ANTA

ANTA SPORTS PRODUCTS LIMITED

Incorporated in the Cayman Islands with limited liability

Stock Code: 2020

Interim Report 2018

Mission

To integrate the sports spirit of "going beyond oneself" into everyone's daily life

Core Values

- Consumer-centric
- Devotion
- Innovation and Pushing Ahead
- Respect and Appreciation
- Integrity and Gratitude

Vision

To become respectable world-class, multi-brand sportswear group

Klay Thompson
A shooting guard for the Golden State Warriors in the NBA

Contents

About ANTA Sports Products Limited

ANTA brand was established in 1991, while ANTA Sports Products Limited (Stock code: 2020.HK), a leading sportswear company in China, was listed on the Main Board of Hong Kong Stock Exchange in 2007. For many years, we have been principally engaging in the design, development, manufacturing and marketing of ANTA sportswear series to provide the mass market in China with professional sporting products including footwear, apparel and accessories. In recent years, we have started moving full steam ahead on the strategy of "Single-Focus, Multi-Brand and Omni-Channel" to deepen our footprints in the sportswear market in China. By embracing an all-round brand portfolio including ANTA, ANTA KIDS, FILA, FILA KIDS, DESCENTE, SPRANDI, KINGKOW, KOLON SPORT and NBA, and by seizing every opportunity arising in various important retail channels, we aim to unlock the potential of both the mass and high-end sportswear markets in China.

Financial Overview

Six months ended 30 June	2018 (RMB million)	2017 (RMB million)	Changes (%)
Revenue	**10,553.5**	7,323.2	⬆ 44.1
Gross profit	**5,726.4**	3,703.7	⬆ 54.6
Profit from operations	**2,688.6**	1,897.5	⬆ 41.7
Profit attributable to equity shareholders	**1,944.8**	1,451.4	⬆ 34.0
Free cash inflow	**1,225.9**	1,824.9	⬇ 32.8
	(RMB cents)	(RMB cents)	(%)
Earnings per share			
– Basic	**72.44**	55.98	⬆ 29.4
– Diluted	**72.38**	55.94	⬆ 29.4
Shareholders' equity per share	**538.38**	494.00	⬆ 9.0
	(HK cents)	(HK cents)	(%)
Interim dividend per share	**50**	41	⬆ 22.0
	(%)	(%)	(% point)
Gross profit margin	**54.3**	50.6	⬆ 3.7
Operating profit margin	**25.5**	25.9	⬇ 0.4
Margin of profit attributable to equity shareholders	**18.4**	19.8	⬇ 1.4
Effective tax rate	**27.5**	26.3	⬆ 1.2
Advertising and promotional expenses ratio (as a percentage of revenue)	**11.7**	9.3	⬆ 2.4
Staff costs ratio (as a percentage of revenue)	**11.3**	11.9	⬇ 0.6
R&D costs ratio (as a percentage of cost of sales)	**6.2**	5.8	⬆ 0.4

As at 30 June	2018 (%)	2017 (%)	Changes (% point)
Gearing ratio(1)	**6.0**	3.4	⬆ 2.6
Return on average total shareholders' equity (annualised)(2)	**27.9**	25.7	⬆ 2.2
Return on average total assets (annualised)(3)	**19.7**	18.5	⬆ 1.2
Average total shareholders' equity to average total assets	**70.9**	71.9	⬇ 1.0
	(in 181 days)	(in 181 days)	(days)
Average inventory turnover days(4)	**83**	68	⬆ 15
Average trade receivables turnover days(5)	**35**	39	⬇ 4
Average trade payables turnover days(6)	**49**	49	–

Cautionary Statement Regarding Forward-Looking Statements

This Interim Report 2018 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 "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".

Notes:

(1) Gearing ratio is equal to the sum of bank loans and bills payable divided by the total assets at the end of the relevant period.

(2) Return on average total shareholders' equity is equal to the profit attributable to equity shareholders divided by the average balance of total shareholders' equity.

(3) Return on average total assets is equal to the profit attributable to equity shareholders divided by the average balance of total assets.

(4) 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.

(5) 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.

(6) 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.

Results Highlights

Financial Performance

Revenue increased by 44.1% to
RMB10.55 billion

Gross profit margin
increased by 3.7% point to
54.3%

Profit attributable to equity shareholders
increased by 34.0% to
RMB1.94 billion

Basic earnings per share
increased by 29.4% to
RMB72.44 cents

Payout of the profit attributable to
equity shareholders
60.1%

Operational Performance

Number of apparel being sold
by the Group
56 million

Number of ANTA stores
(including ANTA KIDS standalone
stores) in China
9,650

Number of FILA stores
(including FILA KIDS and FILA FUSION
standalone stores) in China, Hong
Kong, Macao and Singapore
1,248

Number of DESCENTE
stores in China
85

Number of footwear being sold
by the Group
32 million

Number of KOLON SPORT stores
in China
189

Number of KINGKOW stores
in China, Hong Kong, Macao and the
United States
63

Number of SPRANDI
stores in China
81

Corporate Information

Board					
Executive Directors	Ding Shizhong (Chairman)	Ding Shijia (Deputy Chairman)			
	Lai Shixian	Wang Wenmo	Wu Yonghua	Zheng Jie	
Independent Non-Executive Directors	Yiu Kin Wah Stephen	Lu Hong-Te	Dai Zhongchuan		
Company Secretary	Tse Kin Chung				
Board Committees					
Audit Committee	Yiu Kin Wah Stephen (Chairman)	Lu Hong-Te	Dai Zhongchuan		
Remuneration Committee	Lu Hong-Te (Chairman)	Dai Zhongchuan	Ding Shizhong		
Nomination Committee	Lu Hong-Te (Chairman)	Yiu Kin Wah Stephen	Lai Shixian		
Risk Management Committee	Yiu Kin Wah Stephen (Chairman)	Dai Zhongchuan	Lai Shixian		
Authorized representatives	Ding Shizhong	Lai Shixian			

Registered office	
Cayman Islands Office	Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands
Principal Place of Business in Hong Kong	
Hong Kong Office	16/F, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong
Head offices in the PRC	
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 Registrar	SMP Partners (Cayman) Limited Royal Bank House – 3rd Floor, 24 Shedden Road, P.O. Box 1586, Grand Cayman, KY1-1110, Cayman Islands
Hong Kong Branch Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Legal adviser	Norton Rose Fulbright Hong Kong
Auditor	KPMG
Risk management and internal control review adviser	KPMG Advisory (China) Limited
Public relations consultant	Citigate Dewe Rogerson
Principal bankers	Agricultural Bank of China Bank of China Limited Bank of China (Hong Kong) Limited The Hongkong and Shanghai Banking Corporation Limited

Zhang Jike
A renowned Chinese athlete

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 2018.

Reached Ambitious KPIs, Carried Out Transformational Innovations

In the first half of 2018, the global economy continued to perform steadily despite political uncertainties and challenges. Meanwhile, the sportswear industry in particular continued to prosper amid favorable policies from the government. Taking advantage of market opportunities, the Group grew stronger with the support from every employee. The celebration of the Company's 10th anniversary of going public also served as a marching call for all of us to embark on a new course of development and advancement. China has set itself the goal of becoming a sports powerhouse and the sportswear industry is entering a golden era of rapid growth with unprecedented infrastructure development. Whether or not the brands can seize these opportunities will be the key to the success of each company. For years, the Group always stays innovative and prepared to embrace ourselves for these opportunities and challenges.

In addition, we benchmark ourselves against the high standards of distinct international enterprises in order to identify the gaps between us and to seize development opportunities. We understand the innovation of business model, products and services, etc. are beneficial for long term sustainability. Facing the unique characteristics of Chinese sportswear market, instead of facing just the distributors previously, we learned the importance of dealing with the end consumers directly while transforming our business from "Wholesale Model" to "Retail Brand". Capturing exponential growth in the era of e-commerce, it led us to a path of new retail that has given an exploration to the relationship between shoppers, products, and point of sales.

During the period, ANTA's online and offline businesses have been continuously developing and in addition to shining results achieved by

other brands under our Group, revenue has increased 44.1% to RMB10.55 billion (2017: RMB7.32 billion) and profit attributable to equity shareholders has increased 34.0% to RMB1.94 billion (2017: RMB1.45 billion), both hitting record highs. The gross profit margin of the Group has increased to a record high of 54.3% (2017: 50.6%), while the operating profit margin and the margin of profit attributable to equity shareholders were 25.5% and 18.4%, respectively (2017: 25.9% and 19.8% respectively). Basic earnings per share amounted to RMB72.44 cents (2017: RMB55.98 cents). In terms of the volume sold, the Group has remarkable results by selling 32 million pairs of shoes and 56 million of apparel during the period.

Consumer Centric and "New-retail" Transition

With innovation in our DNA, we will continue to be agile and adapt to the marketplace as we transform ourselves into a "new retailer". While delivering our multi-brand strategy, we also leverage technology in product design, retail and inventory management, store optimization, membership and employee management, among other areas, to upgrade and improve customer experience of all the brands across the board. More importantly, our innovation is based on the needs from consumers. In 2005, we set up the first Athletics Science Laboratory in China's sportswear industry. ANTA's self-developed technologies including A-Jelly, Super Flexi and A-Loop, etc. have been key components of some of the most popular products.

The year of 2018 will be the year of "Innovation Unleashed and Delivering on our Multi-brand Strategy". During the period, we have continued to restructure our internal systems and processes to improve efficiency in logistics, as well as to strengthen our collaboration in the research and development of material and technology with external partners. Using international brands as our benchmark, we are upgrading our brands and build up our capabilities in innovation. With the goal of representing "Made in China" brands to the world, we will start by becoming the favorite "Made in China" brand in China first.

Delivering on our "Single-Focus, Multi-Brand and Omni-Channel" Strategy and Integrating Resources for Globalization

We are dedicated to the mission of becoming a company that can lead China's sports industry to new heights, representing the "Made in China" brand with its global standards and vision on the international stage. To enhance the influence in the global market, Chinese brands must go beyond winning on low price; they must compete on quality, value and brand, and ultimately on innovation. This will be the new – but also the only – road to the world. At the PyeongChang 2018 Olympic Winter Games, ANTA supported the Chinese national teams to compete in the Olympic games. Through the Olympic platform, we showcased ANTA's culture globally, building a stepping stone for our internationalization strategy. Looking ahead, in order to become a true "Great Brand", ANTA must build up our capacity to innovate to ensure that we can rival international brands. We must be brave and daring when it comes to being creative and innovative, so that we can create and produce sportswear products with value for money and the highest international standards, transforming ANTA from "the brand you can buy" to "the brand you want to buy".

Meanwhile, we will continue to perfect the execution of our multi-brand strategy through FILA, DESCENTE, SPRANDI, KOLON SPORT and KINGKOW, the new additions to our brand portfolio in recent years. These additional brands will continue to realize the synergies among our various distribution and sales channels, generating additional market share within their target segments.

I always believe that we are a company with dreams! Riding on our strong execution skill and " Keep Moving" spirit, it will definitely deliver us to another ten years, and more, of glory, which ultimately turn the Group into a global sportswear company.

On behalf of the Board, I sincerely thank all shareholders for their long-term support, and our staff whose contributions have been invaluable. Going forward, we will continue to focus on delivering sustainable growth for our suppliers and partners, distributors and franchisees, as well as increase returns for our shareholders.

Ding Shizhong
Chairman

Hong Kong, 14 August 2018

Zhang Li
Chinese celebrity

Market Review

Riding on the Recovery of the Global Economy, Consumer Demands Unleashes Huge Potential

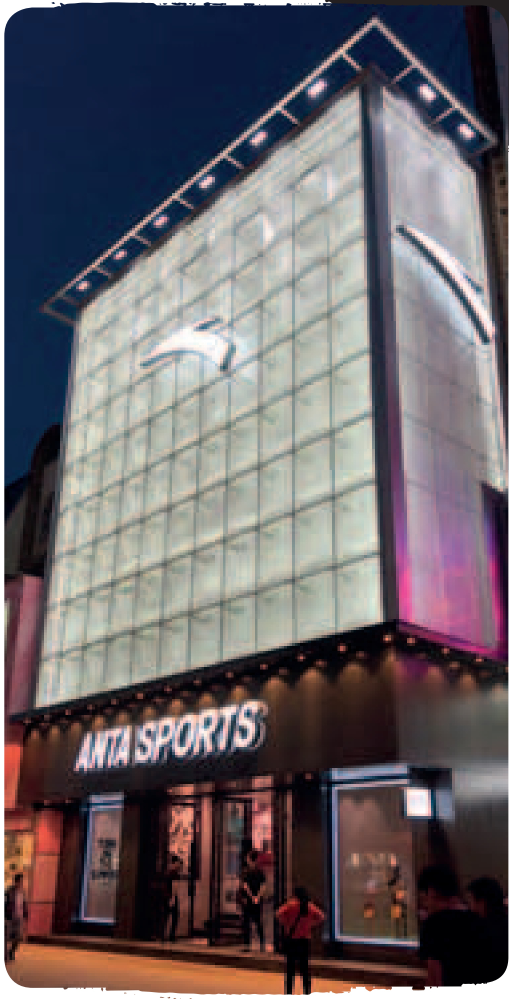
In the first half of 2018, the global economy progressed steadily amid an ongoing recovery. Many countries are implementing reforms to improve productivity and trading competitiveness with technology and innovation, providing strong support to promote the economy's development. Although there are various challenges ahead in terms of international trading, financial markets and geopolitics, the global capital market still shows signs of prosperous development momentum. As the second largest economy in the world, China's economic development continues to forge ahead against the backdrop of reform. According to the National Bureau of Statistics, China's GDP growth was 6.8% year-on-year in the first half of 2018, outperforming market's expectation of 6.7% while maintaining stable and positive momentum. The quality of economic growth continues to improve and the economy is operating steadily amid the reforms.

Meanwhile, inflation in China remains mild with CPI growth at 2.0% in the first half of 2018. Since the beginning of the year, China has been carrying out further supply-side structural reform by proactively developing new industries, business types and business models, deepening government functions reform and enhancing deductions on taxes and fees to promote the growth of the real economy and further stimulate the market's energy and optimize its environment. In the first half of 2018, China's total consumer goods retail sales grew 9.4%. Meanwhile, the Ministry of Finance of China released a note on draft amendments to the individual income tax law of the PRC. Objectively speaking, this will lighten the tax burden on Chinese citizens, which could help to stimulate consumption. As such, apparel-related industries continue to see flourishing market demand.

