ANTA

ANTA SPORTS PRODUCTS LIMITED

Incorporated in the Cayman Islands with limited liability

Stock Code: 2020

INTERIM REPORT 2019

OUR COURAGEOUS HOMECOURT

ABOUT ANTA SPORTS PRODUCTS LIMITED

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

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

CONTENTS

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.

FINANCIAL OVERVIEW

Six months ended 30 June	**2019**	2018	Changes
	(RMB million)	(RMB million)	(%)
Revenue	**14,810.6**	10,553.5	↑ 40.3
ANTA	***7,589.7***	*6,416.7*	*↑ 18.3*
FILA	***6,537.8***	*3,635.1*	*↑ 79.9*
Gross profit	**8,302.0**	5,726.4	↑ 45.0
ANTA	***3,225.3***	*2,829.6*	*↑ 14.0*
FILA	***4,673.0***	*2,607.0*	*↑ 79.2*
Profit from operations	**4,257.4**	2,688.6	↑ 58.4
ANTA	***2,442.3***	*1,718.9*	*↑ 42.1*
FILA	***1,894.4***	*1,047.0*	*↑ 80.9*
Profit for the period			
– without the effect of share of loss of a joint venture	**3,073.6**	2,001.8	↑ 53.5
– with the effect of share of loss of a joint venture	**2,581.5**	2,001.8	↑ 29.0
Profit attributable to equity shareholders	**2,482.7**	1,944.8	↑ 27.7
Free cash inflow	**2,700.6**	1,223.3	↑ 120.8
	(RMB cents)	(RMB cents)	(%)
Earnings per share			
– Basic	**92.50**	72.44	↑ 27.7
– Diluted	**92.41**	72.38	↑ 27.7
Shareholders' equity per share	**667.16**	538.38	↑ 23.9
	(HK cents)	(HK cents)	(%)
Interim dividend per share	**31**	50	↓ 38.0
	(%)	(%)	(% point)
Gross profit margin	**56.1**	54.3	↑ 1.8
ANTA	***42.5***	*44.1*	*↓ 1.6*
FILA	***71.5***	*71.7*	*↓ 0.2*
Operating profit margin	**28.7**	25.5	↑ 3.2
ANTA	***32.2***	*26.8*	*↑ 5.4*
FILA	***29.0***	*28.8*	*↑ 0.2*
Net profit margin			
– without the effect of share of loss of a joint venture	**20.8**	19.0	↑ 1.8
– with the effect of share of loss of a joint venture	**17.4**	19.0	↓ 1.6
Margin of profit attributable to equity shareholders	**16.8**	18.4	↓ 1.6
Effective tax rate(1)	**28.0**	27.5	↑ 0.5
Advertising and promotional expenses ratio (as a percentage of revenue)	**10.0**	11.7	↓ 1.7
Staff costs ratio (as a percentage of revenue)	**12.5**	11.3	↑ 1.2
R&D costs ratio (as a percentage of revenue)	**2.4**	2.8	↓ 0.4

As at 30 June	**2019**	2018	Changes
	(%)	(%)	(% point)
Gearing ratio(2)	**22.8**	6.0	↑ 16.8
Return on average total shareholders' equity (annualised)(3)	**29.6**	27.9	↑ 1.7
Return on average total assets (annualised)(4)	**16.8**	19.7	↓ 2.9
Average total shareholders' equity to average total assets	**56.7**	70.9	↓ 14.2
	(in 181 days)	(in 181 days)	(days)
Average inventory turnover days(5)	**87**	83	↑ 4
Average trade receivables turnover days(6)	**34**	35	↓ 1
Average trade payables turnover days(7)	**51**	49	↑ 2

Cautionary Statement Regarding Forward-Looking Statements

This Interim Report 2019 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) Effective tax rate does not include the effect of share of loss of a joint venture.
(2) Gearing ratio is equal to the sum of bank loans and bills payable (financing in nature) divided by the total assets at the end of the relevant period.
(3) Return on average total shareholders' equity is equal to the profit attributable to equity shareholders divided by the average balance of total shareholders' equity.
(4) Return on average total assets is equal to the profit attributable to equity shareholders divided by the average balance of total assets.
(5) Average inventory turnover days is equal to the average balance of inventories divided by the cost of sales and multiplied by the number of days in the relevant period.
(6) Average trade receivables turnover days is equal to the average balance of trade receivables divided by the revenue and multiplied by the number of days in the relevant period.
(7) Average trade payables turnover days is equal to the average balance of trade payables divided by the cost of sales and multiplied by the number of days in the relevant period.

RESULTS HIGHLIGHTS

Financial Performance

Revenue
increased by 40.3% to
RMB14.8 billion

Gross profit margin
increased by 1.8% point to
56.1%

Profit attributable to equity shareholders
increased by 27.7% to
RMB2.5 billion

Basic earnings per share
increased by 27.7% to
RMB92.50 cents

Payout of the profit attributable to
equity shareholders
30.5%

Operational Performance

Number of ANTA stores
(including ANTA KIDS standalone stores)
in Mainland China stood at
10,223

Number of FILA stores (including FILA KIDS
and FILA FUSION standalone stores) in
Mainland China, Hong Kong, Macao and
Singapore stood at
1,788

Number of
DESCENTE stores in
Mainland China
stood at
115

Number of KOLON SPORT stores in
Mainland China stood at
173

Number of KINGKOW stores in Mainland China,
Hong Kong, Macao and the United States stood at
70

Number of SPRANDI stores
in Mainland China stood at
110

CORPORATE INFORMATION

Board	
Executive Directors	Ding Shizhong (Chairman) Ding Shijia (Deputy Chairman) Lai Shixian Wu Yonghua Zheng Jie
Non-Executive Director	Wang Wenmo
Independent Non-Executive Directors	Yiu Kin Wah Stephen Mei Ming Zhi Dai Zhongchuan
Company Secretary	Tse Kin Chung
Board Committees	
Audit Committee	Yiu Kin Wah Stephen (Chairman) Mei Ming Zhi Dai Zhongchuan
Remuneration Committee	Yiu Kin Wah Stephen (Chairman) Dai Zhongchuan Ding Shizhong
Nomination Committee	Dai Zhongchuan (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 Mainland China	
Jinjiang Office	Dongshan Industrial Zone, Chidian Town, Jinjiang City, Fujian Province, China Postal code: 362212
Xiamen Office	No. 99 Jiayi Road, Guanyinshan, Xiamen, Fujian Province, China 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	Luk & Partners In Association with Morgan, Lewis & Bockius
Auditor	KPMG
Risk management and internal control review adviser	KPMG Advisory (China) Limited
Principal bankers	Bank of China (Hong Kong) Limited Bank of China Limited Industrial Bank Co., Ltd. Citibank, N.A. The Hongkong and Shanghai Banking Corporation Limited

Zhang Jike,
A Chinese renowned 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 2019.

Insisting the Strategy of "Synergistic Incubation to Achieve Value Retailing and Internationalization"

In the first half of 2019, the trade dispute between China and the United States has brought uncertainties to prospects, impacting the world's economy. However, China's sportswear industry has shown resilience under the volatile market, maintaining healthy and stable development. Although the sportswear industry has huge opportunities, the competition has also become increasingly fierce. Chinese enterprises need to take action in order to break out of the dilemma by constantly building up its own strengths through innovation and growth. After years of development, ANTA Sports endured four stages based on its innovation and upgrading, that is – stage 1.0: manufacturing and production; stage 2.0: brand building; stage 3.0: retail transformation; and stage 4.0: multi-brand development. Every single transformation meant an overturn of our past.

In the first half of 2019, we kicked off the "Year of Synergy and Value", in which we implemented reorganization in order to improve the management effectiveness for synergistic incubation. We divided our brands into three categories for centralized management: Performance Sports Brand, Fashion Sports Brand, and Outdoor Sports Brand. Each brand group cooperates closely with each functional department. Each brand group has dedicated team for design, branding, and sales and distribution, and each brand group implements "Category System". Meanwhile, the Group set up separate teams for retail, sourcing, production and e-commerce to achieve the best synergistic effects. In addition, ANTA Sports, together with other investors, set up an investor consortium to acquire Amer Sports, with internationally recognized the brands of Salomon, Arc'teryx, Peak Performance, Atomic, Suunto, Wilson and Precor etc. This marks one of our successful steps towards internationalization.

During the period, our online and offline businesses attained satisfactory results. In addition to the impressive results in sales achieved by the Group's brands, revenue has increased 40.3% to RMB14.8 billion (2018 1H: 10.6 billion), profit from operations and profit attributable to equity shareholders have increased 58.4% to RMB4.3 billion (2018 1H: RMB2.7 billion) and increased 27.7% to RMB2.5 billion (2018 1H: RMB1.9 billion) respectively. Not only have all three financial indicators hit record highs, but it is also the sixth consecutive year of maintaining approximately 20% growth.

Taking "Consumer-Centric" to Benchmark with High Standards

In the process of growing into a respected world-class multi-brand sportswear group, we need higher standards to demand ourselves for improvement. We put "Consumer-Centric" at the heart of our "Value Retailing" philosophy. We focused on the upgrade of products, retail channels, branding under the synergistic platform to enhance the competitiveness of our brands and products. Leveraging our capability of technology innovation, we strive to lead the market by maximizing product value and providing innovative experience to each customer. During the period, we launched differentiated marketing campaigns based on the position of each of the brand. Meanwhile, we attached great importance to design and R&D. We introduced various crossover products that were highly recognized. We realize that the essence of consumption upgrade is transforming from a "Pricing Era" to a "Engagement Era". The key success factor for a company is how it can change the focus from "Price" to "Experience". For ANTA Sports, we believe that it is not just how good the products are, but also how to connect with our consumers, by granting them a good shopping experience. Thus, we began to apply this concept to ANTA ninth-generation stores during the period, which emphasized the selling points of "Digitalization", "Youth" and "Professionalism", making them the core concepts of ANTA's new stores.

In addition, we continue to leverage digital technology to promote the Group's development of branding and retailing. We collect statistics in our stores including customer flow data and hot spot area data. Big data analysis has shown positive effects in store allocation, optimization of display management, and collecting user feedback.

At the same time, we will continue to focus on promoting brand equity, and gradually realize value retailing. We will keep a close watch on consumers and the market, and continue to build up international capability in order to fully implement the goal of "Innovation Enabling the Full Development for Multi-brands".

Integrating Resources for Globalization, Helping the Group to Grow Bigger, Stronger, and More Sustainable

Benefiting from opportunities brought by the reform and opening-up of China, ANTA Sports stayed on track and made steady improvement. ANTA Sports recognized that the country's strength provides a strong foundation for a company. Therefore, we are committed to becoming a great Chinese company with ambition and confidence, as well as a strong sense of responsibility.

Our determination and sense of responsibility will support the growth of ANTA Sports and turn us into a global brand to compete on the international platform. The evolution of Chinese brands from "Made in China" to "Created in China" is a milestone in winning recognition from global consumers.

We realized that in order to take Chinese brands to a global level, product quality, value and branding are far more important than low prices. Moving from competing in prices to competing in value and innovation, is the way for Chinese brands to go global. Just as "It takes a good blacksmith to make steel", Chinese brands need to strengthen their arsenal with quality products in order to enter bigger markets. In order for ANTA Sports to become a true "Great Brand", we need to have a capacity for innovation that is able to compete on a global scale, and to become a brand that dare to create. By providing more professional, high-value and internationalized products to customers, the Company can then transform from "an affordable brand" to "a desirable brand".

We have been moving along the path towards globalization during the past few years. Setting up investor consortium to acquire Amer Sports during the period, it allows us to mark another step towards the international market. The diverse array of sports brands under Amer Sports will create synergy for both of us. In addition, we will continue to improve our multi-brand strategy, aiding us in opening up spaces in the global market in terms of distribution channels and global brand operations.

On behalf of the Board of Directors, I would like to express my sincere gratitude to all shareholders for their support, and to express our gratitude to the staff who have contributed to the Company. Going forward, we will strive to ensure that our supply chain partners, brand partners, distributors and franchisees will continue to grow steadily while creating greater value for our shareholders.

Ding Shizhong
Chairman
Hong Kong, 26 August 2019

Ma Sichun,
A Chinese renowned actress

Market Review

Even With Uncertainties Clouding the External Environment, China's Economy is in Steady Development

In the first half of 2019, the trade dispute between China and the United States continued, resulting in uncertainties for the global economy and affecting the investment appetites of the capital market. The trade dispute not only brought challenges to the global economy, but also created opportunities for emerging markets and new technologies. Meanwhile, the global capital market remains active, as investors look for a balance between maintaining stable growth and preventing risks.

As the world's second-largest economy, China has overcome the pressure and maintained development under reform. The Chinese government has implemented effective policies to support stable development, maintaining steady growth in the economy. According to the National Bureau of Statistics of China, China's GDP increased 6.3% year-on-year in the first half of 2019 to RMB45 trillion, meeting market expectations. The full year target of GDP growth rate is within the range of 6.0-6.5%. Total Retail Sales of Consumer Goods in the first half of 2019 increased 8.4% year-on-year to RMB20 trillion.

