5 November 2019	5 November 2019 to 1 May 2024	Nil	84,000	–	–	–	–	84,000
Employees other than above (including ex-employees in aggregate)	5 November 2019	5 November 2019 to 1 May 2023	Nil	900,000	–	(847,200) ⁽¹⁾	(52,800)	–	–
	5 November 2019	5 November 2019 to 1 May 2024	Nil	2,100,000	–	–	(14,000)	–	2,086,000
	2 November 2020	2 November 2020 to 1 May 2023	Nil	88,800	–	(86,400) ⁽¹⁾	(2,400)	–	–
	2 November 2020	2 November 2020 to 1 May 2024	Nil	207,200	–	–	(5,600)	–	201,600
	2 November 2020	2 November 2020 to 1 May 2025	Nil	148,000	–	–	(4,000)	–	144,000
	1 November 2021	1 November 2021 to 1 May 2023	Nil	90,910	–	(70,250) ⁽¹⁾	(20,660)	–	–
	1 November 2021	1 November 2021 to 1 May 2024	Nil	212,122	–	–	(48,206)	–	163,916
	1 November 2021	1 November 2021 to 1 May 2025	Nil	151,516	–	–	(34,433)	–	117,083
	1 November 2021	1 November 2021 to 1 May 2026	Nil	151,521	–	–	(34,436)	–	117,085
	4 April 2022	4 April 2022 to 1 May 2025	Nil	5,640,150	–	–	(329,850)	–	5,310,300
	4 April 2022	4 April 2022 to 1 May 2027	Nil	3,760,100	–	–	(219,900)	–	3,540,200
	1 November 2022	1 November 2022 to 1 May 2023	Nil	22,150	–	(20,449) ⁽¹⁾	(1,701)	–	–
	1 November 2022	1 November 2022 to 1 May 2024	Nil	51,682	–	–	(3,965)	–	47,717
	1 November 2022	1 November 2022 to 1 May 2025	Nil	36,916	–	–	(2,833)	–	34,083
	1 November 2022	1 November 2022 to 1 May 2026	Nil	36,916	–	–	(2,833)	–	34,083
1 November 2022	1 November 2022 to 1 May 2027	Nil	36,916	–	–	(2,833)	–	34,083	
Total				14,154,899	–	(1,180,299)	(780,450)	–	12,194,150

Note:

(1) The weighted average closing price of the Shares immediately before the dates on which the awarded shares were vested during the financial period was HKD96.80.

2023 Share Award Scheme

Pursuant to a resolution passed by the Shareholders at the AGM dated 10 May 2023, the Company adopted the 2023 Share Award Scheme pursuant to which only grant of awards involving new Shares may be made. The 2023 Share Award Scheme shall be valid and effective for a period of ten years from the adoption of the scheme on 10 May 2023.

The purposes of the 2023 Share Award Scheme are (i) to recognise and reward for the past contributions by eligible participants, including employee participants, related entity participants and service providers; (ii) to retain or otherwise maintain on-going relations with eligible participants; (iii) to give the eligible participants an opportunity to have a personal stake in the Company and help motivate eligible participants to optimise their future contributions to the Group; and (iv) to attract suitable personnel for further growth and development of the Group.

The scheme mandate limit is the total number of Shares which may be issued in respect of all options and awards to be granted under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other schemes of the Company, and shall not in aggregate exceed 10% of the total number of issued Shares as at the adoption date of the above schemes (i.e. 283,262,350 Shares). The service provider sublimit, being a sublimit under the scheme mandate limit, is the total number of Shares which may be issued in respect of all options and awards to be granted to the service providers under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other schemes of the Company, and shall not in aggregate exceed 2% of the total number of issued Shares as at the adoption date of the above schemes (i.e. 56,652,470 Shares).

Pursuant to the 2023 Share Award Scheme, the Board may from time to time cause sufficient funds to be paid to the trustee (being appointed for the purpose of the 2023 Share Award Scheme and being independent of and not connected with the Company) for subscription of Shares at their nominal value. Once subscribed, the Shares are to be held by the trustee for the benefit of the grantees and the eligible participants (as applicable). Upon vesting, the trustee shall cause the awarded Shares to be transferred to grantees on the vesting date, or as soon as practicable after the vesting date. All Shares (including any returned Shares) shall be held by the trustee for the benefit of the grantees or the eligible participants (as applicable) under the relevant trust on and subject to the terms and conditions of the 2023 Share Award Scheme and the related trust deed.