Policy Support is a Strong Growth Catalyst for the Sportswear Industry

China continues to support the long-term development of its sports industry. Previously, the General Administration of Sport of China released the *13th Five-year Plan for the Development of the Sports Industry*, which clearly stated that the total industry scale of China's sports industry will reach RMB3 trillion. According to the State Council of China published *"Several Opinions of the State Council on Accelerating the Development of the Sports Industry and Promoting Sports Consumption"*, which stipulated that the total scale of China's sports industry should exceed RMB5 trillion by 2025. In addition, other policies, such as "*Healthy China 2030*" and the "*National Fitness Program (2016-2020)*", were also laying down foundations for the development of China's sportswear industry. These positive policies have provided a powerful boost to growth, showing that China is providing support to the sportswear industry.

We have noticed that China's consumer segments vary according to different objective factors, meaning that we need to strategically allocate – targeting different types of people, distribution channels and consumption



capabilities. We believe that continuing our "Single-Focus, Multi-Brand and Omni-Channel" strategy can maximize our penetration across China's business segments and uncover market trends in a timely manner in response to consumers' growing appetite for "athleisure" fashion and stronger demands for "functional", "differentiated" and "premium" sportswear products. From R&D to design, and from production to distribution etc., we have made

Who We Are?

ANTA Sports Products Limited is a multi-brand company singly focusing on sportswear products

What Are Our Target Markets?

HIGH-END TO MASS MARKET

(Only include stand-alone brands or sub-brands with stores over 100)

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

FILA
Sports fashion products

FILA KIDS
Kid's sports fashion products

KINGKOW
Kid's fashion products

KOLON SPORT
Outdoor sportswear products

SPRANDI
Fashion and lifestyle sportswear products

ANTA
Functional sportswear products for running, cross-training, basketball and soccer

ANTA KIDS
Kid's sportswear products

NBA
Functional and causal basketball sportswear products

What Do We Do?

SUPPLY CHAIN MANAGEMENT

In-house / Outsourced Production

Raw Material Procurement / Fabric Sourcing

BRAND MANAGEMENT

Sponsorship / Endorsement

Advertising / Marketing

Store Image / Product Display

PRODUCT MANAGEMENT

R&D / Innovation

Design

Quality Control

DISTRIBUTION NETWORK MANAGEMENT

Distributorship / Retail

Logistics

Monitoring of Store Operations via ERP System

Big Data / Retail Analytics

E-commerce

Consumer Experience

What Retail Channels Do We Cover?

Online Stores

Street Stores

Shop-in-shop (Malls and Department Stores)

Outlet Stores

strategic adjustments in order to keep up with market demands. In response to these challenges, we have built a highly efficient supply chain and a new logistic center to enhance our capabilities, which will further reduce lead times and increase responsiveness to consumer needs.

Increasing Brand Awareness and Reputation by Award and Recognition

During the period, our revenue and profit attributable to equity shareholders reached historical highs, and our distinct investor relations activities have received awards and recognitions from the market. For instance, we were recognized as the "Most Honored Company" for a second year in a row in the Consumer/Discretionary Sector of the All-Asia (ex-Japan) Executive Team Ranking, published by *Institutional Investor*. In addition, we were recognized for the fourth consecutive year by the Hong Kong Investor Relations Association for our outstanding work in the field, picking up five awards including Best "IR Company", "Best IRO", "Best Investor Meeting", "Best Annual Report" and "Best Investor Presentation Material". Moreover, we have been recognized as "Best IR Hong Kong Listed Company" in the "14th New Fortune Gold Medal Company Secretary and Best Hong Kong Listed Company IR Ranking". We were also ranked among the "Top 100 Benchmark Companies for the Hong Kong Stock Connect" in the first ranking of the "Institutional Investors' Favorite Hong Kong Stock Connect Company", jointly organized by "Yuediaoyan.com" and "Gelonghui.com".

Moreover, we have made strong strides in terms of branding. For example, we were ranked 28th in "2018 Top 50 Most Valuable Apparel Brands" organized by Brand Finance, a British brand valuation and strategy consultancy. ANTA was one of the 10 fastest growing brands in terms of brand value. We were also ranked 78th in the "BrandZ™ China Top 100 2018" published by WPP and Kantar Millward Brown. In recognition of the quality and excellence of our 2016 annual report, we were awarded the "Silver Award, Annual Reports – Overall Presentation: Consumer Goods" at the Mercury Excellence Awards 2017/2018 organized by MerComm, Inc.. Last but not least, because of our overall strength and consistent performance, we were named 63rd within the "Top 100 Hong Kong Listed Companies 2017" organized by the Top 100 Hong Kong Listed Companies Research Center, and also have been listed in the "2018 Forbes' Global 2000" list, ranking at 1,622th on the list.

Furthermore, we were honored to cooperate with ANTA's endorser and NBA Champion player Klay Thompson on a series of successful marketing events in China, such as the "Shock the Game" event, which further increased ANTA's awareness and boosted relevant sales. Meanwhile, brands like ANTA KIDS, FILA, FILA KIDS, DESCENTE, KOLON SPORT, SPRANDI and KINGKOW are all showing satisfactory performance, showcasing the success and effectiveness of our "Single-Focus, Multi-Brand and Omni-Channel" strategy.

Business Review

1. Continuous Success of the "Single-Focus, Multi-Brand and Omni-Channel" Management Model

We are determined to explore innovative ways to forge ahead. During the period, we continued to find ways to constantly penetrate our brands into China's complex consumer segments to enhance our market competitiveness. Riding on the success of our "Single-Focus, Multi-Brand and Omni-Channel" strategy, we are able to focus on the sportswear market and achieve outstanding operational results during the period.

ANTA is a functional sportswear brand with ANTA and ANTA KIDS focusing on adult and kids mass sportswear market respectively. FILA is a high-end sportswear brand, while FILA KIDS caters for the high-end kids' sportswear product. DESCENTE is a functional and professional sportswear brand focusing on the high-end market. Moreover, brands within our portfolio enjoy the benefits of synergy with each other whilst satisfying different demands across the market. Each brand provides differentiated products to attract specific targeted consumer groups.

We have built our success on our existing integrated distribution network, including street stores, shopping malls, department stores, outlet stores and e-commerce channels. In response to changes in consumers' shopping behavior, in the future we will develop e-commerce and shopping malls as our key channels for sportswear products, which will help us to enhance our sales growth.

2. Brand Management

2.1 ANTA

As a leading sportswear brand in China, ANTA has always been committed to providing the mass market with value-for-money functional products across a diverse range of sports categories: from popular sports such as running, cross-training, basketball and soccer to professional and niche sports such as boxing. As always, ANTA enables professional athletes, sports enthusiasts and individuals to enjoy sport activities with appropriate products.

During the period, ANTA continued its mission to support Chinese athletes. We sponsored 24 Chinese national teams in four major sporting management centers and Chinese Rowing Association, including winter sports, boxing and taekwondo, gymnastics and weightlifting, and wrestling and judo. As COC's official partner, ANTA designed the "Champion Dragon Outfit" for this year's PyeongChang 2018 Olympic Winter Games, which adopted the "dragon" imagery of Chinese tradition. The Chinese athletes wore the outfit whenever they received their honors at the podium; it therefore made a number of appearances

during the Olympics and ultimately lifted ANTA's brand awareness further. As the official sportswear partner for the Beijing 2022 Olympic and Paralympic Winter Games, ANTA will continue to strive and provide the COC with the best suited winter sports gear and equipment utilizing new techniques and technology.

As always, ANTA attaches great importance to design, research and development. During the period, to cater to the market trend, we introduced various highly recognized products. In March, meeting the functional demands of outdoor sports, ANTA teamed up with renowned designer RICO LEE and launched the punk-style "Technology Sports" series during Shanghai Fashion Week with tech giant 3M. Furthermore, to celebrate NASA's 60th Anniversary, ANTA launched the "Tribute to NASA" theme for its "SEEED Plan" series sport shoes. The series adopted two types of brand-new self-developed technologies to protect athletes' ankles: "A-FIIIX" artificial ligament technology and "A-PROOO" power-storage capsule technology. We believe that by utilizing ANTA's thoughtful product designs and sport technology applications, athletes can fully realize their potential and better their performance. ANTA continued to team up with NBA Champion Golden State Warriors' Klay Thompson and launched various KT series basketball shoes. These include "KT3-Rocco Basketball Shoes", which was named after his beloved dog, Marvel's crossover "KT3 Black Panther Basketball Shoes" and "KT3 Three Wins Basketball Shoes", which were to commemorate Thompson's third NBA champions with Golden State Warriors wins. "KT3-Rocco Basketball Shoes" in particular drew a long queue of customers after launching. In June, Thompson began his eight-day "Shock The Game" tour in China. In addition to sharing his experience of wearing ANTA sportswear to win the NBA, he also presented awards at "Shock The Game" basketball final match and interacted with basketball fans there.

ANTA has always been committed to promoting soccer in China. In March, ANTA confirmed its strategic partnership with Zhejiang Greentown Football Club, during which it announced the brand-new home shirt designed for the club's 2018 season. This was ANTA's first soccer club collaboration, proving our commitment to developing in this area. With strong production and design capabilities, ANTA provided more than 130 types of training and daily equipment to Zhejiang

Greentown, helping football players to improve their performance during matches. In the future, ANTA will develop even more innovative professional soccer kits based on the needs of professional soccer to "Keep Moving" in the realm of Chinese soccer. During the period, ANTA also provided participants with sport outfit in Spartan Race in Shenzhen. This event attracted more than 5,000 participants and allowed them to experience the functionality of ANTA's sport outfit.

2.2 ANTA KIDS

ANTA KIDS has been tapping into the high-growth kids' sportswear market in China since 2008 by providing sportswear products for children aged 0 to 14. Following the Chinese government's easing of the Family Planning Policy, it is widely expected that growth in the kidswear market will be benefited, resulting in an expansion in market scale. ANTA KIDS was the first domestic sportswear brand to enter the market and enjoys a distinct early-entry advantage. The brand consistently promotes its philosophy to "Grow Up with Fun" which involves integrating the spirit of "Fun" in comprehensive experiences as they grow up. ANTA KIDS has successfully enhanced the desirability of its products among consumers and has expanded its market share by providing value-for-money products. Therefore, ANTA KIDS is well-positioned to take advantage of the growing opportunities in this market.

Apart from running, basketball, outdoor, cross-training and lifestyle series, ANTA KIDS also enriched its products' portfolio by launching crossover products with various cartoon characters. After the successful launch of its Hello Kitty and Despicable Me movie series last year, ANTA KIDS joined hands with Marvel heroes, introducing crossover products welcomed by the general public with positive feedback.

ANTA KIDS hopes to grow healthily alongside children and encourage them to enjoy sports. Through its cooperation with famous child stars, ANTA KIDS has established a sporty, energetic and inspiring brand image. In April, ANTA KIDS invited Zhang Yuexuan (Tiantian) – son of the famous model Zhang Liang – as its first endorser. In addition, ANTA KIDS has always properly utilized its brand website and social media platforms for marketing campaigns. Leveraging our abundant and unique resources in the sports sector, ANTA KIDS launched its "Sports Day" event for children to experience ANTA's sportswear while having fun in sports. These marketing campaigns not only enhanced the brand's attractiveness to parents and children, but also encouraged children's participation in sports.

2.3 FILA, FILA KIDS and FILA FUSION

Since acquiring FILA's business in China, Hong Kong and Macao in 2009, we have been actively expanding its business in China, Hong Kong, Macao and Singapore. FILA has been positioned as a high-end sports fashion brand which targets high-end consumers aged between 25 and 45.

Through different product collections, FILA offers consumers unique sportswear products. In addition to series like FILA RED, FILA WHITE, FILA BLUE and FILA ORIGINALE, we also continued our collaboration with Jason Wu, the New York-based Chinese American fashion designer, and Ginny Hilfiger, a renowned American fashion designer, to introduce the brand-new Jason Wu X FILA and FILA Modern Heritage series. Moreover, we also work with famous Chinese celebrities, such as Gao Yuanyuan, Chen Kun and Roy Wang to further enhance our brand image and strengthen our brand recognition in China.

We have always been committed to create fashion trends through integration and innovation to express our fashion philosophy. In June, FILA officially launched a new trendy sportswear series called FILA FUSION. This series expands FILA's presence in the fashion sector by tapping into the youth market. FILA FUSION presents a young, bright, trendy and sporty brand image. With a unique fashion style, FILA FUSION partnered with different world-renowned brands to launch crossover series, ranging from international fashion brand AAPE by A Bathing Ape to Korea brand D-ANTIDOTE and New York streetwear brand Staple. We opened standalone stores for FILA FUSION to target young customers. FILA FUSION teamed up with new designers and

top fashion brands around the world to explore the younger generation's fashion style. After receiving remarkably positive feedback from the public, we believe FILA FUSION will continue to provide another comfortable fashion experience for our customers.

As for FILA's kidswear brand, FILA KIDS aims to provide high-end apparel and footwear for children aged 3 to 15 since its launch in China in 2015. By inheriting the elegant and unique style of FILA, FILA KIDS has become widely popular within the kidswear market. During the period, FILA KIDS introduced a brand-new Milan Garden Kidswear collection. By integrating the essence of summer with sports and fashion, this collection extensively reflected the brand's elegant style. We believe that FILA KIDS will continue its growth trajectory and make a meaningful contribution to the FILA's overall sales.

While FILA stores are mainly located in first- and second-tier cities in China, the brand continues to open stores in cities with potential across China, Hong Kong, Macao and Singapore.

As part of its plan to continuously upgrade and revitalize stores, FILA has worked to enhance store efficiency by expanding the size of its stores. During the period, the number of FILA stores has increased steadily. In May, FILA opened two flagship stores on Nanjing Road and Huaihai Zhong Road in Shanghai at the same time. Establishing a strong presence in Shanghai's core commercial district showed the strong growth momentum of the brand.

2.4 DESCENTE

In 2016, we formed a joint venture company to exclusively operate and engage in the design, sale and distribution of products bearing the “DESCENTE” trademark in China. DESCENTE focuses on high-end sportswear products, including skiing, cross-training and running, amongst others.

After two years of development, DESCENTE has quickly established its brand position as a functional and professional sportswear brand in China. Leveraging 83 years of brand heritage, DESCENTE targets customers aged 25-35 who seek functional and well-designed products. It has been active in expanding its retail footprints in the high-end segments of the Chinese sportswear market, becoming the brand of choice for skiing, cross-training and running enthusiasts. This has improved the brand’s sales performance, showing that it has played an important role in our Multi-Brand strategy.

In terms of brand promotion, during the period, we invited Daniel Wu, a famous movie star, director and producer, to become DESCENTE’s first Chinese endorser, embodying DESCENTE’s brand concept of professionalism, innovation and a spirit that dares to challenge. Furthermore, we invited famous yoga tutors to lead a series of women fitness courses themed “Design Your Moves” in Shanghai, Chengdu, Beijing and Nanjing. “Design Your Moves” aimed to promote sports with the utmost safety and comfort of SPIRITUAL products series, encouraging women to explore their own potential and express themselves through sports. As sports have becoming one of popular lifestyle activities among people living in urban areas, we will leverage DESCENTE’s technical edge to focus on professional and high-end sportswear, meeting each sports enthusiast’s demand to exceed themselves in the midst of challenge.