Meanwhile, China has maintained mild inflation, as can be seen in its Consumer Price Index growth year-on-year of 2.2% in the first half of 2019. RMB-denominated Chinese government bonds and bank securities have also been included to the Bloomberg Barclays Global Aggregate Bond Index, with RMB becoming the fourth-largest denominated currency component following the USD, EUR and JPY in the index. In addition, the commencement of the "Shanghai-London Stock Connect", as well as the China-Japan ETF Connect, all reflected the effectiveness of policies encouraging deeper reforms and continual opening-up, and showcased the resilience of China's economy. At the same time, China's opening-up of its financial industry and improvement of economic standards have effectively worked together towards sustainable development, helping China's economy to grow stronger in its global standings and realize its potentials. Under the major theme of quality improvement, the China's economy is focusing on two main value creations, "General Consumption" and "New Economy", which have created relatively clear structural opportunities and appeal for economic growth.

China's Sports Industry Develops Rapidly under Supportive Policies, Sports Embracing Prosperity

As China gains higher standards of living, people are unprecedentedly focusing more on healthy lifestyles and sports. There has been rapid growth in the passion from the Chinese public in sports participation, together with demand for sportswear consumption. In addition, along with the ongoing preparation for the 2022 Winter Olympics, winter sports is becoming more and more popular in China and hopes to reach the goal of helping 300 million people to participate in winter sports. This background paints a bright future for the growth of the sportswear industry, as this industry is one of the key nodes in the sports industry value chain. Therefore, potential development in the future cannot be underestimated.

Who We Are?

BRAND-DRIVEN BUSINESS MODEL

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

What Are Our Target Markets?

HIGH-END AND MASS MARKET

ANTA
Functional sportswear for running, cross-training and basketball

ANTA KIDS
Kid's sportswear

FILA
Fashion sports clothing

FILA KIDS
Kid's fashion sports clothing

FILA FUSION
Youth's trendy clothing

DESCENTE
Functional sportswear for skiing, cross-training and running

SPRANDI
Leisure footwear

KOLON SPORT
Outdoor sportswear products

KINGKOW
Kid's fashion products

What Retail Channels Do We Cover?

- Online Stores
- Street Stores
- Shop-in-shops (Shopping Malls and Department Stores)
- Outlets

What Do We Do?

SUPPLY CHAIN MANAGEMENT

- In-house / Outsource 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 / Direct-to-Consumer
- Logistics
- Improving Store Operations via IT System
- Big Data / Retail Analytics
- E-commerce
- Consumer Experience

We noticed that different segments in the consumption sector in China varies according to multiple external factors, so it is necessary to target allocations according to the differences in population, distribution channels, and consumption capabilities. Our "Single-Focus, Multi-Brand, Omni-Channel" strategy has been successful in covering all of China's different market segments. Meanwhile, we once again gained insight into market trends and found market trends with a combination of branding, crossover-promotions and technological innovation, alongside a rise in demand for "functionalized", "differentiated" and "premiumization" products. Therefore, we have conducted strategic adjustments in design, R&D, production and distribution, to respond to the keen demands from the market.

Our operating and financial performance reached new highs, showcasing our international competitiveness and capability in corporate governance. In addition, besides winning awards in investor relations and corporate governance, ANTA Sports has been selected as a constituent stock of Hang Seng China Enterprises Index. The constituent stocks of HSCEI include top Chinese companies in various industries listed on the HKEx with the biggest market caps and highest liquidity. A stable and healthy business performance, as well as a solid reputation accumulated from Hong Kong and international capital markets, has marked ANTA Sports distinctly from other candidates, leading to its selection as a constituent stock of the HSCEI. This reflects the recognition of ANTA's business by capital markets alongside their ample confidence in the Company's future development. Moreover, ANTA Sports was included in the "2019 BrandZ™ Top 100 Most Valuable Chinese Brands" list, demonstrating our strong brand performance.

We are honored to continue a series of successful marketing events in China with many endorsers of ANTA, which further lifted ANTA's brand reputation and stimulated relevant sales. ANTA KIDS, FILA, FILA KIDS, FILA FUSION, DESCENTE, KOLON SPORT, SPRANDI and KINGKOW, have also recorded different levels of growth.

Business Review

1. Organizational Changes Promote the Platform for Synergistic Incubation

In acknowledgement of the complexity of China's consumer segment, we have continuously penetrated different segments through the Group's subsidiary brands. Over the years, we have successfully implemented our "Single-Focus, Multi-Brand, and Omni-Channel" operational model, which has aided our focus on navigating through sportswear markets, and delivering outstanding operational data during the period.

We have developed from a domestic single-brand sportswear company into a global multi-brand management group. We understand that corporate structure plays a crucial role in the multi-branded platform with synergistic effectiveness. During the period, we have completed our organizational change. The new structure now clearly divides each business and brand to deliver synergistic incubation. Meanwhile, the new structure clearly defines the responsibilities and work allocation to enhance coordination panels according to different departments. The Group's brands have been sorted into three categories: Performance Sports Brand, Fashion Sports Brand, and Outdoor Sports Brand. Each brand group has dedicated team for design, branding, and sales and marketing, and each group implement "Category System". Meanwhile, the Group set up organization team for retail, merchandizing, production and e-commerce function to achieve the best synergistic effects. The Performance sports group includes ANTA, ANTA KIDS, and SPRANDI; the Fashion sports group includes FILA, FILA KIDS, FILA FUSION and KINGKOW; the Outdoor sports group includes DESCENTE and KOLON SPORT.

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 sportswear products across a diverse range of sports categories, from popular sports to professional and niche sports, including running, cross-training, basketball, boxing and others. Most of the ANTA Stores are operated by distributors and franchisees.

During the period, as the official sportswear partner of the COC, ANTA continued to support Chinese athletes. We sponsored 26 Chinese national teams in winter sports, boxing, taekwondo, gymnastics, weightlifting, wrestling, judo, surfing, water polo and golf etc. With the Beijing 2022 Winter Olympic Games due in 1,000 days, ANTA collaborated with the Palace Museum's 'Beijing Culture Creativity' ("北京故宮文創") launching "ANTA X Winter Olympic Games" products. The series combined the classic colors of the Palace Museum with ANTA's classic footwear and apparel, transforming history and tradition into youth and vitality, in order to attract more online and offline attention.

Keeping up with technology and trends is the key to our success. In April, ANTA launched its brand-new "Hydrogen Running Shoes". Based on FLASHLITE technology which is developed by ANTA, the product weighs a mere 110 grams. It is ANTA's first product of running shoes that has light weight as its selling point. Its unique materials provide rigidity, sturdiness, support and durability, offering a unique and light sports experience to mass runners.

In terms of crossover products, ANTA fully takes consumers' preferences into account and continues to drive sales through crossover-integrated marketing. To celebrate the 133th birthday of Coca-Cola, ANTA partnered with Coca-Cola to launch a number of collaborative footwear and apparel. The products aimed to evoke "happiness", as Coca-Cola does and were sold on ANTA Tmall's flagship stores and distributor's offline stores, receiving an overwhelming response.

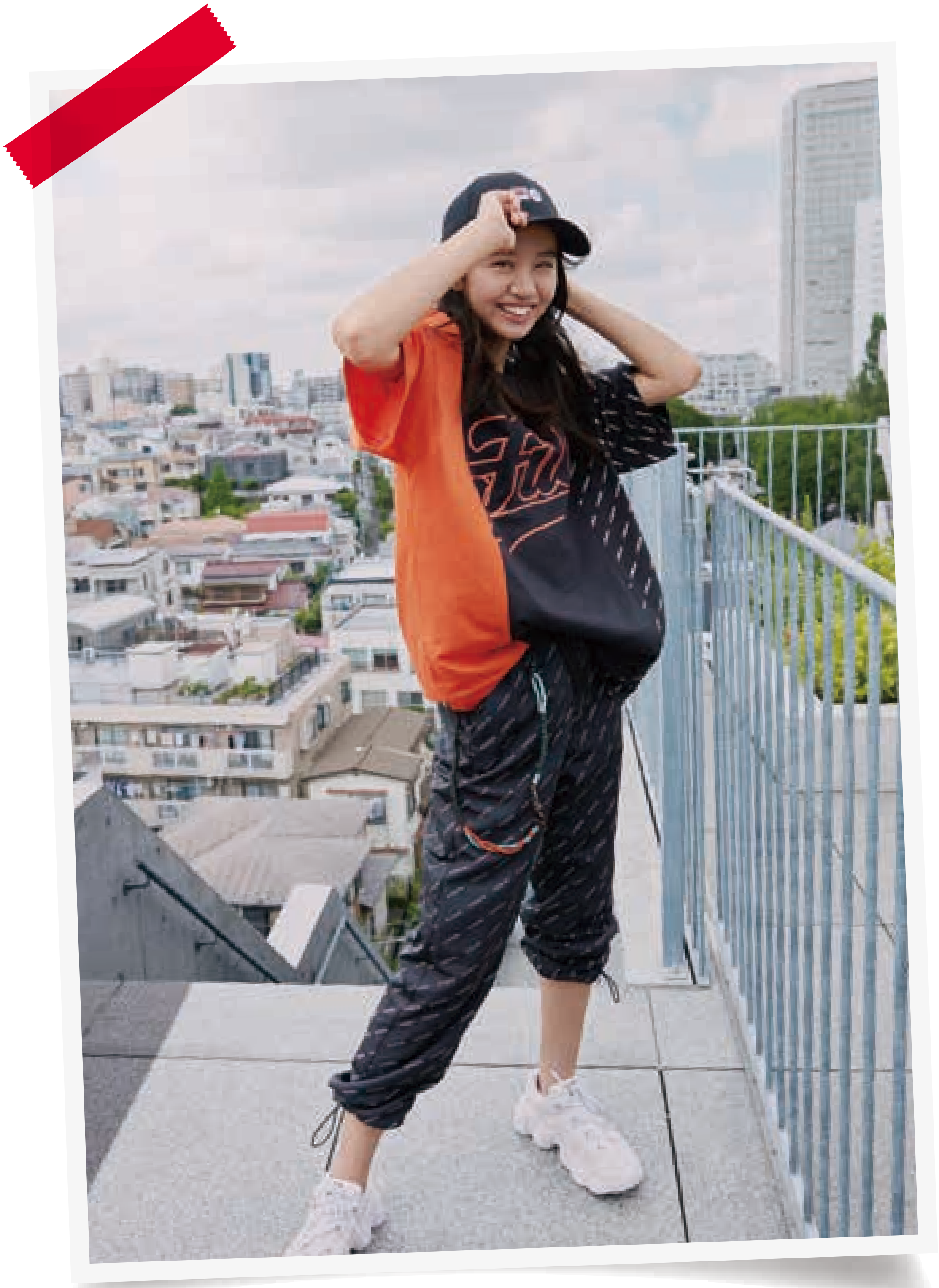
During the period, ANTA started to promote its ninth-generation stores in Chongqing and Shanghai. The new Shanghai ANTA ninth-generation store spans 2,000 square meters. ANTA upgraded the stores in terms of brand image, store appearance and consumer experience. "Digitalization", "Youth" and "Professionalism" became the core concepts that powered ANTA's new generation stores. The stores adopted a self-service cashier system as well as "cloud shelf" and "digitalization" functions in their setup for consumers, significantly enhancing consumers' shopping experience and deepening ANTA's technological advantages. Consumers get to experience all the previous KT basketball series in the stores, including the tailor-made KT series apparel, and are able to enjoy a better interactive experience. This further consolidated ANTA's reputation in the basketball product market.

2.2 ANTA KIDS

ANTA KIDS has been tapping into the kids' sportswear market in China since 2008 by providing sportswear products for children aged 0 to 14, a market that continues to have potential for high-growth. Most of the ANTA KIDS store are operated by the distributors and franchisees. Following the Chinese government's easing of the Family Planning Policy, it is widely expected that the kidswear market will benefit, resulting in an expansion in market scale. ANTA KIDS was the first domestic sportswear brand to enter the market and enjoys the advantage of being an early-entry trailblazer. The brand consistently promotes its philosophy to "Grow Up with Fun". In recent years, ANTA KIDS has been aiming to incorporate more of a "fun" element in the kids' growing journey through an integrated experience. In doing so, ANTA KIDS has successfully enhanced the desirability of its products among consumers and built professional sportswear products. It has secured a dominant position in the market, and hopes to seize even bigger market opportunities in the future.

In addition to running, football, basketball, outdoor, cross-training product series, ANTA KIDS has been enriching its product portfolio with the launch of crossover products with different cartoon characters. Following the Marvel heroes series last year, ANTA KIDS collaborated with Frozen during the period to launch crossover products, which have been welcomed and acclaimed by the general public. Moreover, Zhang Yuexuan (Tian Tian), son of model Zhang Liang, continued to be ANTA KIDS' endorser. Consumers got to know more about ANTA KIDS through the fashionable, mischievous and warm image of Tian Tian, enriching the brand's personality at the same time. The star's products gained much attention from the market, achieving growth in both brand recognition and market share.