The Board may, from time to time, at its absolute discretion select any eligible participant for participation in the 2023 Share Award Scheme as a selected participant, and grant awarded Shares to any selected participant (i) at such amount payable and time (if any) on acceptance of the award; (ii) at such purchase price (if any) of the awarded Shares; (iii) in such number of awarded Shares; and (iv) on and subject to such terms and conditions, as it may in its absolute discretion determine.

Subject to the provisions of the Listing Rules and the 2023 Share Award Scheme, the Board may in its absolute discretion (i) when offering the grant of an award impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the 2023 Share Award Scheme as the Board may think fit (to be stated in the grant notice) including (without prejudice to the generality of the foregoing) (a) the qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Group and/or the grantee, (b) the satisfactory performance or maintenance by the grantee of certain conditions or obligations or (c) the time or period before all or some of the awarded Shares shall be vested; and (ii) at any time after the grant of an award, waive or amend such conditions, restrictions or limitations to the advantage of the grantee, provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the 2023 Share Award Scheme.

During the financial period, no new Shares were subscribed by the trustee of the 2023 Share Award Scheme.

OTHER INFORMATION

As at 30 June 2023, no Shares were held by the trustee of the 2023 Share Award Scheme.

The total number of awards available for grant under the scheme mandate of the 2023 Share Award Scheme at the time of the adoption of the 2023 Share Award Scheme and the end of the financial period was 283,262,350* and 283,262,350*, respectively. The total number of awards available for grant under the service provider sublimit of the 2023 Share Award Scheme at the time of the adoption of the 2023 Share Award Scheme and the end of the financial period was 56,652,470* and 56,652,470*, respectively.

No awards were granted, vested, lapsed or cancelled under the 2023 Share Award Scheme during the financial period. As at 30 June 2023, there were no unvested awards under the 2023 Share Award Scheme.

The total number of Shares available for issue under the 2023 Share Award Scheme is 283,262,350*, representing approximately 10% of the issued Shares, as at the date of this interim report.

* *The scheme mandate limit is the total number of Shares which may be issued in respect of all options and awards to be granted under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other schemes of the Company.*

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the financial period divided by weighted average number of Shares in issue for the financial period is 0%.

PURCHASES, SALES AND REDEMPTIONS OF LISTED SECURITIES

During the financial period, no ordinary shares (2022 1H: Nil) in the Company were purchased from the Hong Kong Stock Exchange by the trustee of the 2018 Share Award Scheme (and the 2018 Share Award Scheme (2023 Revision)).

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 including risk management and 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 regularly reviews its corporate governance practices to ensure its continuous compliance.

Change in the Executive Directors' Management Responsibilities and Compliance with the Code Provision C.2.1 of the CG Code

Under code provision C.2.1 of the CG Code, the roles of the Chairman and the CEO should be separated and should not be performed by the same individual.

To align the Group's management structure with its strategic directions and to enhance the Group's corporate governance, the following changes in the Executive Directors' management responsibilities have taken effect from 1 February 2023:

- Mr. Ding Shizhong retired from the role as the CEO and remains as the Chairman. He continues to play a core leadership role in the Group's corporate strategy, talent build-up, corporate culture and operational supervision, and directly oversees the Group's internal audit and supervision functions as well as mergers and acquisitions initiatives;

- Mr. Ding Shijia continues to oversee the Group's manufacturing operation, and ceased to oversee the Group's supply chain management;
- Mr. Zheng Jie remains as an Executive Director and retired from the roles as Group President and the chief executive officer of the Outdoor Sports Group. He continues with his role as the chief executive officer of Amer Sports and is primarily responsible for Amer Sports related business;
- Mr. Lai Shixian has been appointed as the Co-CEO, and retired from the role as the CFO. He is in charge of ANTA brand, all other brands except FILA brand, group procurement and a number of the Group's functions including human resources, legal, investor relations and administration;
- Mr. Wu Yonghua has been appointed as the Co-CEO, and retired from the role as the chief executive officer of the Performance Sports Group. He is in charge of FILA brand, the Group's international businesses and a number of the Group's functions including retail channel management and public relations; and
- Mr. Bi Mingwei has been appointed as the CFO. He is primarily responsible for the Group's financial management functions and a number of middle-and-back-office functions including business process management and logistics management.