Following the conclusion of the PyeongChang 2018 Olympic Winter Games, winter sports in China have attracted an unprecedented level of attention as the country prepares to host the Beijing 2022 Olympic and Paralympic Winter Games. With first-mover advantage and a focus on the fast-growing winter sports market, we are confident that DESCENTE will grasp the huge potential of the winter sports market and forge itself into one of the most successful sportswear brands in China ahead of the Beijing 2022 Olympic and Paralympic Winter Games.

2.5 SPRANDI

SPRANDI is a fashion and lifestyle sportswear brand, mainly focusing on fashion athletic footwear market. By opening more physical stores and e-commerce platforms, SPRANDI continued to grow and penetrate into the emerging middle-class in China.

With a focus on innovative technology and the pursuit of a highly comfortable athletic experience, we launched SPRANDI Lifestyle and SPRANDI Active footwear series. Queen Lite of the SPRANDI Lifestyle series is designed to hide elevator heels and achieve a seamless combination of appearance with a practical and comfortable design. Powercell training shoes of the SPRANDI Active series have excellent rebound, allowing wearers to reduce the impact experienced during exercise. SPRANDI continues to improve its competitive differentiation through original design and has enhanced its brand image via seasonal promotions activities with various themes.

2.6 KOLON SPORT

Founded in 1973, KOLON SPORT has been promoting the development of outdoor lifestyle. We formed a joint venture company to operate KOLON SPORT in China, Hong Kong, Macao

and Taiwan since 2017. KOLON SPORT always strives for excellence in its product design. It not only satisfies the functional needs of adapting the natural environment, but also shows personality in urban life through bold design and tailoring. Combining outdoor with fashion, it balanced fast-paced modern life with nature. We are confident that with the rise of China's middle class and the millennial generation, KOLON SPORT will expand its footprints in the outdoor sportswear market.

2.7 KINGKOW

Founded in 1998, KINGKOW is a famous kidswear brand targeting the mid-to high-end market. With excellent design and premium quality, KINGKOW is favored by kids aged 0 to 14. Our acquisition of KINGKOW in 2017 will not only help us to reinforce our presence in the kidswear market, but will also strengthen our multi-brand strategy in the same market. During the period, we successfully improved KINGKOW's store efficiency and inventory turnover through optimization of store networks.

3. Distribution Network Management

3.1 Omni-Channel Management

We continued to implement our retail-oriented strategy and have successfully improved our retailers' competitiveness, store efficiency and responsiveness to the ever-changing market. We have also conducted ongoing research on our target customers to find out more about their specific desires as well as to create a more comfortable shopping environment within our stores. In the meantime, we have optimized our retail management capability while enhancing our retail channels in China, including street stores, shopping malls, department stores, outlet stores and e-commerce platforms.

We organize quarterly trade fairs to launch and sell new seasonal collections of ANTA and ANTA KIDS products. These trade fairs occur approximately six months ahead of the introduction of a new season's products to the market to allow smooth order placements and product manufacturing. During the period, ANTA introduced new styles in over 490 footwear, 1,100 apparel and 450 accessories.

In order to offer professional and value-for-money sportswear, we have established a nationwide distribution network for ANTA, creating a competitive advantage in second- and third-tier cities. Most ANTA stores are operated in the form of street stores, but we are also actively expanding our presence in large shopping malls and department stores. During the period, we also continued to streamline and upgrade our retail management practices by introducing ANTA's eighth generation stores to deliver the latest customization services and improve shopping experiences for consumers. In these eighth generation stores, our products are displayed to offer maximum efficiency, appeal to shoppers, and ensure customers can find suitable products easily and comfortably. We have designed each store with a theme embodied in the central display area, while each layout has its unique and attractive characteristics.

On the other hand, the children's sportswear market has experienced rapid growth in the past few years and the momentum is expected to remain strong, supported by the implementation of China's two-child policy. In light of the promising opportunities in this market, ANTA KIDS sportswear series with its value-for-money and comfortable products, has successfully targeted children aged 0 to 14 in the mass market. ANTA KIDS stores also focus on second-and third-tier cities.

While the mass market is expected to grow rapidly, the potential of the high-end market should not be overlooked. High-end consumers tend to pay more attention to details and prefer personalized products. FILA and DESCENTE have created a platform to capture the high-end sportswear market with their fashionable and professional products. With a view to target the high-end children's market, FILA launched FILA KIDS. FILA KIDS continues to gain awareness in the high-end market by incorporating the unique elegance style of the FILA brand into FILA KIDS products. DESCENTE, FILA and FILA KIDS stores are mainly located in shopping malls and department stores of first- and second-tier cities.

We believe that the sustainability of our distribution network and the quality of the stores, including location, size, efficiency and interior decoration, are more important than the actual number of stores. Hence, we closed smaller and less efficient stores, and replaced them with larger and more attractive stores in prime locations to improve the overall performance of our stores.

As at 30 June 2018, the total number of ANTA stores in China (including ANTA KIDS standalone stores) was 9,650 (end of 2017: 9,467). FILA (including FILA KIDS and FILA FUSION standalone stores) had a total of 1,248 stores in China, Hong Kong, Macao and Singapore (end of 2017: 1,086) and DESCENTE had a total of 85 stores in China (end of 2017: 64).

3.2 Improving Retail Management Capabilities

With a consumer-centric and retail-oriented strategy, we have successfully improved our retailers' competitiveness, store efficiency and responsiveness to the ever-changing market. During the period, we continued to work closely with our retailers to optimize our retail management capability.

First, we established a retail-oriented mindset and appraisal system. We believe the most effective approach to retail channel management is to consider ourselves a retail company. Hence, we emphasized retail efficiency in our corporate culture and values, and established a consumer-oriented retail management appraisal system to measure our performance according to retail operating data.

Second, our retail data and market information are shared with our suppliers and retailers. Effective communication contributes to the success of our retail-oriented strategy. From the product planning stage, we work closely with retailers to gather customer feedback so that we can develop products that are truly welcomed by the market. Analysis of product sales performance and customers' feedback gathered by our real-time monitoring system are shared with our retailers on a regular basis. Such timely market information and retail data also enable us to stay abreast of consumer demands and to formulate more accurate product development plans, as well as future order guidance and replenishment order forecasts for retailers.

Third, we provide precise future order guidance to retailers to prevent inventory accumulation. We believe that healthy inventory levels can avoid deep discounts, which will in turn stabilize retailers' profitability and ensure sustainability. Therefore, we aim to provide precise future order guidance on a per store basis, so as to allow greater accuracy of orders and stabilize in-store inventory levels. We also encourage our retailers to be flexible in placing replenishment orders to reduce their inventory risks. At the same time, our well-managed clearance channels, including outlet stores and e-commerce platforms, enable our distributors to reduce inventory risk at a faster pace.

Fourth, we require all our retailers to strictly follow our retail policies. In order to strengthen their competitiveness and profitability, we thoroughly examine our retailers' store opening plans and ensure that our stringent retail policies are being followed. We insist on maintaining a consistent store image across our nationwide distribution network, and the standardization of product display equipment and POP materials which highlight quarterly marketing themes. During the period, we continued to encourage retailers to upgrade their store layouts in line with our latest store image.

Fifth, we help retailers to optimize their operating performance and store efficiency. We adopted a flattened sales management system and streamlined our distribution structure to facilitate our interactions with the retailers. Through a comprehensive monitoring system, including a real-time ERP system, weekly reports submitted by our POS and channel checks by our sales teams, we are able to closely monitor retailers' performance and carry out immediate measures to help improve the operational efficiency of the retail stores.

Sixth, our brands ultimately reach customers through our nationwide distribution network. An attractive store image and unique shopping experience play a key role in enhancing retail efficiency and boosting customer traffic. With the continuous renovation and upgrade of our stores, we are able to offer customers a more pleasant and customized shopping experience, thus increasing sales and store efficiency. This is the reason behind the introduction of the eighth generation stores. Store decorations and promotional materials, such as in-store posters and product display equipment, are provided to retail stores to highlight the marketing themes and product story of the season. During the period, we also further optimized our visual merchandising to put our signature products, such as the KT series, along with other basketball, cross-training and professional running series, in the spotlight.

3.3 E-Commerce

Online shopping channels have become increasingly important, so we hope to support our "Single-Focus, Multi-Brand and Omni-Channel" strategy with a clear strategy for our e-commerce business. On the back of the rising importance of e-commerce within the retail industry, we have expanded and improved our e-commerce business. We offer a wide selection of new products by launching exclusive online products and offline in-season products to cater increasing demands in the online market.

Our e-commerce business offers products of different brands under our Group. It has already become a comprehensive and interactive platform which makes online shopping more convenient, ensures reliable delivery and offers quality after-sales services. In addition to the official online flagship store of each brand, we have collaborated with various renowned e-commerce platforms, including Tmall, JD, Vipshop etc. to further boost the performance of our e-commerce business. The business also made a breakthrough in the integration of our online and offline channels, such as the launch of ANTAUNI on Tmall.

Under our strict guidelines and policies, we only allow authorized third party online retailers to sell our products on online stores. Moreover, we have allowed some of our most outstanding offline distributors to sell ANTA products online to maximize the mutual benefits between web-based and brick-and-mortar stores.

We believe corporations should adapt swiftly to cope with changing environments, especially with the rising importance of e-commerce. Our experienced online sales team has been helping us to attract more online shoppers and we have used different methods to achieve this goal. For example, we optimized our e-store interface, improved product descriptions and presentations, and enhanced our product search and cataloging functions. We standardized all our online product launch schedules, priorities and styles, which created synergy and prevented competition between our online and offline retailers. In addition, we provide comprehensive customer services, including secure payment systems, a well-established supply chain, fast and reliable delivery services, VIP membership and product return guarantees. We believe the positive feedback from our customers will help us to establish a solid brand reputation that we have built up. Our e-commerce segment is gaining prominence in our business and we will continue to explore further profitable market opportunities.

4. Supply Chain Management

As a leading sportswear company in China, we recognize the importance of effective supply chain management. We understand that suppliers and distributors must develop in tandem with us to avoid negative impacts on our operations. In addition to implementing a strict partner and supplier selection regime, we are also committed to provide assistance to suppliers and partners to enhance their governance, production and operation standards.

We will assess suppliers in many aspects, including the performance of credibility, contractual spirit, capital and environmental protection etc., during the consideration process. We will evaluate in terms of products, prices and company sizes etc., in order to meet our basic requirements. Meanwhile, we ensure the capabilities in research and development, production management, corporate social responsibility and quality management systems to reach industry standards, including the ISO international standards.

We strengthened our supply chain to help us to produce differentiated products effectively. We revised our performance based on incentive system to motivate suppliers to make improvements. Based on some minimum requirements including health and safety, anti-discrimination and anti-child labor, we created a metric system that integrates suppliers' performance and results, and generates scores and rankings. As their performances have continued to improve, we encouraged and assisted suppliers to apply for international accreditations. In the long run, we will reward those with high ratings with increased orders and additional resources and allowances.

Apart from keeping in close contact with suppliers, from time to time, we also hosted training camps and meetings with suppliers to share our plans and trends within the industry. These initiatives have encouraged them to produce more innovative products.

Supported by high quality OEMs, our in-house manufacturing facilities have extra capacity to efficiently and flexibly meet unexpected demands in a cost-effective manner. We have also further improved our supply chain to shorten the production lead times, allowing us to capture consumer demands in a timely manner. In addition, we fully support our supply chain partners' efforts to enhance quality controls and workflow efficiency, and to improve their responsiveness to changing market conditions. We were also able to accurately and efficiently keep track of additional orders,

therefore improving the growth prospect of our business.

We have also strategically combined in-house and outsourced production to better respond to market conditions and changes in consumer preferences. In order to be more flexible in fulfilling replenishment orders and maintain our cost advantage, we have further optimized the efficiency of our production process. During the period, self-produced footwear and apparel of ANTA accounted for 34.3% and 13.3%, of the total sales quantities respectively (20171H: 39.1% and 16.7%).

5. Product Management

We believe technological innovation, original design and product safety are the keys to product differentiation. As part of our ongoing focus on product innovation, our R&D costs as a percentage of our cost of sales reached 6.2% during the period. Besides A-Jelly, A-Loop, A-Livefoam, A-Strata, A-Proofrain and A-Web technologies, we also introduced A-Flashfoam 2.0 running shoes, featuring A-Web technology to enhance breathability and improved Flashfoam midsole materials to lower the weight of the running shoes. This technology can effectively absorb shock to prevent injuries while maintaining stability, allowing runners to experience a completely different running experience.

On the other hand, ANTA launched KT Light III basketball shoes combining A-Liveknit technology. Inheriting KT Light series' light and breathable features, the third-generation KT Light series featured A-Shock Stablizer's cushioning technology in the shoe sole and lateral protection with wrapped TPU.

6. Quality Control

We strongly believe that quality control plays an important role in our daily operations. In this highly competitive industry, the key to strengthen the market share is to design and manufacture comfortable, safe and high quality sportswear products for consumers. We picked our business partners by utilizing our extensive evaluation mechanism, and persuaded them to possess certifications in manufacturing and quality management system, thus attaining the ISO international standards.

We conduct multiple safety tests based on the internal product quality guidelines, including the sharpness of the edges of a product, the residues of broken needles and the amount of hazardous chemicals, before sending the products to the distributors. If defective products with materials and sewing products are found after shipment, our employees will follow the strict "Product Recall Management System" to recall the products and ensure the defective products are handled properly. For all products that do not comply with any regulation, found to be defective during self-inspection process, or have a recall rate for more than 5%, we will announce the recall within one working day after confirming the decision. Meanwhile, we will also notify the distributors to return the defective products.

In the meantime, most of the non-manufacturing systems of our Group have obtained ISO 27001 certification in information security management system, and we have established a comprehensive information safety and management system.

Among all, we are regulating the safety management regulations, legal compliance management requirement and network access regulations for all third parties and outsourcing businesses, according to the "26 Information Security Systems". Furthermore, we restricted data access rights for our employees in order to reduce the risk of data leakage.

7. Human Resources Management

Our success is attributed by the cooperation and sincerity by our employees. Our business is considered a highly labor-intensive industry. The safety and well-being of our employees are critical to our operational efficiency and corporate image. To ensure our long term development to be steady and progressive, we promise to fully abide by all kinds of law and regulations, thus creating a safe and friendly work environment.