In order to continue to encourage kids to "Grow Up with Fun", ANTA KIDS introduced stores 4.0. With the theme of "WILD PARK" running alongside the brand's exclusive DNA, the store focuses on the experience of "fun". Based on the design inspiration of a skate park, the store combines sports with classic cartoon figures from franchisees such as Frozen and Marvel heroes. The store



focuses on professional and trendy sports, as well as babies and kids, setting up specialized areas according to the kids' ages and genders. There is also a brand-new ANTA KIDS 4.0 body measurement system, which can be used both online and offline. It provides an accurate measurement of a child's height, weight and foot size, allowing consumers to better understand kids' growth dynamics and choose the most appropriate shoes for them based on scientific data – all around offering a better shopping experience for consumers.

2.3 FILA, FILA KIDS and FILA FUSION

Since acquiring FILA's business in China in 2009, we have been actively expanding the brand in Mainland China, Hong Kong, Macao and Singapore. FILA has been positioned as a high-end sports fashion brand that targets high-end consumers aged between 25 and 45. Through different product collections, FILA offers consumers unique and differentiated sportswear products.

In addition to series like FILA RED, FILA WHITE, FILA BLUE and FILA ORIGINALE, we continued to work with renowned designer, Phillip Lim, on the FILA X 3.1 Phillip Lim series, leading the trends in high-end sportswear with collaborations with actors such as Huang Jingyu and Ma Sichun. Meanwhile, the sportswear series FILA FUSION established its own standalone stores. Famous Japanese celebrity, Kōki, became an endorser of the brand, marking its full entry into the market for youths aged 20 to 30. FILA FUSION is characterized by its style that blends youth, sunshine and trendy sports, and has launched crossover series with different international renowned brands based on its unique fashion sense, which have been received overwhelmingly positive feedback from the market. It successfully further enhanced the brand image and strengthened brand recognition in the market.

Gradually becoming the mainstay of China sportswear market, FILA introduced a number of series during the period, expressing fashion concepts in line with the trends of integration and innovation. In March and April 2019, FILA launched Classic Kicks and Disruptor Sandals shoes respectively. Both of them rode on the continuation of classic image and became the necessity of fashion icons.

As for FILA's kidswear brand, FILA KIDS aims to provide high-end apparel and footwear for children aged 3 to 14 since its launch in China in 2015. Encompassing FILA's elegant and unique style, FILA KIDS has become widely popular in the kidswear market. During the period, FILA KIDS introduced several new series, such as FILA KIDS RED LINE and FILA KIDS MODERN HERITAGE, expanding its infiltration in the high-end kidswear market. Moreover, it launched the FILA KIDS Disruptor Sandals in the April, bringing fashionable and avant-garde elements to kidswear market. During the period, FILA KIDS also continued to promote crossover products. In June, FILA KIDS collaborated with Ceet Fouad, a renowned French graffiti artist, combining graffiti with FILA and implementing artistic creativity in kidswear. Furthermore, the FILA KIDS X WONNIE FRIENDS collection were launched at the same time as Children's Day Emoji, combining online and offline promotions. FILA KIDS will continue to introduce the FILA KIDS X STAPLE collection across its stores. We believe FILA KIDS will continue its stellar momentum in growth and make a remarkable contribution to the FILA brand's overall sales.

2.4 DESCENTE

Starting from 2016, we exclusively have operated and engaged in the design, sale and operation of products bearing the "DESCENTE" trademark in Mainland China. DESCENTE focuses on high-end sportswear products, including skiing, cross-training and running etc.

With nearly three years of development and over 80 years of brand heritage, DESCENTE has quickly established its brand position as a functional and professional sportswear brand in China, and has been active in expanding its retail footprint in the high-end segments of the Chinese sportswear market.

In addition, DESCENTE and KH. TRAINING STUDIO jointly held a body-building training session in Shanghai to encourage women to explore their own potential in sports. The event inspired women to convey positive energy by expressing themselves and their passion in exercising, spurring them to build a fit body shape through professional sports.

In the meantime, DESCENTE also partnered with the famous British illustrator BEACH-O-MATIC to launch a summer crossover series. Based on the concept "DESCENTE TEAM", this series presented the four signature sports of DESCENTE – skiing, cycling, running and surfing – with vivid illustrations of carefree characters. The belief of the brand "DESIGN THAT MOVES", driving happiness through sports, is fully reflected in this series.

2.5 SPRANDI

SPRANDI is a fashion sportswear brand that mainly focuses on the fashionable athletic footwear market. By opening more physical stores and e-commerce platforms since 2016, SPRANDI has continued to grow and penetrate the emerging middle-class in China.

With pursuit of a highly comfortability and innovation, we launched the two main product series which included sports spiritual and sports fashion. SPRANDI continued to improve product differentiation and brand competitiveness to enhance its brand image via seasonal promotional activities with various engaging themes. During the period, SPRANDI has re-launched the retro "Super Claw" shoes. With brand new elements added to the retro design, customer sparked growing interests in the products. Leveraging the 60th anniversary of the classic toy Barbie, SPRANDI launched limited edition crossover shoes series and becoming a hot topic on social media, further promoting the sensational connection between its products and female customers.

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. Under this favorable trend, DESCENTE will take advantage of being a first-mover in the market and focus on the rapidly 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.

2.7 KINGKOW

Founded in 1998, KINGKOW is a popular kidswear brand targeting the mid-to high-end market. The brand is an industry leader favored by kids and parents, and is dedicated to providing excellent design and premium quality garments to kids aged 0 to 14. Our acquisition of KINGKOW in 2017 not only helped us reinforce our presence in the kidswear market, but also strengthened our multi-brand strategy in the market and creates synergy. During the period, we successfully improved KINGKOW's store efficiency as well as retail performance.

2.6 KOLON SPORT

Since it was founded in 1973, KOLON SPORT has been promoting the development of an outdoor lifestyle. We have started to operate KOLON SPORT in Mainland China since 2017. To seize the opportunities in the outdoor sports market and expand the business, during the period, we optimized existing stores and gradually increased the proportion of natural outdoor sports and city outdoor products for KOLON SPORT.

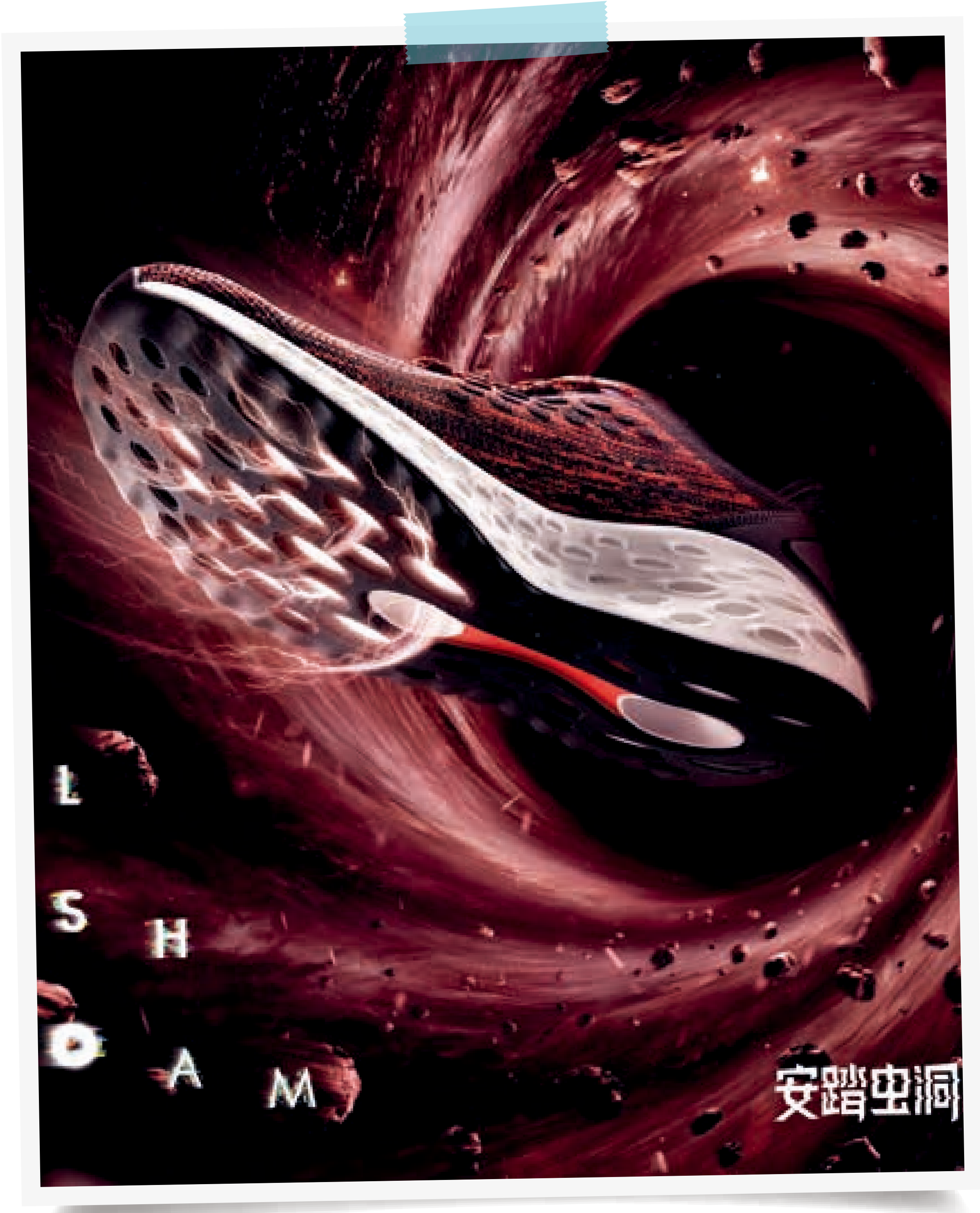
KOLON SPORT also launched the Noach Project – its series were made of natural fibre which was eco-friendly hemp, successfully attracting the interest of consumers. We are confident that with the rise of China's middle class and the millennial generation, KOLON SPORT will continue to expand its footprint in the outdoor sportswear market.

3. Distribution Network Management

3.1 Omni-Channel Management

We continued to implement our consumer-centric strategy and have successfully improved our wholesale and retail management capabilities to cope with 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. On the other hand, based on the characteristic of different brands and stores, we made more detailed scenes with more differentiated story packages and prices, and manage them differently. In addition, we continue to optimize our membership system to provide members with a more personalized retail experience.

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 advised our distributors and franchisees to close down smaller and less efficient stores, and replace them with larger and more attractive stores in prime locations to improve the overall performance of stores. In the



meantime, we advised our distributors and franchisees to transform ANTA stores in shopping malls and department stores, to meet consumer-oriented needs.

During the period, following with the launch of ANTA ninth-generation stores, retail efficiency has been further improving, allowing customers to enjoy a more comfortable, personalized shopping experience. Attractive store designs and a unique shopping experience play an important role in improving retail efficiency and increasing customer traffic, which enhances sales and store efficiency.

ANTA started to promote its ninth-generation stores in Chongqing and Shanghai. Among the brand-new generation of ANTA stores, ANTA upgraded the stores in terms of brand image, store image and consumer experience. ANTA's new generation stores were fueled by the core concepts of "Digitalization", "Youth" and "Professionalism". ANTA KIDS Stores 4.0 were also introduced, alongside the ANTA KIDS 4.0 brand new body measurement system, which guides consumers into selecting the most appropriate products for their kids based on scientific data. As at 30 June 2019, the total number of ANTA stores in Mainland China (including ANTA KIDS standalone stores) was 10,223 (end of 2018: 10,057). The total number of FILA stores (including FILA KIDS and FILA FUSION standalone stores) was 1,788 stores in Mainland China, Hong Kong, Macao and Singapore (end of 2018: 1,652) and the total number of DESCENTE store was 115 stores in Mainland China (end of 2018: 117). The total number of KOLON SPORT stores was 173 stores in Mainland China (end of 2018: 181). The total number of SPRANDI stores in Mainland China was 110 (end of 2018: 104). The total number of KINGKOW stores was 70 stores in Mainland China, Hong Kong, Macao and the United States (end of 2018: 77).

3.2 E-Commerce

As the status of e-commerce is on the rise, our clear e-commerce business strategy has become an important role of "Value Retail". We and our distributors have successfully expanded and improved the e-commerce business, providing exclusive online products and in-season products, in order to meet the diversified shopping needs of online consumers. At the same time, we continued to create noise by launching a number of crossover products, in response to online hot topics. We have collaborated with various renowned e-commerce platforms, including Tmall, JD, Vipshop among others, to further boost the performance of our e-commerce business.

We believe corporations shall adapt swiftly to cope with the rising importance of e-commerce. Our experienced online sales team has been steadily attracting more online shoppers, in tandem with other various methods we have used to achieve this goal. For example, we optimized our e-store interface partly, improved product descriptions and presentations, and enhanced our product search and cataloguing functions. By standardizing all our online product launch schedules, priorities and styles, we promoted synergy among 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 that positive feedback from our customers will help us in establishing a solid brand reputation as we build our brand image. 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 understand the importance of effective supply chain management. Suppliers must develop in tandem with us to achieve highly efficient operations. In addition to implementing a strict partner and supplier selection regime, we are also committed to providing assistance to suppliers and partners to enhance their governance, production and operation standards.