The Board believes that the above changes would (i) facilitate the implementation of the Group's "multi-brand" and "globalisation" strategies; (ii) enhance the Group's corporate governance by performing the roles of Chairman and CEO through separate management personnel; and (iii) enhance management efficiency and the Group's talent development.

The above changes improve the Group's corporate governance structure, and is in line with the governance models of large-scale international enterprises and the code provision C.2.1 of the CG Code.

Other than the changes set out above, the composition of the Board and the designations of each respective Executive Director and Independent Non-Executive Director remain unchanged.

For details please refer to the announcement of the Company dated 18 January 2023.

Since 1 February 2023, given the above changes, the Company has complied with all the code provisions, including code provision C.2.1, of the CG Code.

Changes in Composition of Board Committees

To align the Group's management structure with its strategic directions and to enhance the Group's corporate governance, the following changes in the composition of the Board Committees have taken effect from 1 July 2023:

- Remuneration Committee – Mr. Ding Shizhong, the Chairman and an Executive Director, ceased to be a member of the Remuneration Committee.
- Nomination Committee – Two female Independent Non-Executive Directors, namely, Ms. Wang Jiaqian and Ms. Xia Lian, have been appointed as members of the Nomination Committee.
- Risk Management Committee – Mr. Lai Shixian, an Executive Director and one of the Co-CEOs, ceased to be a member of the Risk Management Committee, and Mr. Bi Mingwei, an Executive Director and the CFO, has been appointed as a member of the Risk Management Committee.
- Sustainability Committee – Mr. Zheng Jie, an Executive Director, ceased to be a member of the Sustainability Committee, and Mr. Tsui Yeung, the chief executive officer of the Performance Sports Group, has been appointed as a member of the Sustainability Committee.



OTHER INFORMATION

The Board believes that the above changes would (i) achieve a greater balance of gender diversity and expertise among the members of the Board Committees, (ii) have a stronger independent element on various Board Committees, particularly the Remuneration Committee which will be comprised of Independent Non-Executive Directors only; and (iii) further enhance management efficiency and the Group's talent development.

Other than the changes set out above, there are no other changes in the composition of the Board Committees.

Compliance with the Code of Securities Transactions for Directors' Securities Transactions

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 of Securities Transactions"). Our management's dealings in the Company's securities are also subject to the Code of 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.

CHANGE IN DIRECTOR'S INFORMATION

The Company was informed by Mr. Yiu Kin Wah Stephen and Ms. Xia Lian that after the Company's last published *Annual Report 2022*, the changes in their biographical details are as follows:

- (1) Mr. Yiu Kin Wah Stephen ceased to be an independent non-executive director of Hong Kong Exchanges and Clearing Limited (stock code: 388), a company listed on the Hong Kong Stock Exchange, with effect from 26 April 2023; Mr. Yiu has been appointed as a board member of the Airport Authority Hong Kong, with effect from 1 June 2023; and
- (2) Ms. Xia Lian has been appointed as an independent non-executive director of Luye Pharma Group Ltd. (stock code: 2186), a company listed on the Hong Kong Stock Exchange, with effect from 25 May 2023.

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 2023 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 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 (with internationally recognised brands including Arc'teryx, Salomon, Wilson, Peak Performance, Atomic, etc.) incorporated in the Republic of Finland, and a subsidiary owned by AS Holding

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)

AS HOLDING

Amer Sports Holding (Cayman) Limited, a joint venture of the Company

AUDIT COMMITTEE

The audit committee of the Company

BOARD

The Board of Directors of the Company

BOARD COMMITTEE(S)

Committee(s) formed under the Board, including but not limited to the Audit Committee, Nomination Committee, Remuneration Committee, Risk Management Committee and Sustainability Committee of the Company

BVI

The British Virgin Islands

CEO

The chief executive officer/Co-chief executive officer(s) of the Company (as applicable)

CFO

The chief financial officer of the Company

CG CODE

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

CHAIRMAN

Chairman of the board of directors of the Company

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)