It is our responsibility to ensure our employees can work in a safe and harmonious environment. Through implementing various safety policies and procedures, we are committed to minimizing the potential risks in the work environment and avoid work injury. Based on different roles of our employees, we provide suitable protective equipment according to their job functions, for instance, how the procedures, materials and machinery need to be contacted and handled. We also arrange relevant safety training to make sure our employees understand the potential risks of their work. The training will also provide guidelines on how to operate the machines properly to avoid accidents caused by any misunderstanding. Further, to ensure our employees strictly follow the related rules and regulations, we do not only provide timely safety training, but also arrange supervisors to inspect the frontline occasionally, making sure our employee's behaviors are aligned with the safety regulations. We provided employees with comprehensive benefits and protection. Since 2017, we launched "Worry-Free Medical Program" and "Sweet Home Plan" to employees, in the meantime we provided comprehensive benefits and protection for employees, as well as sophisticated training programs, in order to afford appropriate opportunities for employees to unleash their talents and potentials.

In terms of equal opportunities, we value the individual preferences of our employees, regardless of their gender, age, religion and race, and we hope to provide opportunities based on talents and merits. As at 30 June 2018, we had around 22,500 employees (end of 2017: 18,800 employees) in total.

Gao Yuanyuan
Chinese celebrity

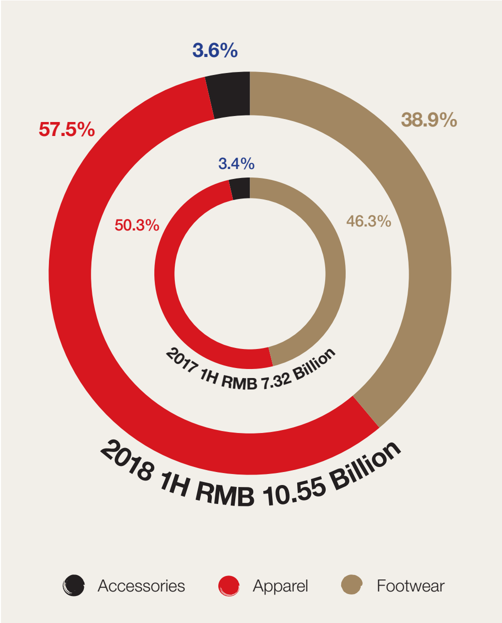
FINANCIAL REVIEW

Revenue Breakdown by Product Category

The following table sets out the contribution to the revenue by product category for the financial period:

	Six months ended 30 June				
	2018		2017		**Changes**
	(RMB million)	**(% of revenue)**	(RMB million)	(% of revenue)	(%)
Footwear	**4,108.4**	**38.9**	3,387.2	46.3	↑21.3
Apparel	**6,065.0**	**57.5**	3,684.8	50.3	↑64.6
Accessories	**380.1**	**3.6**	251.2	3.4	↑51.3
Overall	**10,553.5**	**100.0**	7,323.2	100.0	↑44.1

During the financial period, the Group's revenue increased by 44.1% as compared with the same period of 2017, mainly driven by strong growth in apparel sales.



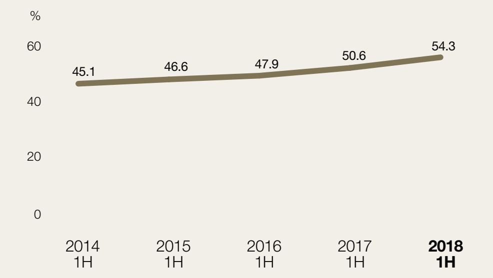
Gross Profit and Gross Profit Margin Breakdown by Product Category

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				
	2018		2017		**Changes**
	Gross profit (RMB million)	**Gross profit margin (%)**	Gross profit (RMB million)	Gross profit margin (%)	(% point)
Footwear	**2,057.2**	**50.1**	1,632.4	48.2	↑1.9
Apparel	**3,502.8**	**57.8**	1,972.7	53.5	↑4.3
Accessories	**166.4**	**43.8**	98.6	39.3	↑4.5
Overall	**5,726.4**	**54.3**	3,703.7	50.6	↑3.7

Due to the increased contribution from retail operations, the Group's overall gross profit margin for the financial period increased 3.7% point as compared with the same period of 2017.

Gross Profit Margin



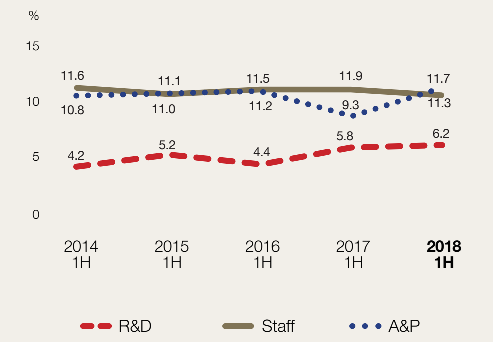
Other Net Income

Other net income for the financial period amounted to RMB245.0 million (2017: RMB172.5 million), which mainly comprised of government grants of RMB225.1 million (2017: RMB154.0 million). The government grants were provided to the Group in recognition of its contribution towards the local economic development.

Operating Expenses Ratios

The ratio of advertising and promotional expenses to revenue increased by 2.4% point for the financial period mainly due to additional expenditures in relation to the COC sponsorship and retail level marketing and promotional activities. The ratio of staff costs to revenue decreased by 0.6% point mainly due to the notable growth in revenue. The ratio of R&D costs to cost of sales increased by 0.4% point as the Group continued to enhance its overall R&D capability.

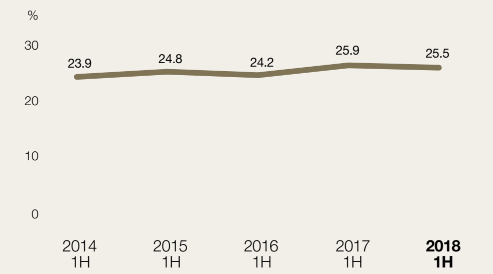
Operating Expenses Ratios



Operating Profit Margin

Operating profit margin decreased by 0.4% point to 25.5% for the financial period, in spite of the 3.7% point increase in the gross profit margin. It was mainly due to increase in selling and distribution expenses.

Operating Profit Margin



Net Finance Income

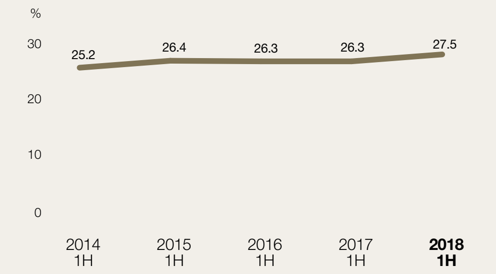
Total interest income for the financial period amounted to RMB107.2 million (2017: RMB76.5 million). Such increase was mainly driven by the increase in average amount of bank deposits and bank balances as compared with the same period of 2017, and purchase of listed held-to-maturity debt securities during 2nd half of 2017.

Total interest expense amounted to RMB9.3 million (2017: RMB12.5 million) for the financial period.

Effective Tax Rate

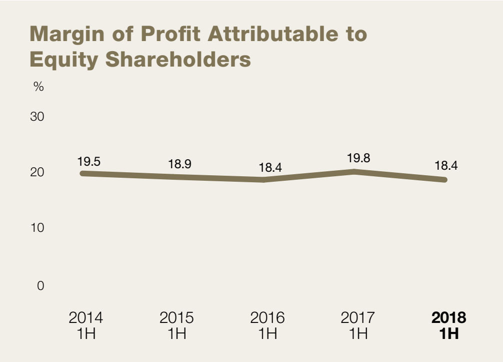
Effective tax rate was 27.5% for the financial period (2017: 26.3%). The increase was mainly due to tax effect of unused tax losses not recognised in respect of newly joined brands.

Effective Tax Rate



Margin of Profit Attributable to Equity Shareholders

Margin of profit attributable to equity shareholders decreased by 1.4% point to 18.4% for the financial period, in spite of the 0.4% point decrease in operating profit margin. It was mainly due to the net foreign exchange loss recorded during the financial period while net foreign exchange gain was recorded for the same period of 2017.



Write-down of Inventories

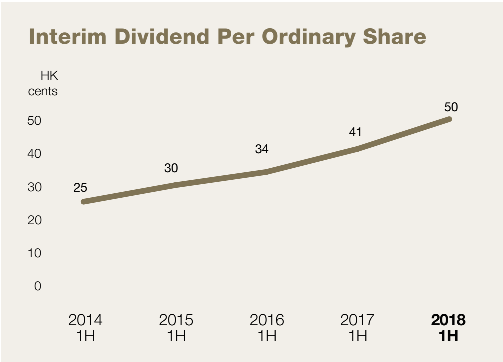
Inventories are stated at the cost or net realisable value, whichever is lower. In the event that net realisable value falls below cost, the difference is taken as write-down of inventories and charged to profit or loss. During the financial period, reversal of write-down of inventories amounting to RMB2.9 million was credited to profit or loss (2017: write-down of inventories amounting to RMB20.6 million was charged to profit or loss).

Provision for Doubtful Debts

The Group keeps assessing the expected credit loss of all receivables and establishes a provision for the doubtful debts. During the financial period, provision for doubtful debts amounting to RMB38.8 million was charged to profit or loss (2017: RMB48.0 million).

Dividends

The Board has declared an interim dividend of HK50 cents per ordinary share in respect of the financial period, representing a payout of RMB1,169.8 million (2017: RMB930.0 million), or a distribution of 60.1% (2017: 64.1%) of the current period's profit attributable to equity shareholders.



Liquidity and Financial Resources

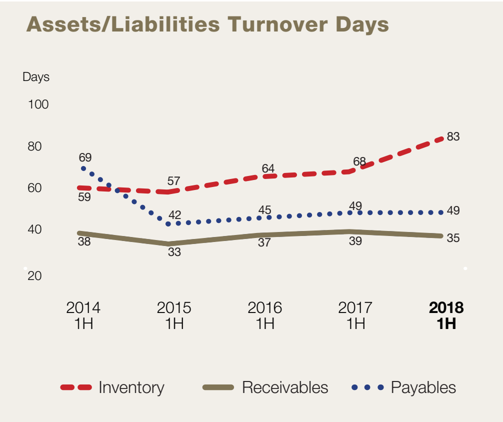
As at 30 June 2018, the cash and cash equivalents of the Group amounted to RMB6,932.6 million which were mainly denominated in RMB, HKD and USD, representing a decrease of RMB35.0 million as compared with the cash and cash equivalents of RMB6,967.6 million as at 31 December 2017. This is mainly attributable to:

- Net cash inflow from operating activities amounted to RMB1,475.7 million.
- Net cash outflow from investing activities amounted to RMB1,311.1 million, including mainly net placements of fixed deposits held at banks with maturity over three months of RMB729.5 million, payments for purchase of other financial assets of RMB326.7 million and capital expenditures of RMB252.4 million.
- Net cash outflow from financing activities amounted to RMB213.5 million, mainly including the payment of the final and special dividends in respect of the financial year 2017 amounting to RMB1,238.2 million, the net drawdown of bank loans amounting to RMB1,055.4 million and the payments of interest expenses on bank loans amounting to RMB4.1 million.

As at 30 June 2018, total assets of the Group amounted to RMB20,641.6 million, of which current assets were RMB16,567.1 million. Total liabilities and non-controlling interests were RMB6,186.6 million and total equity attributable to equity shareholders of the Company amounted to RMB14,455.0 million. The Group's gearing ratio was 6.0% as at 30 June 2018 (as at 31 December 2017: 0.8%), being a ratio of bank loans (as at 30 June 2018: RMB1,236.2 million; as at 31 December 2017: RMB147.9 million) to total assets. The bank loans were denominated in RMB and HKD, and repayable within one year.

Assets/Liabilities Turnover Ratios

The average inventory turnover days increased by 15 days due to the increased contribution from retail operations. The average trade receivables turnover days and the average trade payables turnover days decreased by 4 days and remained unchanged respectively. Such turnover ratios remained at relatively normal levels.



	2018 (RMB million)	2017 (RMB million)
Six months ended 30 June		
Net operating cash inflow	**1,475.7**	2,057.8
Capital expenditures	**(252.4)**	(282.9)
Others	**2.6**	50.0
Free cash inflow	**1,225.9**	1,824.9
As at 30 June		
Cash and cash equivalents	**6,932.6**	9,559.7
Fixed deposits held at banks with maturity over three months	**3,165.9**	877.2
Pledged deposits	**158.6**	194.6
Bank loans	**(1,236.2)**	(110.0)
Bills payable	**–**	(490.0)
Net cash position	**9,020.9**	10,031.5

Pledge of Assets

As at 30 June 2018, the Group had bank deposits of RMB158.6 million (as at 31 December 2017: RMB150.0 million) pledged to secure bankers' documentary credits for certain contracts and construction projects.

Capital Commitments and Contingencies

During the financial period, certain capital commitments were utilised in the additions to construction in progress, which was mainly related to the Group's new logistic center in the PRC.

As at 30 June 2018, the Group had capital commitments of RMB728.6 million, primarily relating to the construction of the new logistic center and the expansion of retail channels.

As at 30 June 2018, the Group did not provide any form of guarantee for any company outside the Group. The Group is not involved in any current material legal proceedings, nor are there any pending or potential material legal proceedings involving the Group.

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 currency of most non-PRC entities is the Hong Kong dollar and those financial statements 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. As the Group conducts business transactions principally in RMB, the exchange rate risk at the Group's operational level is not significant. 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

The Group continues to seek business opportunities such as acquisition of and cooperation with international sportswear brands so as to increase the returns on shareholders' equity.

During the financial period, the Group made no significant investment or any material acquisition or disposal of subsidiary.

Placing and Top-up Subscription

References are made to the announcements of the Company dated 22 March 2017 and 31 March 2017 in relation to the placing of existing Shares and top-up subscription of new Shares under the general mandate.