We assess suppliers in many aspects, including the performance of credibility, good faith, capital and environmental protection during the selection process. We evaluate in terms of products, prices, company sizes and other factors, to see if they meet our basic requirements. At the same time, we ensure that their capabilities in R&D, production management, corporate social responsibility and quality management systems reach industry standards, including ISO international standards.

We strengthened our supply chain to help us to effectively produce differentiated products. For instance, we revised our measure of performance based on an incentive system, to motivate suppliers to make improvements. On the basis of several 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. For performances that continually improve, we encourage and assist suppliers to apply for international accreditations. In the long run, we will reward those with high ratings with increased orders and additional resources and assistance.

Apart from maintaining close contact with suppliers, we also hosted several training camps and annual meetings with them to share our plans, and trends within the

industry. These initiatives could encourage suppliers to produce more innovative products. Supported by high-quality OEMs, our inhouse manufacturing facilities have extra capacity to efficiently and flexibly meet unexpected demand in a cost-effective manner. We have also further improved our supply chain to shorten production lead times, allowing us to be punctual in meeting consumer demand. In addition, we fully support our supply chain partners' efforts to enhance quality control and workflow efficiency, as well as improve their responsiveness to changing market conditions. We therefore can improve the growth prospects of our business.

We have also strategically combined inhouse and outsourced production to better respond to market conditions and changes in consumer preferences. 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, ANTA's self-produced footwear and apparel accounted for 34.4% and 11.9% of total quantities, respectively (20181H: 34.3% and 13.3%).

5. Product Management

We always believe that technological innovation, original design and product safety are the keys to product differentiation. Only when products are continuously innovative could offer us better and healthier development in the future. In addition to continuously strengthening the designer resources, the ratio of R&D has also increased year by year. During the period, our R&D investment accounted for 2.4% of the revenue. We have a science laboratory in Jinjiang, Fujian Province in China and design offices in China, the United States, Japan and Korea.

6. Quality Control

We always believe that quality control is an important role of the daily operation. In a highly competitive industry environment, designing and producing comfortable, safe and high quality sporting goods for consumers is fundamental to increase market share. We use a comprehensive evaluation mechanism to select partners and require them to obtain a number of production and quality system certifications to meet ISO international standards.

We strictly control the quality of all our products. The quality inspection department conducts a number of safety tests based on our internal product quality inspection standards before sending the products to distributors. If products with quality or safety defects are discovered after shipment, our employees strictly follow the "Product Recall Management System" to recall the defective products and ensure they are handled properly, which significantly reduces the negative impact of selling defective products.

In the meantime, most of the Group's non-production systems have obtained ISO 27001 Information Security Management Certification and we have developed a comprehensive corporate information security management system.

7. Human Resources Management

Our success is commensurate with the contribution, dedication and teamwork of our employees. Our business is considered a highly labor-intensive industry. The safety and well-being of our employees is critical to our operational efficiency and corporate image. To ensure that our long-term development is steady and progressive, we promise to fully abide by all relevant laws and regulations to create a safe and friendly working environment.

It is our responsibility to ensure a safe and harmonious working environment for our employees. Through implementing various safety policies and procedures, we are committed to minimizing potential workplace risks and avoiding workplace injuries. We provide suitable protective equipment according to our employees' different job functions. We also arrange relevant safety training to make sure our employees understand the potential risks of their work. The training sessions provide guidelines on how to operate machines properly to avoid accidents. Furthermore, to ensure our employees strictly follow rules and regulations, we do not only provide timely safety training, but also occasionally arrange for supervisors to inspect the production line, making sure our employees' behaviors are aligned with our safety regulations. We provide employees with comprehensive benefits and protections, as well as sophisticated training programs, to offer them opportunities to unleash their talents and potential.

In terms of equal opportunities, we value the individual preferences of our employees, regardless of their gender, age, religion or race, and we provide opportunities based on their talent and merit. As at 30 June 2019, we had around 29,000 employees (end of 2018: 25,000 employees) in total.

Zhang Li,
A Chinese renowned actress

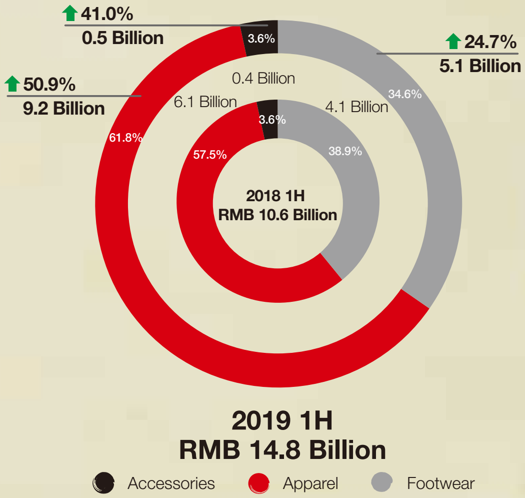
FINANCIAL REVIEW

Revenue

Breakdown by Product Category

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

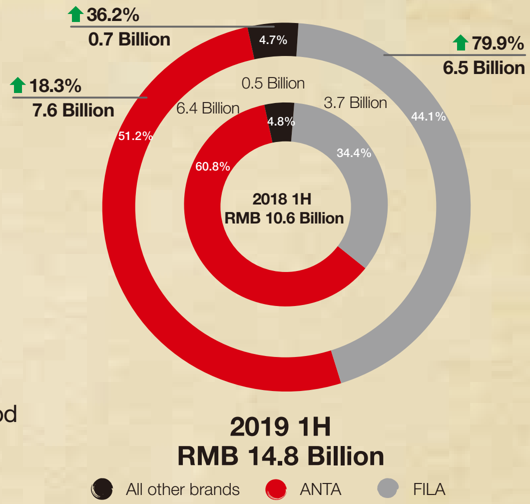
	Six months ended 30 June				
	2019		2018		**Changes**
	(RMB million)	**(% of revenue)**	(RMB million)	(% of revenue)	(%)
Footwear	**5,123.7**	**34.6**	4,108.4	38.9	↑ 24.7
Apparel	**9,150.8**	**61.8**	6,065.0	57.5	↑ 50.9
Accessories	**536.1**	**3.6**	380.1	3.6	↑ 41.0
Overall	**14,810.6**	**100.0**	10,553.5	100.0	↑ 40.3



Breakdown by Segment

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

	Six months ended 30 June				
	2019		2018		**Changes**
	(RMB million)	**(% of revenue)**	(RMB million)	(% of revenue)	(%)
ANTA	**7,589.7**	**51.2**	6,416.7	60.8	↑ 18.3
FILA	**6,537.8**	**44.1**	3,635.1	34.4	↑ 79.9
All other brands	**683.1**	**4.7**	501.7	4.8	↑ 36.2
Overall	**14,810.6**	**100.0**	10,553.5	100.0	↑ 40.3



During the financial period, the Group's revenue increased by 40.3% as compared with the same period of 2018 to RMB14,810.6 million (2018: RMB10,553.5 million).

The Group's revenue was mainly generated by the core segment, ANTA, which accounted for 51.2% of the overall revenue. ANTA segment revenue increased by 18.3% as compared with the same period of 2018 to RMB7,589.7 million (2018: RMB6,416.7 million). The growth in ANTA segment revenue was mainly attributed to (i) the steady growth in ANTA brand revenue as a result of the enhanced market recognition on ANTA brand and its products; and (ii) notable growth in ANTA KIDS revenue.

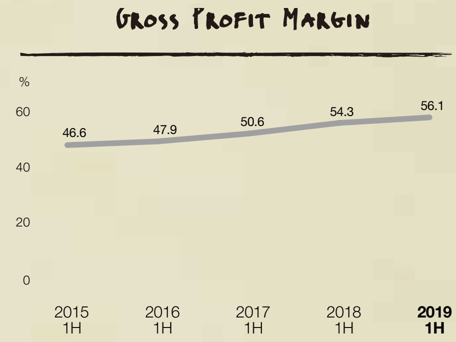
FILA segment also contributed 44.1% of the overall revenue to the Group, the segment revenue increased by 79.9% as compared with the same period of 2018 to RMB6,537.8 million (2018: RMB3,635.1 million). The growth of FILA segment revenue was mainly attributed to (i) the continuous enhancement in market recognition on FILA brand and its products; (ii) the strong performance of retail operation with increases in physical store and efficiency; and (iii) the development of e-commerce.

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				
	2019		2018		**Changes**
	Gross profit (RMB million)	**Gross profit margin (%)**	Gross profit (RMB million)	Gross profit margin (%)	(% point)
Footwear	**2,539.8**	**49.6**	2,057.2	50.1	↓ 0.5
Apparel	**5,513.4**	**60.3**	3,502.8	57.8	↑ 2.5
Accessories	**248.8**	**46.4**	166.4	43.8	↑ 2.6
Overall	**8,302.0**	**56.1**	5,726.4	54.3	↑ 1.8



Breakdown by Segment

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

	Six months ended 30 June				
	2019		2018		**Changes**
	Gross profit (RMB million)	**Gross profit margin (%)**	Gross profit (RMB million)	Gross profit margin (%)	(% point)
ANTA	**3,225.3**	**42.5**	2,829.6	44.1	↓ 1.6
FILA	**4,673.0**	**71.5**	2,607.0	71.7	↓ 0.2
All other brands	**403.7**	**59.1**	289.8	57.8	↑ 1.3
Overall	**8,302.0**	**56.1**	5,726.4	54.3	↑ 1.8

During the financial period, the Group's overall gross profit margin increased by 1.8% point as compared with the same period of 2018 to 56.1% (2018: 54.3%). The increase in overall gross profit margin was mainly due to the increased contribution from FILA segment with relatively higher gross profit margin.

ANTA segment gross profit margin decreased by 1.6% point as compared with the same period of 2018 to 42.5% (2018: 44.1%). The decrease in gross profit margin is mainly attributable to (i) the Group's commitment to maximize value-for-money propositions through improvement in product technology and innovation, especially on the footwear products; and (ii) more sales rebate strategically provided to distributors to encourage the upgrade to ninth-generation stores, distribution network optimization and retails level digitization.

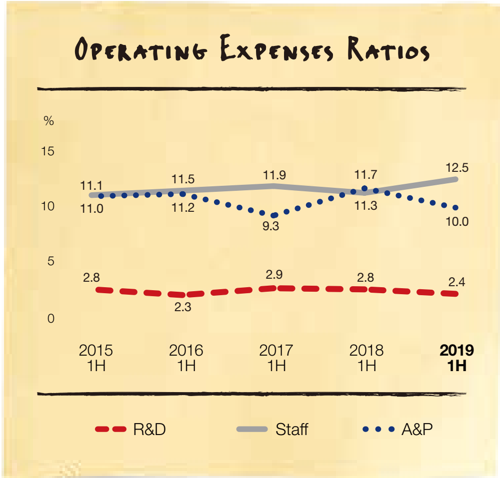
FILA segment gross profit margin maintained at a relatively stable level of 71.5% (2018: 71.7%).

Other Net Income

Other net income for the financial period amounted to RMB538.4 million (2018: RMB245.0 million), which mainly comprised of government grants of RMB519.5 million (2018: RMB225.1 million). The government grants were provided to the Group in recognition of its contribution towards the local economic development.

Operating Expenses Ratios

The ratio of advertising and promotional expenses to revenue decreased by 1.7% point for the financial period mainly due to the notable growth in the overall revenue of the Group. The ratio of staff costs to revenue increased by 1.2% point mainly due to the increase in the Group's headcounts amid its overall business expansion. The ratio of R&D costs to revenue decreased by 0.4% point due to the notable growth in the overall revenue in spite of the fact that the Group continued to enhance its overall R&D capability.



Operating Profit and Operating Profit Margin

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

	Six months ended 30 June				
	2019 **Operating profit/(loss) (RMB million)**	**Operating profit/(loss) margin (%)**	2018 Operating profit/(loss) (RMB million)	Operating profit/(loss) margin (%)	**Changes** (% point)
ANTA	**2,442.3**	**32.2**	1,718.9	26.8	↑ 5.4
FILA	**1,894.4**	**29.0**	1,047.0	28.8	↑ 0.2
All other brands	**(79.3)**	**(11.6)**	(77.3)	(15.4)	↑ 3.8
Overall	**4,257.4**	**28.7**	2,688.6	25.5	↑ 3.2

During the financial period, the Group's overall operating profit margin increased by 3.2% point as compared with the same period of 2018 to 28.7% (2018: 25.5%). Both ANTA segment and FILA segment contributed to the increase in overall operating profit margin.

The increase in operating profit margin was mainly due to (i) the increased contribution from retail operations which generally have a relatively higher gross profit margin than wholesale operations; (ii) the early receipt of the government grants by the Group; and (iii) the relatively stable operating expenses ratio as a percentage of revenue.