DIRECTOR(S)

Director(s) of the Company

DTC

Direct to Consumer

EBITDA

Earnings before interest, taxes, depreciation and amortisation

ESG

Environmental, social and governance

EURO, EUR

Euro, the lawful currency of European Union

EXECUTIVE DIRECTOR(S)

Executive director(s) 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/ANTA GROUP

The Company and its subsidiaries

HEMIN HOLDINGS

Hemin Holdings Limited

HONG KONG/HONG KONG SAR

The Hong Kong Special Administrative Region of the PRC

HONG KONG DOLLARS, HKD

Hong Kong Dollars, the lawful currency of Hong Kong SAR



GLOSSARY

HONG KONG STOCK EXCHANGE/HKEX

The Stock Exchange of Hong Kong Limited

INDEPENDENT NON-EXECUTIVE DIRECTOR(S)

Independent non-executive director(s) 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/MACAO SAR

The Macao Special Administrative Region of the PRC

MAINLAND CHINA

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

MSCI

Morgan Stanley Capital
International Global Standard
Index

NBA

National Basketball Association

NOMINATION COMMITTEE

The nomination committee of the Company

OEM

Original Equipment Manufacturer

O2O MODEL

Online-to-offline commerce

PERIOD

6 months ended 30 June 2023

R&D

Research and development

REMUNERATION COMMITTEE

The remuneration committee of the Company

RISK MANAGEMENT COMMITTEE

The risk management committee of the Company

RMB

Renminbi, the lawful currency of the PRC

SFO

The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

SHARE(S)

Ordinary share(s) of HKD0.10 each in the share capital of the Company

SHAREHOLDER(S)

Shareholder(s) of the Company

SINGAPORE

Republic of Singapore

SUSTAINABILITY COMMITTEE

The sustainability committee of the Company

US

United States of America

USD

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

2017 SHARE OPTION SCHEME

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

2018 SHARE AWARD SCHEME

The original version of share award scheme adopted by the Company on 19 October 2018, before the revision by the Board on 21 March 2023

2018 SHARE AWARD SCHEME (2023 REVISION)

The share award scheme adopted by the Company on 19 October 2018 and then revised by the Board on 21 March 2023

2023 SHARE AWARD SCHEME

The share award scheme adopted by the Company on 10 May 2023

2023 SHARE OPTION SCHEME

The share option scheme adopted by the Company on 10 May 2023

INVESTORS INFORMATION

SHARE INFORMATION

Listing Day:
10 July 2007

Board lot size:
200 shares

Numbers of issued shares:
2,832,623,500 shares
(As at 30 June 2023)

STOCK CODES

Hong Kong Stock Exchange
**2020 (HKD counter) and
82020 (RMB counter)**

Reuters
2020.HK

Bloomberg
**2020:HK
82020:HK**

MSCI
3741301

DIVIDENDS

HK cents	2019	2020	2021	2022	2023
Ordinary interim	31	21	60	62	82
Ordinary final	36	47	68	72	
Special interim	—	—	30	—	

IMPORTANT DATES

22 August 2023
5 September 2023 4:30 p.m.
On or about 18 September 2023
31 December 2023

Interim results announcement
Record date of 2023 interim dividend
Payment date of 2023 interim dividend
Financial year end date of 2023

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 SAR
Telephone: (852) 2116 1660 Fax: (852) 2116 1590 E-mail: ir@anta.com.hk

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

Mens Creation Ltd. – concept and design
www.menscreation.hk

JAN Financial Press Limited– production and printing
www.Janfp.com



INTERIM DIVIDEND

The Board has declared an interim dividend of HK82 cents per ordinary share in respect of the six months ended 30 June 2023. The interim dividend will be payable on or about Monday, 18 September 2023 to shareholders whose names appear on the register of members of the Company as at 4:30 p.m. on Tuesday, 5 September 2023. 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 SAR 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 SAR, not later than 4:30 p.m. on Tuesday, 5 September 2023 for registration.

PUBLICATION OF RESULTS ANNOUNCEMENT

This interim results announcement is available to public for viewing on the HKEXnews website of Hong Kong Exchanges and Clearing Limited at 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 SAR, 22 August 2023

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.