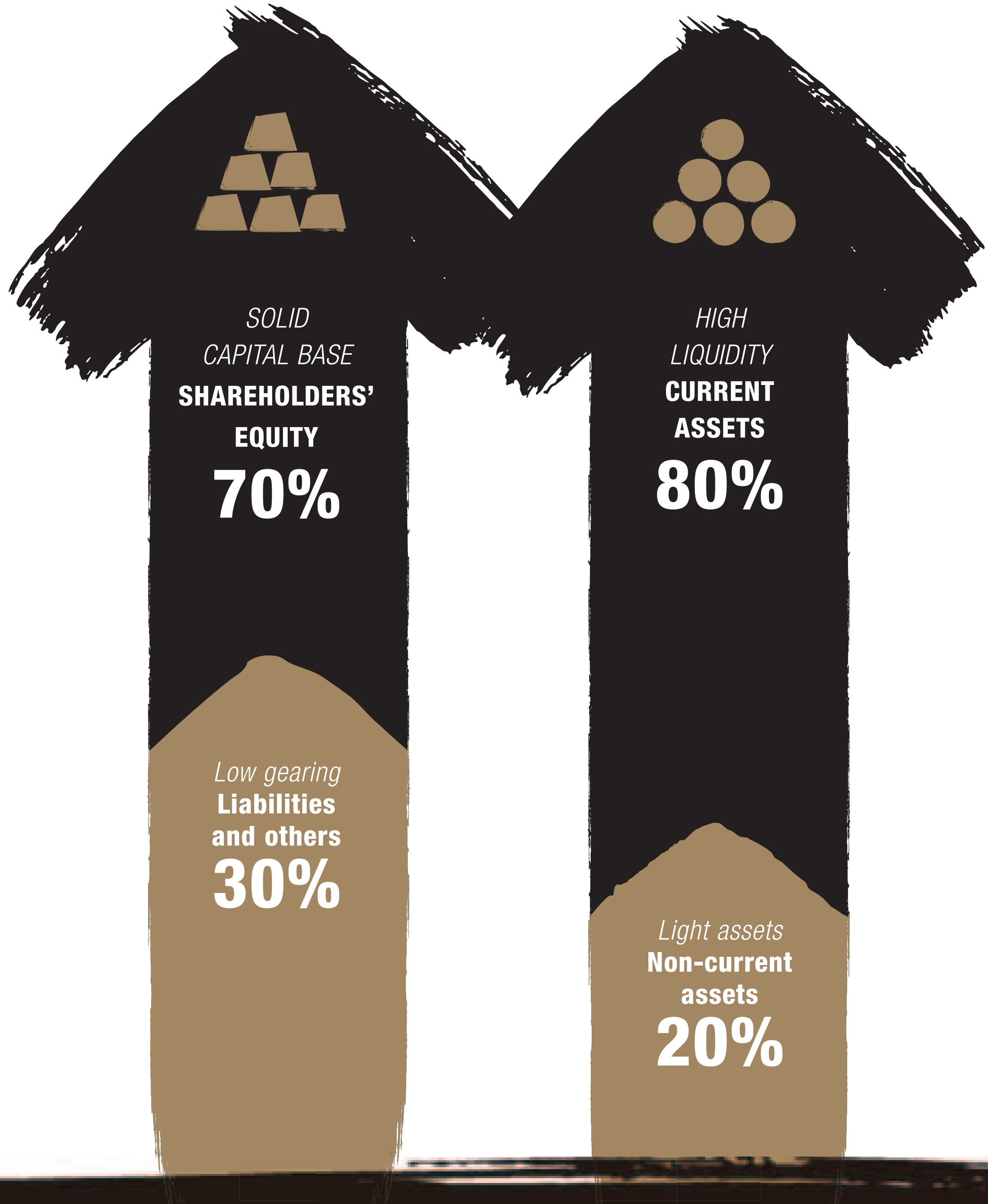
The gross proceeds from the placing and top-up subscription were approximately HK$3,792.3 million and the net proceeds after deducting all relevant expenses were approximately HK$3,787.4 million (equivalent to RMB3,394.1 million).

Up to 30 June 2018, the Group has not used any net proceeds from the placing and top-up subscription. The Group is committed to seek business opportunities such as acquisition of, and cooperation with, international sportswear brands. The Company shall use the net proceeds from the placing and top-up subscription (i) to finance (in whole or in part) such business opportunities as and when appropriate opportunities arise, certain of which could be significant; and/or (ii) as general working capital of the Group.

Strong Financial Position

20,641.6

Total assets (RMB million)



Prospects

In 2018, we see both opportunities and challenges in the market. As China welcomes its 40th anniversary of reform and opening-up, investment themes such as "new economy" and "consumption upgrade" continue to attract market's attention. Meanwhile, riding on the support from the government, the sportswear industry forges ahead rapidly. The Group will continue to uphold our philosophy of "Keep Moving" in order to enhance our capacity in every aspects and to improve the performance of Chinese brands and products.

We will continue to take the advantage of the "Single-Focus, Multi-Brand and Omni-Channel" strategy, constantly campaigning in all cities among China. We will promote sportswear products across the board – from professional to athleisure, from high-end to mass market, from more popular sport category such as running, cross-training and basketball, to niche segments such as skiing and outdoor – penetrating all types of consumers. We are also dedicated to representing China's sports brands globally by implementing our vow to "Be the World's ANTA". Furthermore, we will also seize the opportunity of "consumption upgrade" in China through constant innovation, thus improving confidence in our brand.

We currently find the consumption sector going through an era of "upgrades". As consumers' preferences are more personalized and sophisticated, they prefer new, spectacular and upgraded experiences and products at competitive prices. Channels such as street stores, shopping malls, department stores and outlets are also undergoing structural changes. The internet has subversively changed the retail situation which helps consumers to select and purchase the newest branded products in a more convenient way. E-commerce enables brands to deliver better shopping experiences to consumers directly. Therefore, to realize healthy growth between online and offline, the Group leverages online platforms to maximize consumer experiences and strives to convert online traffic to sales in different channels.

In the future, we will continue to enhance operational efficiency and optimize our supply chain management in a cost-effective way as well as to ensure they can cope with corporate social responsibility standards. Furthermore, we will increase ANTA's presence in department stores and shopping malls to optimize our retail portfolio. Simultaneously, we will continue to improve our store efficiencies and open more stores in prime locations. Finally, in response to the boom of e-commerce, we have integrated our online and offline streams, taking advantage of logistics and big data to realize full coverage across omni-channels.

Transformation

Transformation is the art of constant renewal and reinvention. In the past decades, the Group has made several breakthroughs in our operational model. We transitioned from the manufacturing and wholesale model ("phase 1.0"), to branding wholesale ("phase 2.0"), to branding retail ("phase 3.0"), to the current "Single-Focus, Multi-Brand and Omni-Channel" ("phase 4.0"). After years of development, the philosophy of adapting to momentum has been deeply implanted into our genes. Thanks to this, we are able to grasp opportunities in time and prevent potential risks. Moving forward, we will optimize the speed to market initiative and constantly increase the proportion of replenishment orders aside from trade fair orders, further improving our products' ability to meet consumer demands and optimizing our inventory levels.

Innovation

Nowadays, consumption trends are constantly changing as consumers demand products not only look good but are also high quality and price right. Since China's middle class is continuously growing, we will continue to upgrade the brand image to a brand that they "want-to-buy", and will continue to enhance on innovation and quality in order to produce sportswear that can benchmark with international standard. We will also augment our self-designed R&D capabilities by delving into each brand's specialty to innovate more revolutionary technologies.

Upgrading

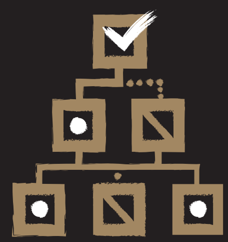
In the future, the Group will maintain our focus on upgrades in brands, consumption, management model, structure of talent and culture. This will lead us to a new era since establishing our business. We will continue to propagate the culture of “Benchmarking High Standards” – learning from outstanding companies domestically and overseas. We will also encourage our employees to become innovative by upgrading our organization’s effectiveness. We will enhance management of our managerial staff and integrate global resources to serve our consumers. During the period, our integrated logistic center in Jinjiang which equipped with intelligence and automation technologies will benefit us in the long run.

By the end of 2018, we expect the total number of ANTA stores (including ANTA KIDS standalone stores) in China to reach 9,700-9,800, and the total number of FILA stores (including FILA KIDS and FILA FUSION standalone stores) in China, Hong Kong, Macao and Singapore to reach 1,400-1,500. Meanwhile, our DESCENTE will penetrate deeper into first- and second-tier cities, with a focus on opening stores in prime locations and strengthening its market position. It is expected to have 100-110 stores in China by the end of 2018. KINGKOW will have a total of 60-70 stores and SPRANDI will have over 100 stores by the end of 2018, while KOLON SPORT will have a total of 200-210 stores.

Tapping Potential Markets by Multi-Brand Strategy, Driving Long-Term Growth for the Group

Focusing on Consumer Experience, Strengthening Innovation and Differentiation of Products

Upgrading Management System and Enhancing Organizational Capacity



Shortening Delivery Time, Enhancing Replenishment Efficiency and Frequency via our New Logistic Center

Improving Store Efficiency and Management, Meeting Consumer Demands by Omni-Channel Strategy

Target Number of Stores by the end of 2018:

ANTA and ANTA KIDS: 9,700-9,800

FILA, FILA KIDS and FILA FUSION: 1,400-1,500

DESCENTE: 100-110

KOLON SPORT: 200-210

KINGKOW: 60-70

SPRANDI: Over 100

Daniel Wu
Hong Kong and International celebrity

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 38 to 57 which comprises the condensed consolidated statement of financial position of ANTA Sports Products Limited as of 30 June 2018 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 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 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 2018 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*.

KPMG

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
14 August 2018

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2018 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June 2018 RMB'000	 2017 RMB'000
Revenue	3	**10,553,525**	7,323,151
Cost of sales		**(4,827,124)**	(3,619,448)
Gross profit		**5,726,401**	3,703,703
Other net income		**245,033**	172,535
Selling and distribution expenses		**(2,765,247)**	(1,523,843)
Administrative expenses		**(517,621)**	(454,932)
Profit from operations		**2,688,566**	1,897,463
Net finance income	4	**72,260**	111,869
Profit before taxation	5	**2,760,826**	2,009,332
Taxation	6	**(759,033)**	(528,035)
PROFIT FOR THE PERIOD		**2,001,793**	1,481,297
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of operations outside the PRC		**13,949**	(157,445)
Item that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income — net movement in fair value reserve (non-recycling)		**23,773**	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**2,039,515**	1,323,852
PROFIT ATTRIBUTABLE TO:			
Equity shareholders of the Company		**1,944,809**	1,451,387
Non-controlling interests		**56,984**	29,910
PROFIT FOR THE PERIOD		**2,001,793**	1,481,297
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity shareholders of the Company		**1,982,531**	1,293,942
Non-controlling interests		**56,984**	29,910
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**2,039,515**	1,323,852
		RMB cents	RMB cents
Earnings per share	7		
— Basic		**72.44**	55.98
— Diluted		**72.38**	55.94

The accompanying notes on pages 43 to 57 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 20(i).

Condensed Consolidated Statement of Financial Position

As at 30 June 2018 – unaudited
(Expressed in Renminbi)

	Note	30 June 2018 RMB'000	31 December 2017 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	8	**1,179,974**	1,203,104
Construction in progress	9	**904,394**	705,539
Lease prepayments	10	**425,710**	430,723
Prepayments for acquisition of land use rights		**15,878**	15,878
Prepayments for acquisition of other non-current assets		**40,410**	89,534
Intangible assets	11	**688,875**	705,332
Other financial assets	12	**504,441**	151,967
Deferred tax assets	19(b)	**314,880**	330,198
Total non-current assets		**4,074,562**	3,632,275
Current assets			
Inventories	13	**2,274,234**	2,155,262
Trade and other receivables	14	**4,035,669**	3,732,718
Pledged deposits	15	**158,640**	149,957
Fixed deposits held at banks with maturity over three months	16	**3,165,926**	2,436,415
Cash and cash equivalents	16	**6,932,586**	6,967,589
Total current assets		**16,567,055**	15,441,941
Total assets		**20,641,617**	19,074,216
Current liabilities			
Bank loans	17	**1,236,208**	147,911
Trade and other payables	18	**3,684,767**	3,977,671
Amounts due to related parties	23(b)	**12,195**	19,464
Current taxation	19(a)	**321,155**	353,306
Total current liabilities		**5,254,325**	4,498,352
Net current assets		**11,312,730**	10,943,589
Total assets less current liabilities		**15,387,292**	14,575,864

Condensed Consolidated Statement of Financial Position

As at 30 June 2018 – unaudited
(Expressed in Renminbi)

	Note	**30 June 2018 RMB'000**	31 December 2017 RMB'000 (audited)
Non-current liability			
Deferred tax liabilities	19(b)	**252,129**	215,330
Total non-current liability		**252,129**	215,330
Total liabilities		**5,506,454**	4,713,682
Net assets		**15,135,163**	14,360,534
Equity			
Share capital	20	**259,036**	259,010
Reserves	20	**14,195,949**	13,447,395
Total equity attributable to equity shareholders of the Company		**14,454,985**	13,706,405
Non-controlling interests		**680,178**	654,129
Total liabilities and equity		**20,641,617**	19,074,216

The accompanying notes on pages 43 to 57 form part of this interim financial report.