Net Finance Income

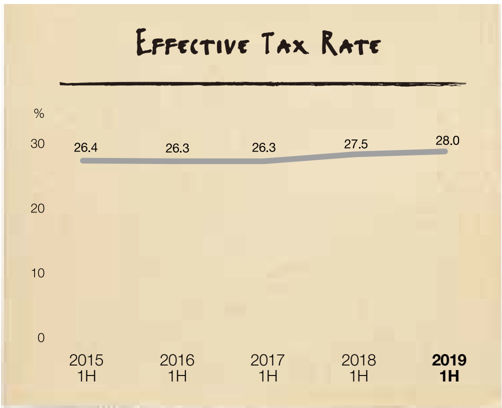
Total interest income for the financial period amounted to RMB75.7 million (2018: RMB107.2 million). Such decrease was mainly driven by the decrease in average interest rate of bank deposits as compared with the same period of 2018, and disposal of listed held-to-maturity debt securities during the 1st half of 2019.

Total interest expense (excluding interest expense on lease liabilities) amounted to RMB60.0 million (2018: RMB9.3 million) for the financial period , in which RMB2.3 million (2018: nil) was capitalised to a property under development. Such increase was mainly driven by the increase in average amount of bank loans during the financial period.

As a result of initial adoption of IFRS/HKFRS16, interest expense on lease liabilities amounting to RMB49.0 million was firstly recorded during the financial period.

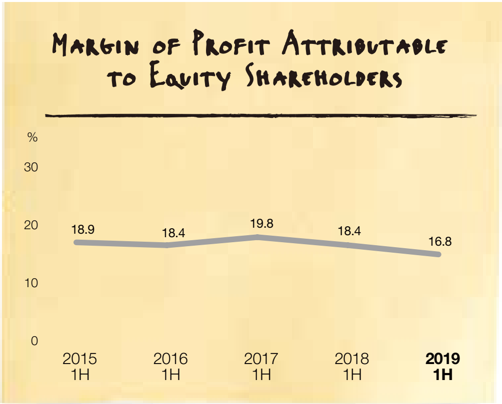
Effective Tax Rate

Effective tax rate (excluding the effect of share of loss of a joint venture) was 28.0% for the financial period (2018: 27.5%). The increase was mainly due to tax effect of unused tax losses not recognised in respect of newly joined brands.



Margin of Profit Attributable to Equity Shareholders

Margin of profit attributable to equity shareholders decreased by 1.6% point to 16.8% for the financial period, in spite of the 3.2% point increase in operating profit margin. It was mainly due to (i) the increase in interest expenses and (ii) share of loss of a joint venture.



Write-down of Inventories

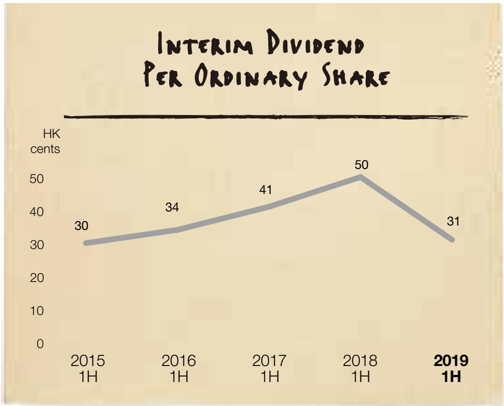
Inventories are stated at cost or net realisable value, whichever is lower. In the event that net realisable value falls below cost, the difference is taken as write-down of inventories and charged to profit or loss. During the financial period, write-down of inventories amounting to RMB23.5 million was charged to profit or loss (2018: reversal of write-down of inventories amounting to RMB2.9 million was credited to profit or loss).

Impairment Loss of Trade Receivables

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses ("ECLs"). ECLs on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions. During the financial period, reversal of impairment loss for trade receivables amounting to RMB17.9 million was credited to profit or loss (2018: impairment loss for trade receivables amounting to RMB38.8 million was charged to profit or loss).

Dividends

The Board has declared an interim dividend of HK31 cents per ordinary share in respect of the financial period, representing a payout of RMB757.2 million (2018: RMB1,186.9 million), or a distribution of 30.5% (2018: 61.0%) of the current period's profit attributable to equity shareholders.



Liquidity and Financial Resources

As at 30 June 2019, the cash and cash equivalents of the Group amounted to RMB8,198.5 million which were mainly denominated in RMB, HKD and USD, representing a decrease of RMB1,085.2 million as compared with the cash and cash equivalents of RMB9,283.7 million as at 31 December 2018. This is mainly attributable to:

- Net cash inflow from operating activities amounted to RMB3,440.7 million, which was higher than the profit for the period (excluding the effect of share of loss of a joint venture) and represents the strong cash generation capability of the Group.

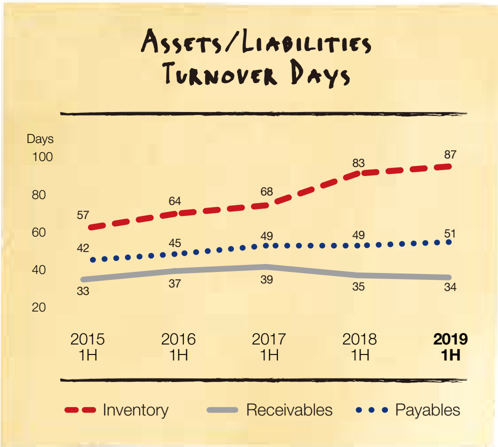
- Net cash outflow from investing activities amounted to RMB9,758.1 million, including mainly capital expenditures of RMB740.1 million, payment for investment in a joint venture of RMB11,706.7 million, net uplifts of pledged deposits of RMB1,445.5 million, net uplifts of fixed deposits held at banks with maturity over three months of RMB669.1 million and net proceed from other financial assets of RMB572.1 million.
- Net cash inflow from financing activities amounted to RMB5,269.2 million, mainly including the payment of the final dividends in respect of the financial year 2018 amounting to RMB652.5 million, the net drawdown of bank loans amounting to RMB6,041.0 million, payment of lease liabilities amounting to RMB634.0 million, payment for shares purchased pursuant to share award scheme amounting to RMB169.6 million and the net proceeds from the Subscription (as defined below) amounting to RMB691.9 million.

As at 30 June 2019, total assets of the Group amounted to RMB35,237.1 million, of which current assets were RMB16,936.4 million. Total liabilities and non-controlling interests were RMB17,215.6 million and total equity attributable to equity shareholders of the Company amounted to RMB18,021.5 million. The Group's gearing ratio was 22.8% as at 30 June 2019 (as at 31 December 2018: 7.3%), being a ratio of sum of bank loans (as at 30 June 2019: RMB7,568.1 million; as at 31 December 2018: RMB1,313.6 million) and bills payable (financing in nature) (as at 30 June 2019: RMB469.3 million; as at 31 December 2018: RMB469.3 million) to total assets. The bank loans were denominated in EUR, RMB and HKD and measured at amortised cost. 13% of bank loans are at fixed rate and 12% of bank loans are repayable within one year. Bills payable (financing in nature) were bills of exchange which were denominated at RMB, measured at amortised cost and repayable within one year.

	2019 (RMB million)	2018 (RMB million)
Six months ended 30 June		
Net operating cash inflow	**3,440.7**	1,475.7
Capital expenditures	**(740.1)**	(252.4)
Free cash inflow	**2,700.6**	1,223.3
As at 30 June		
Cash and cash equivalents	**8,198.5**	6,932.6
Fixed deposits held at banks with maturity over three months	**138.7**	3,165.9
Pledged deposits	**159.3**	158.6
Bank loans	**(7,568.1)**	(1,236.2)
Bills payable (financing in nature)	**(469.3)**	–
Net cash position	**459.1**	9,020.9

Assets/Liabilities Turnover Ratios

The average inventory turnover days increased by 4 days due to the increased contribution from retail operations. The average trade receivables turnover days and the average trade payables turnover days decreased by 1 day and increased by 2 days respectively. Such turnover ratios remained at relatively normal levels.



Pledge of Assets

As at 30 June 2019, the Group had bank deposits of RMB159.3 million (as at 31 December 2018: RMB1,662.2 million) pledged for certain contracts and construction projects.

As at 30 June 2019, the Group had a property under development and the respective land use right with carrying amount of RMB418.4 million (as at 31 December 2018: RMB400.2 million) pledged as security for certain bank loans.

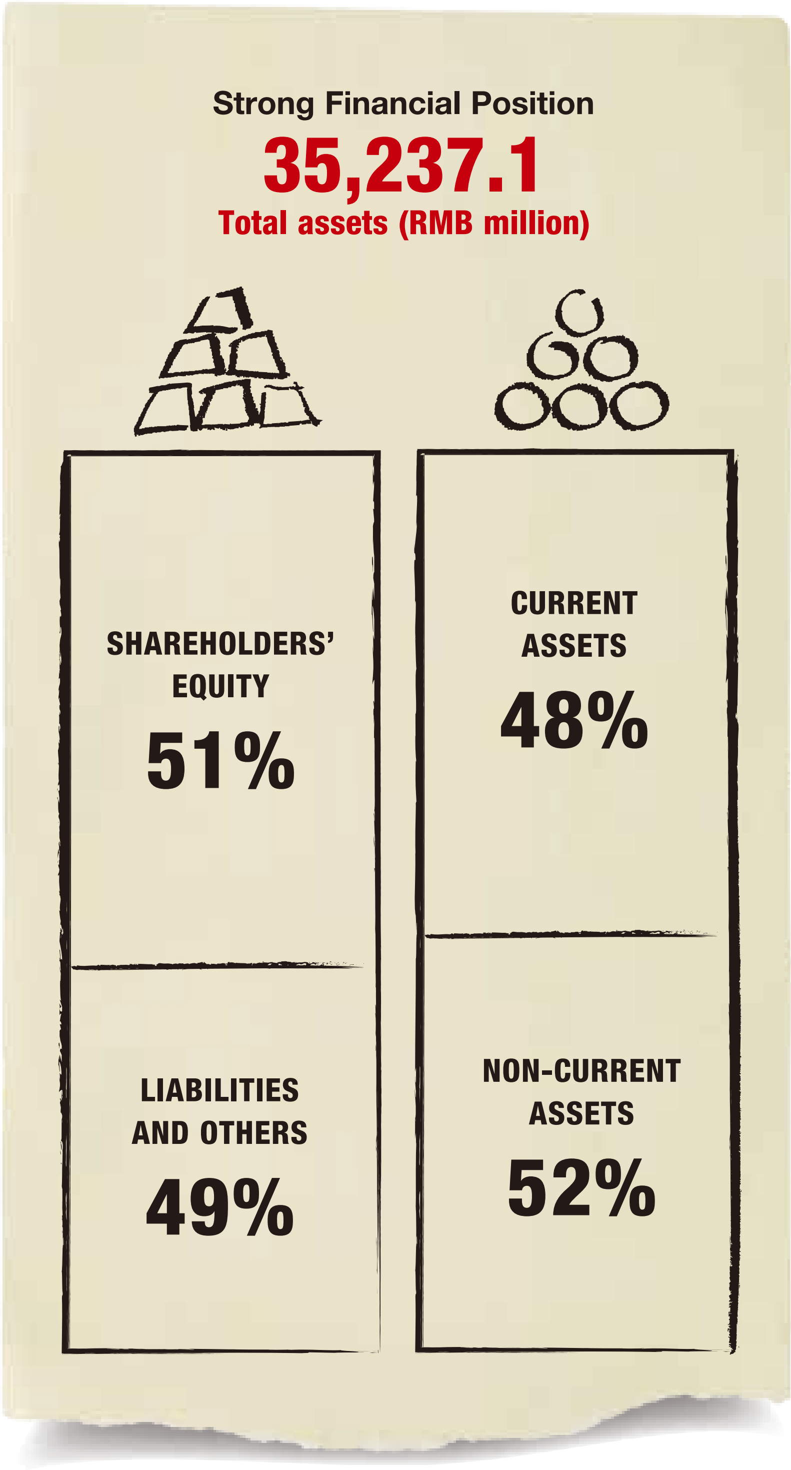
Financial Management Policies

The Group continues to manage financial risks in a prudent manner and proactively adopts internationally recognized corporate management standards to safeguard the interests of shareholders. As the functional currencies of most non-Mainland China entities (other than the joint venture) are HKD and those financial statements in HKD are translated into RMB for reporting and consolidation purposes, foreign exchange differences arising from the translation of such financial statements are directly recognized in equity as a separate reserve. In addition, as the investment in a joint venture and related bank loans are denominated in EUR, fluctuations in the exchange rates of the EUR against RMB may have an significant impact to the Group's net assets and total comprehensive income. Nevertheless, the management actively monitors foreign exchange rate fluctuations to ensure that its net exposure is kept to an acceptable level.

Significant Investments and Acquisitions

As disclosed in the announcement of the Company dated 7 December 2018 in relation to the possible very substantial acquisition to acquire all the issued and outstanding shares of Amer Sports through tender offer (the "VSA Announcement"), on 7 December 2018, the Company and other investors formed an investor consortium, which was led by the Company, for purposes of the voluntary recommended public cash tender offer for all the issued and outstanding shares in Amer Sports at a price of EUR40.00 per Amer Sports' share.