Ding Shizhong
Chairman, Executive Director and Chief Executive Officer

Lai Shixian
Executive Director, Chief Operating Officer and Chief Financial Officer

Hong Kong, 14 August 2018

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018 – unaudited
(Expressed in Renminbi)

		Attributable to equity shareholders of the Company										
	Note	Share capital RMB'000 Note 20(a)	Share premium RMB'000 Note 20(b)	Capital reserve RMB'000 Note 20(c)	Statutory reserve RMB'000 Note 20(d)	Fair value reserve (non-recycling) RMB'000 Note 20(e)	Exchange reserve RMB'000 Note 20(f)	Share-based compensation reserve RMB'000 Note 20(g)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balances as at 1 January 2017		242,698	416,237	141,029	810,883	–	(164,734)	22,898	8,079,617	9,548,628	347,703	9,896,331
Changes in equity for the six months ended 30 June 2017:												
– Profit for the period		–	–	–	–	–	–	–	1,451,387	1,451,387	29,910	1,481,297
– Other comprehensive income for the period		–	–	–	–	–	(157,445)	–	–	(157,445)	–	(157,445)
Total comprehensive income for the period		–	–	–	–	–	(157,445)	–	1,451,387	1,293,942	29,910	1,323,852
Dividends approved in respect of the previous year	20(i)	–	–	–	–	–	–	–	(1,006,774)	(1,006,774)	–	(1,006,774)
Shares issued pursuant to share option schemes	20(a)	546	28,689	–	–	–	–	(2,299)	–	26,936	–	26,936
Shares issued under placing and top-up subscription	20(a)	15,680	3,378,386	–	–	–	–	–	–	3,394,066	–	3,394,066
Appropriation to statutory reserve	20(d)	–	–	–	152,816	–	–	–	(152,816)	–	–	–
Equity settled share based payments	20(g)	–	–	–	–	–	–	(117)	117	–	–	–
Balances as at 30 June 2017		258,924	3,823,312	141,029	963,699	–	(322,179)	20,482	8,371,531	13,256,798	377,613	13,634,411
Balances as at 1 January 2018		**259,010**	**3,841,098**	**175,623**	**1,110,602**	**-**	**(627,625)**	**16,603**	**8,931,094**	**13,706,405**	**654,129**	**14,360,534**
Changes in equity for the six months ended 30 June 2018:												
– Profit for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,944,809**	**1,944,809**	**56,984**	**2,001,793**
– Other comprehensive income for the period		**-**	**-**	**-**	**-**	**23,773**	**13,949**	**-**	**-**	**37,722**	**-**	**37,722**
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**23,773**	**13,949**	**-**	**1,944,809**	**1,982,531**	**56,984**	**2,039,515**
Dividends approved in respect of the previous year	20(i)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,238,208)**	**(1,238,208)**	**-**	**(1,238,208)**
Shares issued pursuant to share option schemes	20(a)	**26**	**5,411**	**-**	**-**	**-**	**-**	**(1,180)**	**-**	**4,257**	**-**	**4,257**
Dividends to non-controlling interests of subsidiaries		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(30,935)**	**(30,935)**
Appropriation to statutory reserve	20(d)	**-**	**-**	**-**	**133,669**	**-**	**-**	**-**	**(133,669)**	**-**	**-**	**-**
Balances as at 30 June 2018		**259,036**	**3,846,509**	**175,623**	**1,244,271**	**23,773**	**(613,676)**	**15,423**	**9,504,026**	**14,454,985**	**680,178**	**15,135,163**

The accompanying notes on pages 43 to 57 form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June 2018 RMB'000	Six months ended 30 June 2017 RMB'000
Operating activities:			
Cash generated from operations		**2,138,133**	2,541,343
Income tax paid		**(739,067)**	(540,448)
Interest received		**76,640**	56,862
Net cash generated from operating activities		**1,475,706**	2,057,757
Investing activities:			
Capital expenditures paid		**(252,386)**	(282,917)
Placement of pledged deposits		**(8,683)**	–
Net (placements)/uplift of fixed deposits held at banks with maturity over three months		**(729,511)**	615,177
Payments for purchase of other financial assets		**(326,670)**	–
Other cash flows derived from investing activities		**6,129**	49,991
Net cash (used in)/received from investing activities		**(1,311,121)**	382,251
Financing activities:			
Net drawdown/(repayment) of bank loans		**1,055,428**	(827,706)
Payments of interest expenses on bank loans		**(4,079)**	(29,347)
Net repayment of issue of bills of exchange		**–**	(110,000)
Net proceeds from shares issued under placing and top-up subscription	20(a)	**–**	3,394,066
Dividends paid to equity shareholders of the Company	20(i)	**(1,238,208)**	(1,006,774)
Other cash flows derived from financing activities		**(26,678)**	26,936
Net cash (used in)/received from financing activities		**(213,537)**	1,447,175
Net (decrease)/increase in cash and cash equivalents		**(48,952)**	3,887,183
Cash and cash equivalents as at 1 January		**6,967,589**	5,829,959
Effect of foreign exchange rate changes		**13,949**	(157,445)
Cash and cash equivalents as at 30 June	16	**6,932,586**	9,559,697

The accompanying notes on pages 43 to 57 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 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and International Accounting Standard 34, *Interim Financial Reporting*, ("IAS 34") issued by the International Accounting Standards Board ("IASB"). IAS 34 is consistent with Hong Kong Accounting Standard 34, *Interim Financial Reporting*, ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accordingly this interim financial report is also prepared in accordance with HKAS 34. It was authorised for issue on 14 August 2018.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of any changes 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 2017 annual financial statements.

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company. It has also been reviewed by the Company's auditors, KPMG, in accordance with the Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the HKICPA. KPMG's Review Report to the Board of Directors is included on page 37.

2 CHANGES IN ACCOUNTING POLICIES

(a) New standards and amendments to standards adopted by the Group

(i) Overview

The IASB and HKICPA have issued a number of new IFRSs and HKFRSs and amendments to IFRS and HKFRS that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- IFRS/HKFRS 9, *Financial instruments*
- IFRS/HKFRS 15, *Revenue from contracts with customers*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Under the transition methods chosen, there is no significant cumulative effect of the initial application of IFRS/HKFRS 9 and IFRS/HKFRS 15 recognised by the Group as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated. Details of the changes in accounting policies are discussed in note 2(a)(ii) for IFRS/HKFRS 9 and note 2(a)(iii) for IFRS/HKFRS 15.

(ii) IFRS/HKFRS 9 *Financial Instruments*

The Group has initially adopted IFRS/HKFRS 9 *Financial instruments* from 1 January 2018. IFRS/HKFRS 9 replaces IAS/HKAS 39, *Financial instruments: recognition and measurement*. It sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

Based on the assessment by the Group, there is no significant cumulative effect of the initial application of IFRS/HKFRS 9 at 1 January 2018 in accordance with the transition requirement.

(Expressed in Renminbi unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES (Continued)

(a) New standards and amendments to standards adopted by the Group (Continued)

(ii) IFRS/HKFRS 9 *Financial Instruments* (Continued)

Classification and measurement of financial assets and financial liabilities

IFRS/HKFRS 9 contains three principal classification and measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

- The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. A debt instrument will be measured at amortised cost if the instrument is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the debt instrument is calculated using the effective interest method.

- For equity instruments, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity instrument is not held for trading and the entity irrevocably elects to designate that instrument as FVOCI. If an equity instrument is designated as FVOCI then only dividend income on that instrument will be recognised in profit or loss. Gains or losses on that instrument will be recognised in other comprehensive income without recycling through profit or loss.

The following table and the accompanying notes explain the original measurement categories for each class of the Group's financial assets under IAS/HKAS 39 and new measurement categories under IFRS/HKFRS 9. There is no remeasurement for the adoption of IFRS/HKFRS 9.

	Note	Original classification under IAS/HKAS 39	New classification under IFRS/HKFRS 9	Carrying amount at 31 December 2017 under IAS/HKAS 39 RMB'000	Carrying amount at 1 January 2018 under IFRS/HKFRS 9 RMB'000
Financial assets					
Pledged deposits	(1)	Held-to-maturity investments	Amortised cost	149,957	**149,957**
Deposits with banks	(1)	Held-to-maturity investments	Amortised cost	6,587,805	**6,587,805**
Cash at bank and in hand	(2)	Loans and receivables	Amortised cost	2,816,199	**2,816,199**
Trade and other receivables	(2)	Loans and receivables	Amortised cost	3,732,718	**3,732,718**
Unlisted equity investments	(3)	Available-for-sale financial asset	FVOCI	49,350	**49,350**
Listed held-to-maturity debt securities	(1)	Held-to-maturity investments	Amortised cost	102,617	**102,617**
Total financial assets				13,438,646	**13,438,646**

(1) *Pledged deposits, deposits with banks and listed held-to-maturity debt securities that were previously classified as held-to-maturity investments are now classified as financial assets measured at amortised cost. The Group intends to hold the assets to maturity to collect contractual cash flows by payments of principal and interest on the principal amount outstanding.*

(2) *Cash at bank and in hand and trade and other receivables that were previously classified as loans and receivables are now classified as financial assets measured at amortised cost. The Group intends to hold the financial assets to maturity to collect contractual cash flows.*

(3) *Unlisted equity investments that were previously classified as available-for-sale financial assets are now classified as financial assets measured at FVOCI. The Group holds these investments for long term strategic purposes. At 1 January 2018, the Group designated these investments as FVOCI. The Group considered cost was the best estimate of fair value for the unlisted equity investments with reference to the application guidance of IFRS/HKFRS 9.*

The measurement categories and carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of IFRS/HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVTPL at 1 January 2018.

2 CHANGES IN ACCOUNTING POLICIES
(Continued)

(a) New standards and amendments to standards adopted by the Group (Continued)

(ii) IFRS/HKFRS 9 *Financial Instruments* (Continued)

Impairment of financial assets

IFRS/HKFRS 9 replaces the "incurred loss" model in IAS/HKAS 39 with an "expected credit loss" ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises credit losses earlier than under the "incurred loss" model in IAS/HKAS 39.

The Group applies the new ECL model to financial assets measured at amortised cost, including pledged deposits, deposits with banks, cash at bank and in hand, trade and other receivables and listed held-to-maturity debt securities. Financial assets measured at fair value, including equity investments designated at FVOCI, are not subject to the ECL assessment.

Under IFRS/HKFRS 9, ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected life of a financial instrument to which the ECL model applies.

For trade and other receivables, the Group has measured the loss allowance as an amount equal to lifetime ECLs. The Group has established a provision for doubtful debts 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 at the reporting date.

For pledged deposits, deposits with banks, cash at bank and in hand and listed held-to-maturity debt securities, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The Group has concluded that there is no material impact for the initial application of the new impairment requirements.

(iii) IFRS/HKFRS 15 *Revenue from Contracts with Customers*

IFRS/HKFRS 15 establishes a five-step model comprehensive framework for the recognition of revenue from contracts with customer: (i) identify the contract; (ii) identify performance obligations; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations; and (v) recognise revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. IFRS/HKFRS 15 replaced IAS/HKAS 18 Revenue, IAS/HKAS 11 Construction Contracts and related interpretations.

The Group's business model is straight forward and its contracts with customers for the sale of branded sporting goods include only single performance obligation. The Group has concluded that revenue from sale should be recognised at the point of time when a customer obtains control of goods. The Group has concluded that the initial application of IFRS/HKFRS 15 does not have a significant impact on the Group's revenue recognition.

Under IFRS/HKFRS 15, a contract liability, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue, or when the Group receives consideration from a customer and expects to refund some or all of that consideration to the customer (i.e. refund liability). To reflect this change in presentation, contract liabilities, including receipts in advance from customers and refund liabilities, with amount of RMB655,107,000 are now separately presented under trade and other payables at 30 June 2018, as a result of the adoption of IFRS/HKFRS 15.

(Expressed in Renminbi unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES

(Continued)

(b) New standards and amendments to standards issued but are not yet effective

A number of new standards and amendments to standards are not yet effective for the year ending 31 December 2018 and have not been adopted by the Group in preparing the interim financial report.

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standard which may have impact on the consolidated financial statements.

IFRS/HKFRS 16 *Leases*

IFRS/HKFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted for entities that adopt IFRS/HKFRS 15 at or before the date of the initial adoption of IFRS/HKFRS 16.

IFRS/HKFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard.

The Group is in the process of making a detailed assessment of the potential impact on its consolidated financial statements. So far, the most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases. In addition, the nature of expenses related to those leases will now change as IFRS/HKFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The Group currently plans to adopt IFRS/HKFRS 16 initially on 1 January 2019, using a modified retrospective approach. Therefore, the cumulative effect of adopting IFRS/HKFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

Save as discussed above, all other new standards or amendments to standards issued but not effective are not likely to have significant impact on the consolidated financial statements.

3 REVENUE

The principal activities of the Group are manufacturing and trading of branded sporting goods including footwear, apparel and accessories in the PRC. No segment information is presented for the Group's business segment as the Group is principally engaged in a single line of business of sporting goods.

In addition, the Group's revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to a single geographical region, which is the PRC. Therefore, no analysis by geographical regions is presented.

The Group's operations are not subject to significant seasonal factors.

Revenue represents the sales value of goods sold less returns, discounts, rebates and value added tax, which may be analysed as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Footwear	**4,108,370**	3,387,219
Apparel	**6,064,986**	3,684,775
Accessories	**380,169**	251,157
	10,553,525	7,323,151

For the six months ended 30 June 2018, there was no customer with whom transactions have exceeded 10% of the Group's revenue (2017: Nil).

4 NET FINANCE INCOME

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Total interest income on financial assets measured at amortised cost	**107,220**	76,513
Other net foreign exchange gain	**–**	52,165
	107,220	128,678
Total interest expense on financial liabilities measured at amortised cost	**(9,274)**	(12,511)
Other net foreign exchange loss	**(10,273)**	–
Net loss on forward exchange contracts	**(15,413)**	(4,298)
	(34,960)	(16,809)
Net finance income	**72,260**	111,869

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Cost of inventories (i) (note 13(b))	**4,827,124**	3,619,448
Staff costs (i) & (ii)	**1,189,703**	873,945
Depreciation (i) (note 8)	**134,408**	95,983
Amortisation		
– lease prepayments	**5,013**	4,288
– intangible assets (note 11)	**19,981**	15,753
Provision for doubtful debts	**38,789**	48,018
Subcontracting charges (i)	**53,744**	26,916
Operating lease charges	**699,049**	355,354
Research and development costs (i) & (ii)	**300,176**	210,640

(i) Cost of inventories includes staff costs, depreciation, subcontracting charges and research and development costs, total amounting to RMB628,072,000 (2017: RMB522,657,000).

(ii) Research and development costs include staff costs of employees in the research and development department, which are also 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	
	2018	2017
	RMB'000	RMB'000
Current tax		
PRC Corporate Income Tax and Macao Complementary (Profits) Tax	**704,548**	459,157
Dividends withholding tax	**2,368**	105,977
Deferred tax (note 19(b))		
Dividends withholding tax	**(2,368)**	(105,977)
Origination and reversal of other temporary differences	**54,485**	68,878
	759,033	528,035

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI.

(ii) No provisions for Hong Kong Profits Tax and Singapore Income Tax have been made as the Group does not have assessable profits subject to Hong Kong Profits Tax and Singapore Income Tax during the six months ended 30 June 2018 and 2017.

(iii) In accordance with the relevant PRC corporate income tax laws, implementation regulations and guidance note, certain subsidiaries in the PRC are entitled to tax concessions whereby the profits of the subsidiaries are taxed at a preferential income tax rate. Taxation of the Group's other subsidiaries in the PRC are calculated using the applicable income tax rates of 25%.

(iv) Macao Complementary (Profits) Tax is calculated at the maximum progressive rate of 12% on the estimated assessable profits arising from Macao.

(Expressed in Renminbi unless otherwise indicated)

6 TAXATION IN THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

(v) *According to the PRC Corporate Income Tax Law and its implementation regulations, dividends receivable by non-PRC corporate residents from PRC 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 of 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 PRC if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interests of the PRC 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 the PRC tax authority on dividends distributed by the Group's subsidiaries in the PRC during the period.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB1,944,809,000 (2017: RMB1,451,387,000) and the weighted average number of ordinary shares in issue during the period of 2,684,679,000 (2017: 2,592,785,000).

Weighted average number of ordinary shares

	2018 '000 shares	2017 '000 shares
Issued ordinary shares as at 1 January	**2,684,569**	2,502,471
Effect of shares issued under placing and top-up subscription	**–**	88,950
Effect of share options exercised	**110**	1,364
Weighted average number of ordinary shares as at 30 June	**2,684,679**	2,592,785

(b) Diluted earnings per share

The calculation of diluted 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 after adjusting for the potential dilutive effect caused by the share options granted under the share option schemes (see note 20(h)) assuming they were exercised.