Mascot JVCo (Cayman) Limited ("Mascot JVCo") was incorporated by the Company initially as a indirectly wholly owned subsidiary and to be the holding company in the acquisition structure. On 26 March 2019, Mascot JVCo issued and allotted additional shares to the Group and other third-party investors. The Group reduced its shareholding in Mascot JVCo from 100.00% to 57.95% and entered into a shareholder agreement with the other investors, resulting in Mascot JVCo becoming a joint venture of the Group under applicable accounting standards. The Group has invested EUR1,543.0 million (equivalent to RMB11,706.7 million) in Mascot JVCo ("JVCo Contribution") during the financial period.



On 29 March 2019 (the "Acquisition Date"), Mascot BidCo Oy ("Mascot BidCo"), an indirect wholly-owned subsidiary of Mascot JVCo, acquired 98.11% of the shares and voting rights in Amer Sports (excluding shares held by Amer Sports or any of its subsidiaries) (the "Acquisition"). As a result of the Acquisition, Amer Sports became an indirect subsidiary of Mascot JVCo. The Group also disposed 1,679,936 shares of Amer Sports to Mascot BidCo for a consideration of RMB505.3 million, as part of the arrangement under the tender offer as disclosed in the VSA Announcement.

Amer Sports is a sporting goods company with internationally recognised brands including Salomon, Arc'teryx, Peak Performance, Atomic, Suunto, Wilson and Precor etc. Its technically advanced sports equipment, footwear, apparel and accessories aim to improve performance and increase the enjoyment of sports and outdoor activities. Amer Sports' business is balanced by its broad portfolio of sports and products and a presence in all major markets. Shares of Amer Sports are listed on the Nasdaq Helsinki Stock Exchange (stock code: AMEAS).

Mascot Bidco continues purchasing shares of Amer Sports after the Acquisition Date in public trading on Nasdaq Helsinki of Finland or otherwise outside the tender offer. As at 30 June 2019, Mascot BidCo held 98.99% shares of Amer Sports. Mascot BidCo intends to cause the shares of Amer Sports to be delisted from Nasdaq Helsinki as soon as permitted and practicable under applicable laws.

Summarised consolidated financial information of Mascot JVCo, adjusted in accounting policies adopted by the Group, are disclosed below:

	From 26 March 2019 to 30 June 2019 (RMB million)
Revenue	3,964.1
Net loss	(849.4)
Other comprehensive loss	(205.5)

	As at 30 June 2019 (RMB million)
Net assets	19,697.9

During the period from the date of JVCo Contribution to 30 June 2019 (the "Post JVCo Contribution Period"), a net loss (on a consolidated basis) of RMB849.4 million was recorded in Mascot JVCo. The Group considers the net loss recorded in the Post JVCo Contribution Period was within our expectation with reference to Amer Sports' historical financial performance in the comparable period and the transaction costs incurred in relation to the Acquisition, as such there are no adverse changes to the investment value.

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

Capital Commitments, Contingencies and Guarantee

Capital Commitments

As at 30 June 2019, the Group had capital commitments of RMB962.6 million, primarily relating to construction of the new logistic center and expansion of retail channels.

Contingencies

The Group previously engaged in litigation with Brooks Sports, Inc. ("Brooks") in the US and in China over certain trademarks disputes between the parties. In China, the Group has obtained judgment against Brooks in the registration of its trademark in March 2018. In the US, a district court rendered a decision on 11 January 2019, indicating that the court would issue a default judgment against the Group.

During the financial period, the Group entered into a settlement agreement with Brooks to settle all worldwise disputes and litigations related to their respective logos between the parties, including but not limited to in China and the US. The Group was not obligated to compensate Brooks under the settlement agreement.

Saved as disclosed above, the Group is not involved in any material legal proceedings, nor are there any pending or potential material legal proceedings involving the Group.

Guarantee

There is a 5-year EUR1,300.0 million term loan facility ("Facility A") provided by independent third party bank lenders to Mascot JVCo for the purpose of, amongst other things, (i) funding the settlement of the tender offer and the purchase of the shares of Amer Sports; and/or (ii) any refinancing of any indebtedness of Amer Sports in connection with the acquisition of shares of Amer Sports. The Company has guaranteed the full and punctual performance of any and all obligations and undertakings of Mascot JVCo to the arrangers, the lenders and the agent in connection with, and for all amounts which may become due and payable under, the aforesaid loan facilities. As at 30 June 2019, Facility A has been fully drawn by Mascot JVCo.

Saved as disclosed above, as at 30 June 2019, the Group did not provide any form of guarantee for any company outside the Group.

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). The net proceeds were fully utilised in JVCo Contribution during the financial period.

For further details, please refer to the announcements of the Company dated 22 March 2017 and 31 March 2017.

Subscription of New Shares By Connected Person

As disclosed in the announcements of the Company dated 30 May 2019, on 30 May 2019, the Company and Anamered Investments Inc. (the "Subscriber") entered into a subscription agreement pursuant to which the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue 15,842,000 new ordinary shares of the Company in cash at the subscription price of HK$49.11 per Share (the "Subscription"), representing a premium of approximately 4.60% over the closing price of HK$46.95 per Share as quoted on the Hong Kong Stock Exchange as at the date of the subscription agreement. The Subscriber is a connected person of the Company at the subsidiary level under the Listing Rules.

The Company has been committed to upgrading its brands, retail operations, management model, organizational system, talent and culture, as it looks to embark on a new decade of entrepreneurship.

The Board considers the Subscription represents a valuable opportunity for the Company to bring in renowned investor with strong financial resources and an extensive business network. Through the Subscription, the cooperation with the Subscriber will bring strategic value to the Group in relation to international business development, which in turn creates further alignment with the important partner in Amer Sports who shares a common vision with the Group on the expansion of the sportswear consumer market.

The Board considered the terms of the subscription agreement are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole.

The completion of the Subscription took place on 28 June 2019. The gross and net proceeds from the Subscription was approximately HK$778 million (equivalent to RMB691.9 million). The net proceeds raised per subscription share upon completion was approximately HK$49.11. The net proceeds is expected to be fully utilised for general working capital.

For further details, please refer to the announcements of the Company dated 30 May 2019 and 28 June 2019, and the circular of the Company dated 26 June 2019.

Huang Jingyu,
A Chinese renowned actor

Prospect

In the first half of 2019, China's sportswear industry recorded healthy growth. As the Chinese government continues to promote tax reform for individual citizens that improves the consumption capability of citizens, consumer also demands sportswear products with stronger brand and quality. On the back of consumption upgrade and raise in citizens' awareness about healthier lifestyles, together with the support from the Chinese government, the sportswear industry should have vast potential in the future.

During the period, despite the relative fluctuated performance in the global capital market, we further accelerated our globalization process, and improved our integrated operational performance. As the rising popularity in different sportswear categories and niche sports, the sportswear industry welcomes great room for development and huge opportunities. As we go forward, we will grasp market opportunities and continue to work on innovation to boost our core competitiveness, striving for becoming a great company.

Riding on synergistic incubation

Going forward, ANTA Sports will be keeping an eye on upgrading our brand equity, as well as upgrades on our retail management, management model, human resources, and corporate culture. We will continue to follow our "Synergistic Incubation to Achieve Value Retailing" strategy, as a stronger tie between each brand and department can empower each individual. During the period, we continued to optimize organizational revolutionary scheme, enhancing the management capability of three brand groups. Three brand groups closely cooperated with the functional departments including mechanizing, production, logistics, sales etc., efficiency of each brand group can further be improved which will deliver rapid growth, allowing our organization structure to become more synergistically efficient. Meanwhile, we will constantly optimize the "Category System" to foster the competitive edge of various series under each brand. This allows us to provide sportswear products from performance sports to fashion sports, high-end to mass market, adults to kids, and popular sports such as running, cross-training, basketball to niche market like skiing and outdoor, so as to maximize our customer reach.

Internationalization

We and other investors formed an investment consortium, which successfully acquired Amer Sports in March 2019. Amer Sports is a world-renowned sportswear brand management company, including brands Salomon, Arc'teryx, Peak Performance, Atomic, Suunto, Wilson and Precor etc. The investment consortium will continue to closely cooperate with teams of Amer Sports to complete the privatization, as well as unveiling its future potential by formulating potential expansion plan, in accordance with providing global consumers, sports enthusiasts and professional players with better sportswear products that drive higher performance, experience and satisfaction.

Value retailing

We place emphasis on the quality of growth rather than its speed. We can achieve this by providing high-quality consumer experiences and services, and continue to promote our "Value Retailing" strategy. Utilizing digitalization to capture big data and examine changes in consumer demand helps adjust product designs and retail planning accordingly. For ANTA, we will advise our distributors to increase the proportion of ANTA stores in shopping malls and department stores to optimize our store portfolio. For the remaining brands, we will continue to drive the store efficiency as well as the development of e-commerce business. We will also leverage logistics services and digitalization to achieve advanced product via big data. In addition, we will continue to optimize our membership system to provide members with a more personalized retail experience.

Being customer oriented

Since population from the China's middle class is continually growing, we will continue to solidify the brand equity by improving the innovation, and produce sportswear that can be benchmarked with international standards. Providing consumers with professional, valuable and international products, these will allow us to transform from "an affordable brand" to "a desirable brand".

We are optimistic about the future development of China's sports industry. Major sporting events such as the Tokyo 2020 Olympic Games, the Beijing 2022 Olympic Winter Games and the 2022 World Cup Qatar will become explosive growth catalysts for the sportswear market, providing unprecedented business opportunities over the next few years. As a leader in the sportswear industry, we are ready to seize these opportunities.

Upgrading

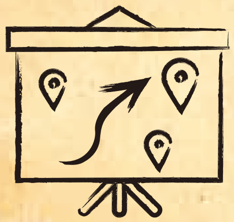
In the future, the Group will maintain our focus on upgrades in brands, consumption, management model, structure of talent and culture. This will lead us to a new era since establishing our business. We will continue to propagate the culture of "Benchmarking High Standards" – learning from outstanding 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.

By the end of 2019, we expect the total number of ANTA stores (including ANTA KIDS standalone stores) in Mainland China to reach 10,300 to 10,400, and the total number of FILA stores (including FILA KIDS and FILA FUSION standalone stores) in Mainland China, Hong Kong, Macao and Singapore to reach 1,900 to 2,000. Meanwhile, DESCENTE will penetrate deeper into first-and second-tier cities in Mainland China, with a focus on opening stores in prime locations and strengthening its market position. We expect to have 130 to 140 stores in Mainland China by the end of 2019. KINGKOW will have a total of 90 to 100 stores and SPRANDI will have a total of 120 to 125 stores by the end of 2019, while KOLON SPORT will have a total of 170 to 180 stores by the end of 2019.

"Riding on Synergistic Incubation to Achieve Value Retailing" to create stronger tie between each brand and department that will empower each individual

Together with other investors, setting up an investor consortium to acquire Amer Sports

Leverage digitalization and big data to deliver "Customer-Centric" products and experience with "Value Retailing"



Improving store efficiency and management, meeting consumer demands by Omni-Channel Strategy
Target number of stores by the end of 2019:
ANTA and ANTA KIDS: 10,300-10,400
FILA, FILA KIDS and FILA FUSION: 1,900-2,000
DESCENTE: 130-140
KOLON SPORT: 170-180
KINGKOW: 90-100
SPRANDI: 120-125


25
AND FIELD

INDEPENDENT REVIEW REPORT OF THE AUDITORS

KPMG

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 40 to 62 which comprises the condensed consolidated statement of financial position of ANTA Sports Products Limited as of 30 June 2019 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 both International Accounting Standard 34 and Hong Kong Accounting Standard 34.

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

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2019 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
26 August 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019 – unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2019	2018
	Note	**RMB'000**	RMB'000
Revenue	3(a)	**14,810,559**	10,553,525
Cost of sales		**(6,508,530)**	(4,827,124)
Gross profit		**8,302,029**	5,726,401
Other net income		**538,378**	245,033
Selling and distribution expenses		**(4,123,245)**	(2,765,247)
Administrative expenses		**(459,787)**	(517,621)
Profit from operations		**4,257,375**	2,688,566
Net finance income	4	**9,131**	72,260
Share of loss of a joint venture		**(492,180)**	–
Profit before taxation	5	**3,774,326**	2,760,826
Taxation	6	**(1,192,858)**	(759,033)
PROFIT FOR THE PERIOD		**2,581,468**	2,001,793
Other comprehensive (loss)/income for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of operations outside Mainland China		**(12,063)**	13,949
Share of other comprehensive loss of a joint venture		**(99,604)**	–
Items that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income ("FVOCI") — net movement in fair value reserve (non-recycling)		**15,942**	23,773
Share of other comprehensive loss of a joint venture		**(19,524)**	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**2,466,219**	2,039,515
PROFIT ATTRIBUTABLE TO:			
Equity shareholders of the Company		**2,482,708**	1,944,809
Non-controlling interests		**98,760**	56,984
PROFIT FOR THE PERIOD		**2,581,468**	2,001,793
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity shareholders of the Company		**2,367,459**	1,982,531
Non-controlling interests		**98,760**	56,984
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**2,466,219**	2,039,515
		RMB cents	RMB cents
Earnings per share	7		
— Basic		**92.50**	72.44
— Diluted		**92.41**	72.38

The Group has initially applied IFRS/HKFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The accompanying notes on pages 45 to 62 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 21(j).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019 – unaudited
(Expressed in Renminbi)

	Note	**30 June 2019 RMB'000**	31 December 2018 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	8	**2,104,507**	1,787,330
Right-of-use assets	9	**2,121,114**	–
Construction in progress	10	**386,954**	749,030
Lease prepayments		**–**	420,697
Prepayments for acquisition of land use rights		**820,368**	325,878
Prepayments for acquisition of other non-current assets		**45,675**	40,940
Intangible assets	11	**676,916**	685,449
Investment in a joint venture	12	**11,414,514**	–
Other financial assets	13	**125,313**	677,689
Deferred tax assets	20(b)	**605,338**	402,834
Total non-current assets		**18,300,699**	5,089,847
Current assets			
Inventories	14	**3,357,029**	2,892,486
Trade receivables	15	**3,100,597**	2,504,898
Other receivables	15	**1,982,332**	2,133,302
Pledged deposits	16	**159,265**	1,662,240
Fixed deposits held at banks with maturity over three months	17	**138,679**	807,778
Cash and cash equivalents	17	**8,198,538**	9,283,676
Total current assets		**16,936,440**	19,284,380
Total assets		**35,237,139**	24,374,227
Current liabilities			
Bank loans	18	**890,690**	1,243,559
Trade payables	19	**1,864,472**	1,792,253
Bills payable and other payables	19	**4,128,736**	3,840,976
Lease liabilities		**831,563**	–
Amounts due to related parties	24(b)	**24,219**	21,199
Current taxation	20(a)	**931,024**	649,886
Total current liabilities		**8,670,704**	7,547,873
Net current assets		**8,265,736**	11,736,507
Total assets less current liabilities		**26,566,435**	16,826,354

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019 – unaudited
(Expressed in Renminbi)

	Note	**30 June 2019 RMB'000**	31 December 2018 RMB'000 (audited)
Non-current liabilities			
Bank loans	18	**6,677,379**	70,000
Lease liabilities		**727,184**	–
Deferred tax liabilities	20(b)	**282,192**	236,493
Total non-current liabilities		**7,686,755**	306,493
Total liabilities		**16,357,459**	7,854,366
Net assets		**18,879,680**	16,519,861
Equity			
Share capital	21	**260,489**	259,038
Reserves	21	**17,761,000**	15,518,292
Total equity attributable to equity shareholders of the Company		**18,021,489**	15,777,330
Non-controlling interests		**858,191**	742,531
Total liabilities and equity		**35,237,139**	24,374,227

The Group has initially applied IFRS/HKFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The accompanying notes on pages 45 to 62 form part of this interim financial report.

Ding Shizhong
Chairman, Executive Director and Chief Executive Officer

Lai Shixian
Executive Director and Chief Financial Officer

Hong Kong, 26 August 2019

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019 – unaudited
(Expressed in Renminbi)

		Attributable to equity shareholders of the Company												
	Note	Share capital RMB'000 Note 21(a)	Shares held for share award scheme RMB'000 Note 21(i)	Share premium RMB'000 Note 21(b)	Capital reserve RMB'000 Note 21(c)	Statutory reserve RMB'000 Note 21(d)	Fair value reserve (non-recycling) RMB'000 Note 21(e)	Exchange reserve RMB'000 Note 21(f)	Share-based compensation reserve RMB'000 Note 21(g)	Share of other comprehensive loss of a joint venture RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
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	21(j)	–	–	–	–	–	–	–	–	–	(1,238,208)	(1,238,208)	–	(1,238,208)
Shares issued pursuant to share option schemes	21(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	21(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
Balances as at 1 January 2019		**259,038**	**-**	**3,846,803**	**175,623**	**1,305,138**	**174,768**	**(413,766)**	**15,371**	**-**	**10,414,355**	**15,777,330**	**742,531**	**16,519,861**
Changes in equity for the six months ended 30 June 2019:														
– Profit for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,482,708**	**2,482,708**	**98,760**	**2,581,468**
– Other comprehensive income/(loss) for the period		**-**	**-**	**-**	**-**	**-**	**15,942**	**(12,063)**	**-**	**(119,128)**	**-**	**(115,249)**	**-**	**(115,249)**
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**-**	**15,942**	**(12,063)**	**-**	**(119,128)**	**2,482,708**	**2,367,459**	**98,760**	**2,466,219**
Dividends approved in respect of the previous year	21(j)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(652,466)**	**(652,466)**	**-**	**(652,466)**
Shares issued under a share subscription agreement	21(a)	**1,409**	**-**	**690,520**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**691,929**	**-**	**691,929**
Shares purchased pursuant to share award scheme	21(i)	**-**	**(169,568)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(169,568)**	**-**	**(169,568)**
Shares issued pursuant to share option schemes	21(a)	**42**	**-**	**8,650**	**-**	**-**	**-**	**-**	**(1,887)**	**-**	**-**	**6,805**	**-**	**6,805**
Disposal of equity investments measured at FVOCI		**-**	**-**	**-**	**-**	**-**	**(175,035)**	**-**	**-**	**-**	**175,035**	**-**	**-**	**-**
Capital contribution by non-controlling interests of subsidiaries		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**39,400**	**39,400**
Dividends to non-controlling interests of a subsidiary		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(22,500)**	**(22,500)**
Appropriation to statutory reserve	21(d)	**-**	**-**	**-**	**-**	**92,253**	**-**	**-**	**-**	**-**	**(92,253)**	**-**	**-**	**-**
Balances as at 30 June 2019		**260,489**	**(169,568)**	**4,545,973**	**175,623**	**1,397,391**	**15,675**	**(425,829)**	**13,484**	**(119,128)**	**12,327,379**	**18,021,489**	**858,191**	**18,879,680**

The Group has initially applied IFRS/HKFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The accompanying notes on pages 45 to 62 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019 – unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2019	2018
	Note	**RMB'000**	RMB'000
Operating activities:			
Cash generated from operations		**4,410,416**	2,138,133
Income tax paid		**(1,068,525)**	(739,067)
Interest received		**98,831**	76,640
Net cash generated from operating activities		**3,440,722**	1,475,706
Investing activities:			
Capital expenditures paid		**(740,091)**	(252,386)
Net uplifts/(placements) of pledged deposits		**1,445,466**	(8,683)
Net uplifts/(placements) of fixed deposits held at banks with maturity over three months		**669,099**	(729,511)
Payment for investment in a joint venture	12	**(11,706,721)**	–
Net proceeds from/(payments of) other financial assets		**572,068**	(326,670)
Other cash flows derived from investing activities		**2,059**	6,129
Net cash used in investing activities		**(9,758,120)**	(1,311,121)
Financing activities:			
Net drawdown of bank loans		**6,041,015**	1,055,428
Payments of interest expenses on bank loans		**(31,396)**	(4,079)
Payments of lease liabilities		**(633,970)**	–
Dividends paid to equity shareholders of the Company	21(j)	**(652,466)**	(1,238,208)
Net proceeds from shares issued under a share subscription agreement	21(a)	**691,929**	–
Payments for shares purchased pursuant to share award scheme	21(i)	**(169,568)**	–
Other cash flows derived from financing activities		**23,705**	(26,678)
Net cash received from/(used in) financing activities		**5,269,249**	(213,537)
Net decrease in cash and cash equivalents		**(1,048,149)**	(48,952)
Cash and cash equivalents as at 1 January		**9,283,676**	6,967,589
Effect of foreign exchange rate changes		**(36,989)**	13,949
Cash and cash equivalents as at 30 June	17	**8,198,538**	6,932,586

The Group has initially applied IFRS/HKFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The accompanying notes on pages 45 to 62 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 26 August 2019.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 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 2018 annual financial statements.

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company. It has also been reviewed by the Company's auditors, KPMG, in accordance with the Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 39.

2 CHANGES IN ACCOUNTING POLICIES

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

The IASB and HKICPA have issued a new IFRS/HKFRS, IFRS/HKFRS 16 *Leases* ("IFRS/HKFRS 16") and a number of amendments to IFRS and HKFRS that are first effective for the current accounting period of the Group.

Except for IFRS/HKFRS 16, none of the other amendments to IFRS and HKFRS that are first effective for the current accounting period of the Group have a material effect on how the Group's results and financial position have been prepared or presented in this interim financial report.

The Group has initially adopted IFRS/HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach. Under the transition methods chosen, there is no significant cumulative effect of the initial application of IFRS/HKFRS 16 recognised by the Group as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS/HKAS 17 *Leases* ("IAS/HKAS 17").

IFRS/HKFRS 16 *Leases*

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 under a lease. There are optional exemptions for short-term leases (i.e. where the lease term is 12 months or less) and leases of low-value assets. In addition, the nature of expenses related to those leases will 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. Lessor accounting remains similar to the previous standard.

(Expressed in Renminbi unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES
(Continued)

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

IFRS/HKFRS 16 *Leases* (Continued)

(i) New definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IAS/HKAS 17. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. The change in the definition of a lease mainly relates to the concept of control. IFRS/HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

On transition to IFRS/HKFRS 16, contracts that were not identified as leases under IAS/HKAS 17 were not reassessed. The Group has applied the new definition of a lease in IFRS/HKFRS 16 only to contracts that are entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

(ii) As a lessee

The Group leases a number of assets, mainly properties. As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS/HKFRS 16, the Group recognises right-of-use assets and lease liabilities for leases under a single on-balance sheet model and presented separately in the statement of financial position.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative standalone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. If the Group decides not to capitalise the lease of a low-value asset, the Group recognises the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The cost of right-of-use assets includes the initial amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

2 CHANGES IN ACCOUNTING POLICIES
(Continued)

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

IFRS/HKFRS 16 *Leases* (Continued)

(ii) As a lessee (Continued)

Significant accounting policies (Continued)

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in the lease term or a change in the in-substance fixed lease payments.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favorable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

Transition

Previously, the Group classified all property leases as operating leases under IAS/HKAS 17. The rental contracts typically run for fixed periods of 1 to 5 years, with an option to renew when all terms are renegotiated. At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. And the Group used the practical expedient that using a single discount rate to a portfolio of leases with reasonably similar characteristics, right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

(iii) Impacts on financial statements

Upon initial application of IFRS/HKFRS 16, the Group adjusted the opening balances as at 1 January 2019 to recognise lease liabilities and the corresponding right-of-use assets for all the leases that were previously classified as operating leases under IAS/HKAS 17, after taking account the effects of discounting.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 4.75%.

	Carrying amount at 1 January 2019 RMB'000
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements	**1,817,189**
Discount using the incremental borrowing rate at 1 January 2019	**(154,461)**
Right-of-use assets and lease liabilities newly recognised at 1 January 2019	**1,662,728**

In the past, lease prepayments (and lease prepayment contained in constructions in progress) represented prepayments of land use rights premiums to government authorities. The Group's leasehold land is located in Mainland China. The Group is granted land use rights for a period of 50 years. Upon initial application of IFRS/HKFRS 16, the net carrying amount of those lease prepayments was reclassified to right-of-use assets for presentation purpose. Also, there were no ongoing payment obligations under the terms of the land lease, so no lease liabilities were recognized.

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 2019 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 it is concluded that the new standards or amendments to standards issued but not effective are not likely to have significant impact on the consolidated financial statements.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are branding, production, design, procurement, supply chain management, wholesale and retail of branded sporting goods including footwear, apparel and accessories. The Group also has an investment in a joint venture whose principal activity is operating Amer Sports' business. Please refer to note 12 for more details of Amer Sports' business.

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

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

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

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Footwear	**5,123,663**	4,108,370
Apparel	**9,150,839**	6,064,986
Accessories	**536,057**	380,169
	14,810,559	10,553,525

For the six months ended 30 June 2019, there was no customer with whom transactions have exceeded 10% of the Group's revenue (2018: Nil).