Weighted average number of ordinary shares (diluted)

	2018 '000 shares	2017 '000 shares
Weighted average number of ordinary shares as at 30 June	**2,684,679**	2,592,785
Effect of deemed issue of shares under the Company's share option schemes	**2,440**	1,526
Weighted average number of ordinary shares (diluted) as at 30 June	**2,687,119**	2,594,311

8 PROPERTY, PLANT AND EQUIPMENT

	2018 RMB'000	2017 RMB'000
Net book value, as at 1 January	**1,203,104**	1,170,363
Additions	**97,257**	95,204
Transfer from construction in progress (note 9)	**16,680**	2,655
Disposals (net book value)	**(2,659)**	(2,983)
Depreciation charge for the period	**(134,408)**	(95,983)
Net book value, as at 30 June	**1,179,974**	1,169,256

9 CONSTRUCTION IN PROGRESS

	2018 RMB'000	2017 RMB'000
As at 1 January	**705,539**	157,024
Additions	**215,535**	350,268
Transfer to property, plant and equipment (note 8)	**(16,680)**	(2,655)
As at 30 June	**904,394**	504,637

10 LEASE PREPAYMENTS

Lease prepayments represent prepayments for land use rights premiums to the PRC authorities. The Group's leasehold land is located in the PRC. The Group is granted land use rights for a period of 50 years.

11 INTANGIBLE ASSETS

	2018 RMB'000	2017 RMB'000
Net book value, as at 1 January	**705,332**	477,520
Additions	**3,524**	5,731
Amortisation charge for the period	**(19,981)**	(15,753)
Net book value, as at 30 June	**688,875**	467,498

12 OTHER NON-CURRENT FINANCIAL ASSETS

	30 June 2018 RMB'000	31 December 2017 RMB'000
Equity instruments designated as FVOCI:		
Listed equity investments	**351,351**	–
Unlisted equity investments	**49,350**	49,350
Debt instruments measured at amortised cost:		
Listed held-to-maturity debt securities	**103,740**	102,617
	504,441	151,967

The listed held-to-maturity debt securities are of investment grades or issued by large PRC state-owned institutions, and neither past due nor impaired.

13 INVENTORIES

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

	30 June 2018 RMB'000	31 December 2017 RMB'000
Raw materials	**195,554**	133,954
Work in progress	**131,503**	179,058
Finished goods	**1,947,177**	1,842,250
	2,274,234	2,155,262

(Expressed in Renminbi unless otherwise indicated)

13 INVENTORIES (Continued)

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

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Carrying amount of inventories sold	**4,830,058**	3,598,844
(Reversal of write-down)/ write-down of inventories	**(2,934)**	20,604
	4,827,124	3,619,448

14 TRADE AND OTHER RECEIVABLES

	30 June 2018	31 December 2017
	RMB'000	RMB'000
Trade receivables	**2,111,664**	2,117,904
Less: Provision for doubtful debts	**(67,953)**	(29,164)
	2,043,711	2,088,740
Advance payments to suppliers	**790,095**	498,717
Deposits and other prepayments	**709,366**	697,478
VAT deductible	**356,335**	358,575
Interest receivables	**87,701**	56,869
Other receivables	**48,461**	32,339
	4,035,669	3,732,718

All of the trade and other receivables (net of provision for doubtful debts) 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 2018	31 December 2017
	RMB'000	RMB'000
Current	**2,053,924**	2,059,576
Less than 3 months past due	**45,760**	53,442
Past due over 3 months	**11,980**	4,886
	2,111,664	2,117,904

The movement in the provision for doubtful debts during the period is as follows:

	2018	2017
	RMB'000	RMB'000
As at 1 January	**29,164**	9,572
Provision for doubtful debts recognised	**38,789**	48,018
As at 30 June	**67,953**	57,590

The Group normally grants a credit period of 30 to 90 days to its customers. There were no trade receivables that were past due at the end of the reporting period but not impaired. Receivables that were current relate to customers for whom there was no recent history of default. During the reporting period, the Group kept assessing the expected credit loss of all receivables and established a provision of doubtful debts. The provision for doubtful debts is recorded using a provision account unless the Group is satisfied that recovery is remote, in which case the expected credit loss is written off against trade receivables and the provision for doubtful debts directly. The Group does not hold any collateral over these balances.

15 PLEDGED DEPOSITS

Pledged bank deposits have been pledged as security for certain contracts and construction projects.

16 CASH AND CASH EQUIVALENTS AND FIXED DEPOSITS HELD AT BANKS

	30 June 2018 RMB'000	31 December 2017 RMB'000
Deposits with banks within three months to maturity when placed	**2,880,660**	4,151,390
Cash at bank and in hand	**3,051,926**	2,816,199
Short-term investments	**1,000,000**	–
Cash and cash equivalents in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows	**6,932,586**	6,967,589
Deposits with banks with more than three months to maturity when placed	**3,165,926**	2,436,415
	10,098,512	9,404,004

The short-term investments are highly liquid debt securities issued by a financial institution in PRC, with fixed maturities (three months or less) and guaranteed returns, and subject to insignificant risk of changes in value.

17 BANK LOANS

Bank loans are denominated in Renminbi and Hong Kong dollars, unsecured, carried at amortised cost and repayable within one year.

18 TRADE AND OTHER PAYABLES

	30 June 2018 RMB'000	31 December 2017 RMB'000
Trade payables	**1,159,566**	1,446,651
Receipts in advance from customers	**–**	57,765
Contract liabilities (i)	**655,107**	–
Construction costs payables	**141,972**	128,404
VAT and other taxes payables	**203,893**	191,406
Accruals	**1,095,433**	1,789,179
Derivative financial instruments	**–**	1,891
Other payables	**428,796**	362,375
	3,684,767	3,977,671

(i) As a result of initial application of IFRS/HKFRS 15, contract liabilities, including receipts in advance from customers and refund liabilities, as at 30 June 2018 are separately presented (see note 2(a)(iii)).

All of the trade 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 2018 RMB'000	31 December 2017 RMB'000
Within 3 months	**1,137,945**	1,405,181
3 months to 6 months	**7,046**	22,240
Over 6 months	**14,575**	19,230
	1,159,566	1,446,651

(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 and Macao Complementary (Profits) Tax.

(b) Deferred tax assets and liabilities recognised:

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

Deferred tax arising from:	Dividends withholding tax RMB'000	Other deferred tax liabilities RMB'000	Other deferred tax assets RMB'000	Total RMB'000
As at 1 January 2017	9,615	4,804	(175,036)	(160,617)
Charged/(credited) to profit or loss (note 6)	193,819	5,030	(129,971)	68,878
Released upon distribution of dividends (note 6 (v))	(105,977)	–	–	(105,977)
As at 30 June 2017	97,457	9,834	(305,007)	(197,716)
As at 1 January 2018	**207,269**	**8,061**	**(330,198)**	**(114,868)**
Charged to profit or loss (note 6)	**38,499**	**668**	**15,318**	**54,485**
Released upon distribution of dividends (note 6 (v))	**(2,368)**	**–**	**–**	**(2,368)**
As at 30 June 2018	**243,400**	**8,729**	**(314,880)**	**(62,751)**

(c) Deferred tax assets not recognised:

As at 30 June 2018, certain subsidiaries of the Group have not recognised deferred tax assets in respect of cumulative tax losses carried forward of RMB276,995,000 (31 December 2017: RMB185,873,000) of which RMB159,935,000 (31 December 2017: RMB112,352,000) will expire within 5 years under the current tax legislation. The 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 2018, temporary differences relating to the undistributed profits of certain subsidiaries of the Group in the PRC amounted to RMB3,274,410,000 (31 December 2017: RMB2,244,080,000). Deferred tax liabilities of RMB163,721,000 (31 December 2017: RMB112,204,000) 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 PRC and the Directors have determined that these profits are not likely to be distributed in the foreseeable future.

20 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

During the period, pursuant to the Company's share option schemes (notes 20(h)), options were exercised to subscribe for 322,500 ordinary shares (2017: 6,106,000 shares) in the Company at a consideration of RMB4,257,000 (2017: RMB26,936,000) of which RMB26,000 (2017: RMB546,000) was credited to share capital and the balance of RMB4,231,000 (2017: RMB26,390,000) was credited to the share premium account. RMB1,180,000 (2017: RMB2,299,000) has been transferred from the share-based compensation reserve to the share premium account. No option was lapsed during the period (2017: 150,000 shares lapsed). As at 30 June 2018, the total number of shares which may be issued upon the exercise of all options outstanding from the Company's share option schemes is 3,795,900 (31 December 2017: 4,118,400).

20 CAPITAL, RESERVES AND DIVIDENDS
(Continued)

(a) Share capital (Continued)

On 22 March 2017, the Company entered into a placing and subscription agreement for placing existing shares of the Company and top-up subscription of new shares of the Company by certain vendors which are the controlling shareholders of the Company. A total of 175,000,000 placing shares were placed at HK$21.67 per share by the vendors to placees and a total of 175,000,000 new shares were allotted and issued at HK$21.67 per share to the vendors by the Company. The placing and top-up subscription were completed on 24 March 2017 and 31 March 2017, respectively. The net proceeds after deducting all relevant expenses were RMB3,394,066,000, out of which RMB15,680,000 was credited to share capital and RMB3,378,386,000 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) totalling HK$144,376,000 (equivalent to RMB141,029,000) 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 RMB34,594,000) and non-controlling interest.

(d) Statutory reserve

Pursuant to applicable PRC regulations, PRC 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 that are held at the end of reporting period (see note 2(a)(ii) and note 12).

(f) Exchange reserve

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

(Expressed in Renminbi unless otherwise indicated)

20 CAPITAL, RESERVES AND DIVIDENDS
(Continued)

(g) Share-based compensation reserve

Share-based compensation reserve represents the fair value of employee services in respect of share options granted to certain Directors and employees of the Group.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the period of the review with a corresponding adjustment to the share-based compensation reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share-based compensation reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share-based compensation reserve until either the option is exercised (when it is transferred to the share premium account for the shares issued) or the option expires (when it is released directly to retained profits).

(h) Share option schemes

Share Option Scheme I

The Company adopted a share option scheme ("the Share Option Scheme I") pursuant to the shareholders' written resolution passed on 11 June 2007. The Board may, at its absolute discretion, offer options to eligible persons (as defined in the terms of the Share Option Scheme I) to subscribe for such number of shares of the Company in accordance with the terms set out in the Share Option Scheme I.

The Share Option Scheme I was valid and effective for a period of 10 years from the adoption of the scheme on 11 June 2007. Pursuant to a resolution passed by the shareholders of the Company in the annual general meeting dated 6 April 2017, the Share Option Scheme I was terminated. All outstanding share options granted under the Share Option Scheme I shall continue to be valid and exercisable in accordance with the Share Option Scheme I.

Share Option Scheme II

Pursuant to a resolution passed by the shareholders of the Company at the annual general meeting held on 6 April 2017, to enable the continuity of Share Option Scheme I terminated, the Company has adopted a new share option scheme ("Share Option Scheme II"). The Share Option Scheme II shall be valid and effective for a period of 10 years from the adoption of the scheme on 6 April 2017.

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

Since the adoption of the Share Option Scheme II, no options have been granted under the Share Option Scheme II.

(i) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the period:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Interim dividend declared after the interim period of HK50 cents per ordinary share (2017: HK41 cents per ordinary share)	**1,169,786**	929,990

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

20 CAPITAL, RESERVES AND DIVIDENDS

(Continued)

(i) Dividends (Continued)

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the period:

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Final dividend in respect of the year ended 31 December 2017, approved and paid during the period, of HK41 cents per ordinary share (2016: HK34 cents per ordinary share)	**890,641**	815,007
Special dividend in respect of the year ended 31 December 2017, approved and paid during the period, of HK16 cents per ordinary share (2016: HK8 cents per ordinary share)	**347,567**	191,767
	1,238,208	1,006,774

21 FAIR VALUES MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

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.

	Fair value at 30 June 2018 RMB'000	Fair value measurements as at 30 June 2018 categorised into Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
Financial assets:				
Equity instruments:				
– Listed equity investments	**351,351**	**351,351**	**–**	**–**
– Unlisted equity investments	**49,350**	**–**	**–**	**49,350**

(Expressed in Renminbi unless otherwise indicated)

21 FAIR VALUES MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

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

	Fair value at 31 December 2017	Fair value measurements as at 31 December 2017 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Financial assets:				
Equity instruments:				
– Unlisted equity investments	49,350	–	–	49,350
Financial liabilities:				
Derivative financial instruments:				
– Forward foreign exchange contracts	(1,891)	–	(1,891)	–

During the six months ended 30 June 2018 and 2017, 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.

Information about Level 3 fair value measurements

Cost is considered as the best estimate of fair value for the unlisted equity investments with reference to the application guidance of IFRS/HKFRS 9.

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

The carrying amounts of all financial assets and liabilities carried at amortised cost are not materially different from their fair values as at 30 June 2018, except for the listed held-to-maturity debt securities, which the fair value is approximately RMB98,332,000 (31 December 2017: RMB101,061,000) and the level of fair value hierarchy is Level 1.

22 COMMITMENTS

(a) Operating leases

As at 30 June 2018, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	30 June 2018 RMB'000	31 December 2017 RMB'000
Within 1 year	**396,959**	352,636
After 1 year but within 5 years	**448,043**	320,497
After 5 years	**16,864**	25,665
	861,866	698,798

The Group leases a number of properties under operating leases. The leases typically run for an initial period of 1 to 5 years, with an option to renew when all terms are renegotiated.

The above commitments represent basic rents only and do not include contingent rents payable in respect of certain retail shops leased by the Group. In general, these contingent rents are calculated based on the relevant retail shops' revenue pursuant to the terms and conditions as set out in the respective rental agreement. It is not possible to estimate in advance the amount of such contingent rent payable.

22 COMMITMENTS (Continued)

(b) Capital commitments

Capital commitments outstanding as at 30 June 2018 not provided for in the interim financial report were as follows:

	30 June 2018 RMB'000	31 December 2017 RMB'000
Contracted for	**463,912**	518,239
Authorised but not contracted for	**264,736**	469,506
	728,648	987,745

23 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Recurring transactions		
Purchases of raw materials		
– Quanzhou Anda Packaging Co., Ltd. ("Quanzhou Anda")	**39,810**	22,415
Service fee		
– Mr. Ding Shijia	**9,900**	9,743

The Directors considered that the above related party transactions were in 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 2018 RMB'000	31 December 2017 RMB'000
Amounts due to related parties		
Trade balance		
– Quanzhou Anda	**9,987**	13,254
Other balance		
– Mr. Ding Shijia	**2,208**	6,210
	12,195	19,464

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	
	2018 RMB'000	2017 RMB'000
Short-term employee benefits	**5,035**	6,625

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 Directors have recommended an interim dividend. Further details are disclosed in note 20(i).

Other Information

INTERIM DIVIDEND

The Board has declared an interim dividend of HK50 cents per ordinary share in respect of the six months ended 30 June 2018. The interim dividend will be payable on or about Monday, 10 September 2018 to shareholders whose names appear on the register of members of the Company as at 4:30 p.m. on Wednesday, 29 August 2018.

DISCLOSURE OF INTERESTS

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

As at 30 June 2018, the Directors and chief executives of the Company and their associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"):

Interests in Shares and underlying Shares and associated corporations

Name of Directors	Company/Name of associated corporation	Capacity/Nature of interest	Number of shares interested	Number of underlying Shares interested[(2)]	Approximate percentage of interest in such corporation[(1)]
Mr. Ding Shizhong	Company	Founder of a discretionary trust	1,659,446,000 (L)[(3)]	–	61.81%
	Anta International	Founder of a discretionary trust	4,144 (L)[(3)]	–	34.50%
Mr. Ding Shijia	Company	Founder of a discretionary trust	1,651,000,000 (L)[(4)]	–	61.49%
	Anta International	Founder of a discretionary trust	4,084 (L)[(4)]	–	34.00%
Mr. Lai Shixian	Anta International	Beneficiary of a discretionary trust/ Interest of spouse	1,171 (L)[(5)]	–	9.75%
Mr. Wang Wenmo	Anta International	Founder of a discretionary trust	1,141 (L)[(6)]	–	9.50%
Mr. Wu Yonghua	Anta International	Founder of a discretionary trust	601 (L)[(7)]	–	5.00%
Mr. Zheng Jie	Company	Beneficial owner	800,000 (L)	–	0.03%
	Company	Beneficial owner	–	400,000 (L)	0.01%
Mr. Yiu Kin Wah Stephen	Company	Other	20,000 (L)[(8)]	–	0.00%

(L) – Long Position

Notes:

(1) *As at 30 June 2018, the number of outstanding ordinary shares of the Company and of Anta International were 2,684,891,100 and 12,012, respectively.*

(2) *The interests in underlying Shares represent the interests in share options granted pursuant to the Company's share option schemes, details of which are set out in the section entitled "Share Option Schemes" below.*

(3) A total of 1,650,000,000 Shares were directly held by Anta International and its wholly-owned subsidiaries, representing 61.46% of the issued Shares as at 30 June 2018, and 9,446,000 Shares were directly held by Shine Well (Far East) Limited ("Shine Well"). Shine Well is 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 is deemed to be interested in all the Shares held by Anta International. The entire issued share capital of Shine Well is held by Top Bright Assets Limited. The entire issued share capital of Top Bright Assets Limited is in turn held by HSBC International Trustee Limited ("HSBC Trustee") acting as the trustee of the DSZ Family Trust. The DSZ Family Trust is 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 Mr. Ding Shizhong and his family members. Mr. Ding Shizhong as founder and one of the beneficiaries of the DSZ Family Trust is deemed to be interested in the Shares held by Anta International and Shine Well and 4,144 shares of Anta International held by Shine Well.

(4) A total of 1,650,000,000 Shares were directly held by Anta International and its wholly-owned subsidiaries, representing 61.46% of the issued Shares as at 30 June 2018, and 1,000,000 Shares were directly held by Talent Trend Investment Limited ("Talent Trend"). Talent Trend is 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 is deemed to be interested in all the Shares held by Anta International. The entire issued share capital of Talent Trend is held by Allwealth Assets Limited. The entire issued share capital of Allwealth Assets Limited is in turn held by HSBC Trustee acting as the trustee of the DSJ Family Trust. The DSJ Family Trust is 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 is deemed to be interested in the Shares held by Anta International and Talent Trend and 4,084 shares of Anta International held by Talent Trend.

(5) The interests of Mr. Lai Shixian in Anta International were held through Gain Speed Holdings Limited, which held 1,171 shares of Anta International, representing 9.75% of the issued share capital of Anta International as at 30 June 2018. The entire issued share capital of Gain Speed Holdings Limited is held by Spring Star Assets Limited, which is in turn held by HSBC Trustee acting as the trustee of the DYL Family Trust. The DYL Family Trust is 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 are Mr. Lai Shixian, Ms. Ding Yali and their family members. Ms. Ding Yali as the founder of the DYL Family Trust is deemed to be interested in the 1,171 shares of Anta International held by Gain Speed Holdings Limited. Mr. Lai Shixian as one of the beneficiaries of the DYL Family Trust and as the spouse of Ms. Ding Yali is deemed to be interested in the 1,171 shares of Anta International held by Gain Speed Holdings Limited.

(6) The interests of Mr. Wang Wenmo in Anta International were held through Fair Billion Development Limited, which holds 1,141 shares of Anta International, representing 9.50% of the issued share capital of Anta International as at 30 June 2018. The entire issued share capital of Fair Billion Development Limited is held by Asia Bridges Assets Limited, which is in turn held by HSBC Trustee acting as the trustee of the WWM Family Trust. The WWM Family Trust is an irrevocable discretionary trust set up by Mr. Wang Wenmo as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the WWM Family Trust are Mr. Wang Wenmo and his family members. Mr. Wang Wenmo as founder and one of the beneficiaries of the WWM Family Trust is deemed to be interested in the 1,141 shares of Anta International held by Fair Billion Development Limited.

(7) The interests of Mr. Wu Yonghua in Anta International were held through Spread Wah International Limited, which holds 601 shares of Anta International, representing 5.00% of the issued share capital of Anta International as at 30 June 2018. The entire issued share capital of Spread Wah International Limited is held by Allbright Assets Limited, which is in turn held by HSBC Trustee acting as the trustee of the WYH Family Trust. The WYH Family Trust is 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 are family members of Mr. Wu Yonghua. Mr. Wu Yonghua as founder of the WYH Family Trust is deemed to be interested in the 601 shares of Anta International held by Spread Wah International Limited.

(8) A family member of Mr. Yiu Kin Wah Stephen held 20,000 Shares as at 30 June 2018 via securities account. Mr. Yiu Kin Wah Stephen, having a general power of attorney of the family member's securities account, is deemed to be interested in the 20,000 Shares held by his family member.

Save as disclosed above, as at 30 June 2018, 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.

Other Information

Interests and Short Positions of Substantial Shareholders

As at 30 June 2018, the persons or corporations (not being a Director or chief executive of the Company) who had an interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Interests in Shares/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)	1,660,451,500 (L)	61.84%
Anta International	Beneficial owner(2)	1,373,625,000 (L)	51.16%
	Interest in controlled corporation(2)	276,375,000 (L)	10.29%
Allweath Assets Limited	Interest in controlled corporation(1)	1,651,000,000 (L)	61.49%
Shine Well	Interest in controlled corporation(1)	1,650,000,000 (L)	61.46%
	Beneficial owner(1)	9,446,000 (L)	0.35%
Talent Trend	Interest in controlled corporation(1)	1,650,000,000 (L)	61.46%
	Beneficial owner(1)	1,000,000 (L)	0.04%
Top Bright Assets Limited	Interest in controlled corporation(1)	1,659,446,000 (L)	61.81%
Anda Holdings	Beneficial owner	160,875,000 (L)	5.99%

(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 51.16%, 5.99%, 4.30%, 0.35% and 0.04% of the issued Shares, respectively. In addition, HSBC Trustee also held 5,500 Shares as trustee for persons unrelated to the substantial shareholders of the Company.*

HSBC Trustee was the trustee of the DSZ Family Trust and the DSJ Family Trust and it held the entire issued share capital of Top Bright Assets Limited and Allwealth Assets Limited, which in turn held the entire issued share capital 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 1,650,000,000 Shares held by Anta International. As at 30 June 2018, Anta International directly held 1,373,625,000 Shares. Anta International held the entire issued share capital 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 Assets Limited, Allwealth Assets Limited, Shine Well and Talent Trend were indirectly interested in the 1,650,000,000 Shares held through Anta International. 9,446,000 Shares were held by Shine Well directly. Accordingly, HSBC Trustee and Top Bright Assets Limited 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 Assets Limited were also deemed to be interested in the 1,000,000 Shares held by Talent Trend.

(2) *1,373,625,000 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 2018, 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.

SHARE OPTION SCHEMES

Share Option Scheme I

The Company has adopted a share option scheme ("Share Option Scheme I") pursuant to the shareholders' written resolution passed on 11 June 2007. The purpose of the Share Option Scheme I was 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.

Subject to the terms of the Share Option Scheme I, the Board shall be entitled at any time within 10 years after the adoption date to offer the grant of an option to any eligible person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme I) determine.

An option may be exercised in accordance with the terms of the Share Option Scheme I at any time during a period as determined by the Board, which must not be more than 10 years from the date of grant.

The Share Option Scheme I was valid and effective for a period of 10 years from the adoption of the scheme on 11 June 2007. Pursuant to a resolution passed by shareholders in the AGM dated 6 April 2017, the Share Option Scheme I was terminated. All outstanding share options granted under the Share Option Scheme I shall continue to be valid and exercisable in accordance with the Share Option Scheme I.

The movement of number of options under the Share Option Scheme I during the six months ended 30 June 2018 were as follow:

	Number of options									
Name or category of participant	As at 1 January 2018	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	As at 30 June 2018	Exercise price per Share	Date of grant	Vesting period	Exercise period
Director										
Mr. Zheng Jie	400,000	–	–	–	–	400,000	HK$16.20	15 September 2010	1.5 years from the date of grant	15 March 2012 to 14 September 2020
	400,000	–	–	–	–	400,000				
Other employees (including ex-employees)										
In aggregate	3,718,400	–	(322,500) (1)	–	–	3,395,900	HK$16.20	15 September 2010	1.5 years from the date of grant	15 March 2012 to 14 September 2020
	3,718,400	–	(322,500)	–	–	3,395,900				
Total	4,118,400	–	(322,500)	–	–	3,795,900				

Note:

(1) *The weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK$43.81.*

Share Option Scheme II

Pursuant to a resolution passed by the shareholders of the Company in the AGM dated 6 April 2017, to enable the continuity of Share Option Scheme I which was terminated, the Company has adopted a new share option scheme ("Share Option Scheme II") which has similar terms as Share Option Scheme I. The purpose of the Share Option Scheme II 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.

Subject to the terms of the Share Option Scheme II, the Board shall be entitled at any time within 10 years after the adoption date to offer the grant of an option to any eligible person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may determine.

An option may be exercised in accordance with the terms of the Share Option Scheme II at any time during a period as determined by the Board, which must not be more than 10 years from the date of grant.

No options were granted, exercised, lapsed or cancelled under the Share Option Scheme II during the six months ended 30 June 2018. As at 30 June 2018, there were no outstanding options under the Share Option Scheme II.

PURCHASES, SALES AND REDEMPTIONS OF LISTED SECURITIES

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the six months ended 30 June 2018.

CORPORATE GOVERNANCE

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

Saved as disclosed below, the Company complied with the code provisions of the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules (the "Code") during the six months ended 30 June 2018. The Company periodically reviews its corporate governance practices to ensure its continuous compliance.

Under provision A.2.1 of the Code, the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual. During the financial period, the roles of the Chairman and the Chief Executive Officer are performed by Mr. Ding Shizhong. With Mr. Ding's extensive experience in sportswear consumer markets, he is responsible for the overall strategic planning and business development of the Group. The Board considers that vesting both of the roles of Chairman and Chief Executive Officer with Mr. Ding is beneficial to the business prospects and management of the Group. The balance of power and authorities is ensured by the operation of the senior management and the Board, which comprises experienced and high caliber individuals. The Board currently comprises 6 Executive Directors and 3 Independent Non-Executive Directors and therefore has a strong independence element in its composition.

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the standard for securities transactions by Directors. The Company has made specific enquiries to all the Directors and all the Directors have confirmed their compliance with the required standards set out in the Model Code during the six months ended 30 June 2018.

REVIEW OF INTERIM REPORT

The interim financial report for the six months ended 30 June 2018 is unaudited, but has been reviewed 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, by KPMG, whose report on review of interim financial report is set out on page 37 of this interim report. This interim report, including the interim financial report, has also been reviewed by the audit committee of the Company.

Glossary

AGM
The annual general meeting of the Company or any adjournment thereof

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

BOARD
The Board of Directors of the Company

BVI
The British Virgin Islands

CAGR
Compound annual growth rate

CHINA/PRC
People's Republic of China

COC
Chinese Olympic Committee

CSD
Chinese Sports Delegation

DESCENTE
DESCENTE brand

ERP
Enterprise Resources Planning System, a business support system that maintains in a single database for a variety of business functions

EXECUTIVE DIRECTORS
Executive directors of the Company

FILA
FILA brand

FILA KIDS
FILA KIDS brand, which offers FILA products for children

GDP
Gross Domestic Product

GROUP
The Company and its subsidiaries

HONG KONG
The Hong Kong Special Administrative Region of the PRC

HONG KONG DOLLARS, HK$
Hong Kong Dollars, the lawful currency of Hong Kong

HONG KONG STOCK EXCHANGE/HKEX
The Stock Exchange of Hong Kong Limited

HIBOR
Hong Kong Interbank Offered Rate

INDEPENDENT NON-EXECUTIVE DIRECTORS
Independent non-executive directors of the Company

IPO
Initial Public Offering

KINGKOW
KINGKOW brand

KOLON SPORT
KOLON SPORT brand

LISTING RULES
The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

MSCI
Morgan Stanley Capital International Global Standard Index

NBA
National Basketball Association

OEM
Original Equipment Manufacturer

PERIOD
6 months ended 30 June 2018

POP
Point of purchase advertising

POS
Point of sales

R&D
Research and development

RMB
Renminbi, the lawful currency of the PRC

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

SHAREHOLDERS
Shareholders of the Company

SPRANDI
SPRANDI brand

TPU
Thermoplastic polyurethane

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

Investors Information

Share Information

Listing day:	10 July 2007
Board lot size:	1,000 shares
Numbers of shares in outstanding:	2,684,891,100 shares (As at 30 June 2018)

Stock Codes

HKEX:	2020
Reuters:	2020.HK
Bloomberg:	2020HK
MSCI:	3741301

Dividends

HK cents	2014	2015	2016	2017	2018
Interim dividend	25	30	34	41	50
Final dividend	28	30	34	41	
Special dividend	8	8	8	16	

Important Dates

14 August 2018	Interim results announcement
29 August 2018 4:30 p.m.	Record date of 2018 interim dividend
On or about 10 September 2018	Payment date of 2018 interim dividend
31 December 2018	Financial year end date of 2018

Investor Relations Contacts

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

ANTA

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

Equity – production and printing
www.equitygroup.com.hk

IR.ANTA.COM