(b) Segment reporting

Chief Executive Officer and senior management team are the Group's chief operating decision-makers. In the past, no information was presented for the Group's business segment as the chief operating decision-makers considered the Group was principally engaged in a single line of business of sporting goods. Due to the expansion of the Group's business, currently they review the Group's internal reports periodically in order to assess performance and allocate resources from a brand perspective. Consistent with the way in which information is reported internally to the chief operating decision-makers, the Group has presented two reportable segments of ANTA brand and FILA brand, respectively. No other operating segments have been aggregated to the two reportable segments, but have been aggregated and presented as "all other brands". The segment information for the 6 months ended 30 June 2019 and 2018 is as follows:

3 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

	ANTA brand		FILA brand		All other brands		Total	
	2019 RMB'000	2018 RMB'000	**2019 RMB'000**	2018 RMB'000	**2019 RMB'000**	2018 RMB'000	**2019 RMB'000**	2018 RMB'000
For the six months ended 30 June								
Segment revenue								
– Revenue from external customers	**7,589,712**	6,416,673	**6,537,774**	3,635,090	**683,073**	501,762	**14,810,559**	10,553,525
Revenue	**7,589,712**	6,416,673	**6,537,774**	3,635,090	**683,073**	501,762	**14,810,559**	10,553,525
Segment gross profit	**3,225,255**	2,829,609	**4,673,038**	2,607,029	**403,736**	289,763	**8,302,029**	5,726,401
Segment results	**2,442,284**	1,718,908	**1,894,402**	1,046,982	**(79,311)**	(77,324)	**4,257,375**	2,688,566
Reconciliation:								
– Net finance income							**9,131**	72,260
– Share of loss of a joint venture							**(492,180)**	–
Profit before taxation							**3,774,326**	2,760,826
As at 30 June/31 December								
Segment assets	**14,274,557**	17,293,287	**7,545,685**	4,793,916	**1,647,593**	1,912,252	**23,467,835**	23,999,455
Reconciliation:								
– Elimination of inter-segment borrowings	**(375,861)**	(705,751)	**–**	–	**–**	–	**(375,861)**	(705,751)
– Investment in a joint venture							**11,414,514**	–
– Other financial assets							**125,313**	677,689
– Deferred tax assets							**605,338**	402,834
Total assets							**35,237,139**	24,374,227
Segment liabilities	**4,090,986**	3,721,856	**3,106,131**	1,713,522	**754,918**	924,801	**7,952,035**	6,360,179
Reconciliation:								
– Elimination of inter-segment borrowings	**–**	–	**(32,677)**	(232,531)	**(343,184)**	(473,220)	**(375,861)**	(705,751)
– Bank loans							**7,568,069**	1,313,559
– Current taxation							**931,024**	649,886
– Deferred tax liabilities							**282,192**	236,493
Total liabilities							**16,357,459**	7,854,366

(Expressed in Renminbi unless otherwise indicated)

4 NET FINANCE INCOME

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Total interest income on financial assets measured at amortised cost	**75,736**	107,220
Other net foreign exchange gain	**48,256**	–
	123,992	107,220
Interest expense on lease liabilities	**(48,997)**	–
Total interest expense on other financial liabilities measured at amortised cost	**(59,960)**	(9,274)
Less: interest expenses capitalised into a property under development [(i)]	**2,294**	–
Net loss on forward foreign exchange contracts	**(8,198)**	(15,413)
Other net foreign exchange loss	**–**	(10,273)
	(114,861)	(34,960)
Net finance income	**9,131**	72,260

(i) The borrowing costs have been capitalised at a rate of 5.15% per annum (2018: Nil).

5 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Cost of inventories [(i)] (note 14(b))	**6,508,530**	4,827,124
Research and development costs [(i) & (ii)]	**354,489**	300,176
Subcontracting charges [(i)]	**93,616**	53,744
Staff costs [(i) & (ii)]	**1,853,794**	1,189,703
Depreciation [(i)]		
– Property, plant and equipment (note 8)	**176,448**	134,408
– Right-of-use assets (note 9)	**531,813**	–
Amortisation		
– Lease prepayments	**–**	5,013
– Intangible assets (note 11)	**22,108**	19,981
(Reversal of impairment loss)/ impairment loss of trade receivables (note 15)	**(17,943)**	38,789

(i) Cost of inventories includes subcontracting charges, staff costs, depreciation and research and development costs, total amounting to RMB825,123,000 (2018: RMB628,072,000).

(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	
	2019	2018
	RMB'000	RMB'000
Current tax		
PRC Corporate Income Tax and income taxes of other tax jurisdictions	**1,155,246**	704,548
Dividends withholding tax	**78,407**	2,368
Deferred tax (note 20(b))		
Dividends withholding tax	**(78,407)**	(2,368)
Origination and reversal of other temporary differences	**37,612**	54,485
	1,192,858	759,033

(i) *In accordance with the relevant PRC corporate income tax laws, implementation regulations and guidance note, certain subsidiaries in Mainland China 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 Mainland China are calculated using the applicable income tax rates of 25%.*

(ii) *Taxation for subsidiaries in other tax jurisdictions is charged at the appropriate current rates under the relevant taxation rulings.*

(iii) *According to the PRC Corporate Income Tax Law and its implementation regulations, dividends receivable by non-Mainland China corporate residents from Mainland China enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. In addition, under the Arrangement between the Mainland 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 Mainland China if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interests of the Mainland China company. Deferred tax liabilities have been provided for based on the expected dividends to be distributed from these subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008.*

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

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB2,482,708,000 (2018: RMB1,944,809,000) and the weighted average number of ordinary shares in issue during the period of 2,684,021,000 (2018: 2,684,679,000).

Weighted average number of ordinary shares

	2019	2018
	'000 shares	'000 shares
Issued ordinary shares as at 1 January	**2,684,904**	2,684,569
Effect of shares issued under a share subscription agreement	**263**	–
Effect of shares purchased pursuant to share award scheme	**(1,399)**	–
Effect of shares issued pursuant to share option schemes	**253**	110
Weighted average number of ordinary shares as at 30 June	**2,684,021**	2,684,679

(Expressed in Renminbi unless otherwise indicated)

7 EARNINGS PER SHARE (Continued)

(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 21(h)) assuming they were exercised.

Weighted average number of ordinary shares (diluted)

	2019 '000 shares	2018 '000 shares
Weighted average number of ordinary shares as at 30 June	**2,684,021**	2,684,679
Effect of deemed issue of shares under the Company's share option schemes	**2,600**	2,440
Weighted average number of ordinary shares (diluted) as at 30 June	**2,686,621**	2,687,119

8 PROPERTY, PLANT AND EQUIPMENT

	2019 RMB'000	2018 RMB'000
Net book value, as at 1 January	**1,787,330**	1,203,104
Additions	**125,325**	97,257
Transfer from construction in progress (note 10)	**374,040**	16,680
Disposals	**(5,740)**	(2,659)
Depreciation charge for the period (note 5)	**(176,448)**	(134,408)
Net book value, as at 30 June	**2,104,507**	1,179,974

9 RIGHT-OF-USE ASSETS

	2019 RMB'000
Net book value, as at 1 January (as previously reported)	**–**
Effect of the initial application of IFRS/HKFRS 16	**2,171,935**
Net book value, as at 1 January (as restated)	**2,171,935**
Additions	**601,200**
Depreciation charge for the period (note 5)	**(531,813)**
Disposals	**(120,208)**
Net book value, as at 30 June	**2,121,114**

At 30 June 2019, a land use right of the Group with carrying amount of RMB88,510,000 (31 December 2018: Nil) was secured for certain bank loans (see note 18).

10 CONSTRUCTION IN PROGRESS

	2019 RMB'000	2018 RMB'000
As at 1 January (as previously reported)	**749,030**	705,539
Effect of the initial application of IFRS/HKFRS 16	**(88,510)**	–
As at 1 January (as restated)	**660,520**	705,539
Additions	**100,474**	215,535
Transfer to property, plant and equipment (note 8)	**(374,040)**	(16,680)
As at 30 June	**386,954**	904,394

At 30 June 2019, a property under development of the Group with carrying amount of RMB329,872,000 (31 December 2018: RMB400,189,000) was secured for certain bank loans (see note 18).

11 INTANGIBLE ASSETS

	2019 RMB'000	2018 RMB'000
Net book value, as at 1 January	**685,449**	705,332
Additions	**13,575**	3,524
Amortisation charge for the period (note 5)	**(22,108)**	(19,981)
Net book value, as at 30 June	**676,916**	688,875

12 INVESTMENT IN A JOINT VENTURE

On 26 March 2019, Mascot JVCo (Cayman) Limited ("Mascot JVCo", a wholly-owned subsidiary of the Group as at 31 December 2018) issued and allotted additional shares to the Group and other third-party investors. The Group reduced its shareholding in Mascot JVCo from 100.00% to 57.95% and entered into a shareholder agreement with the other investors, resulting in the Group losing control of Mascot JVCo and Mascot JVCo becoming a joint venture of the Group. The Group has invested EUR1,543,000,000 (equivalent to RMB11,706,721,000) in Mascot JVCo during the period.

On 29 March 2019 ("Acquisition Date"), Mascot BidCo Oy, an indirect wholly-owned subsidiary of Mascot JVCo, acquired 98.11% of the shares and voting rights in Amer Sports Oyj ("Amer Sports") (excluding shares held by Amer Sports or any of its subsidiaries). As a result of the transaction, Amer Sports became an indirect subsidiary of Mascot JVCo. The Group also disposed 1,679,936 shares of Amer Sports to Mascot Bidco Oy for a consideration of RMB505,315,000.

Amer Sports is a sporting goods company with internationally recognised brands including Salomon, Arc'teryx, Peak Performance, Atomic, Suunto, Wilson and Precor etc. Its technically advanced sports equipment, footwear, apparel and accessories aim to improve performance and increase the enjoyment of sports and outdoor activities. Amer Sports' business is balanced by its broad portfolio of sports and products and a presence in all major markets. Shares of Amer Sports are listed on the Nasdaq Helsinki Stock Exchange (stock code: AMEAS).

Summarised consolidated financial information of Mascot JVCo, adjusted in accounting policies adopted by the Group, are disclosed below:

	From 26 March 2019 to 30 June 2019 RMB'000
Revenue	**3,964,085**
Net loss	**(849,350)**
Other comprehensive loss	**(205,500)**

	30 June 2019 RMB'000
Net assets	**19,697,925**

At 30 June 2019, Mascot JVCo's accounting for the business combination (including purchase price allocation exercise) of Amer Sports has yet to complete due to insufficient time between the Acquisition Date and the end of the reporting period. Mascot JVCo will continue the purchase price allocation exercise and expect to reflect the allocation result in the 2019 annual financial statements of the Group. The fair value of the assets and liabilities acquired and the amount of goodwill arising from the business combination have been determined on a provisional basis, awaiting the completion of valuation of the identifiable assets and liabilities by an independent valuer. These provisional amounts would be adjusted retrospectively during the measurement period. For purpose of this interim financial report, it is assumed that the fair values of the assets and liabilities of Amer Sports as at the Acquisition Date were equal to their carrying amounts.

There is a 5-year EUR1,300,000,000 (equivalent to RMB10,140,000,000) term loan facility ("Facility A") provided by independent third party bank lenders to Mascot JVCo for the purpose of, amongst other things, (i) funding the settlement of the tender offer and the purchase of the shares of Amer Sports; and/or (ii) any refinancing of any indebtedness of Amer Sports in connection with the acquisition of shares of Amer Sports. The Company has guaranteed the full and punctual performance of any and all obligations and undertakings of Mascot JVCo to the arrangers, the lenders and the agent in connection with, and for all amounts which may become due and payable under, the aforesaid loan facilities. As at 30 June 2019, Facility A has been fully drawn by Mascot JVCo.

(Expressed in Renminbi unless otherwise indicated)

13 OTHER FINANCIAL ASSETS

	30 June 2019 RMB'000	31 December 2018 RMB'000
Equity instruments designated as measured at FVOCI (non-recycling):		
Listed equity investments	**–**	506,567
Unlisted equity investments	**59,925**	63,520
Debt instruments measured at amortised cost:		
Listed held-to-maturity debt securities	**65,388**	107,602
	125,313	677,689

The movements of the unlisted equity investments are as follows:

	Six months ended 30 June 2019 RMB'000	2018 RMB'000
Balance at 1 January	**63,520**	49,350
Additions	**14,400**	–
Total unrealised gains recognised in other comprehensive income	**1,505**	–
Disposals	**(19,500)**	–
Balance at 30 June	**59,925**	49,350

14 INVENTORIES

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

	30 June 2019 RMB'000	31 December 2018 RMB'000
Raw materials	**286,658**	178,361
Work in progress	**180,482**	165,804
Finished goods	**2,889,889**	2,548,321
	3,357,029	2,892,486

(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 2019 RMB'000	2018 RMB'000
Carrying amount of inventories sold	**6,485,057**	4,830,058
Write-down/(reversal of write-down) of inventories	**23,473**	(2,934)
	6,508,530	4,827,124

15 TRADE RECEIVABLES AND OTHER RECEIVABLES

	30 June 2019 RMB'000	31 December 2018 RMB'000
Trade receivables	**3,136,265**	2,558,509
Less: Loss allowance	**(35,668)**	(53,611)
	3,100,597	2,504,898
Advance payments to suppliers	**591,253**	664,069
Deposits and other prepayments	**837,460**	924,989
VAT deductible	**409,177**	381,786
Interest receivables	**45,788**	68,679
Others	**98,654**	93,779
	5,082,929	4,638,200

All of the trade receivables and other receivables (net of loss allowance) are expected to be recovered or recognised as expenses within one year. An ageing analysis of the trade receivables, based on the invoice date, is as follows:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Current	**3,070,036**	2,484,316
Less than 3 months past due	**45,226**	54,145
Past due over 3 months	**21,003**	20,048
	3,136,265	2,558,509

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

	2019 RMB'000	2018 RMB'000
As at 1 January	**53,611**	29,164
(Reversal of impairment loss)/ impairment loss recognised (note 5)	**(17,943)**	38,789
As at 30 June	**35,668**	67,953

The Group normally grants a credit period of 30 to 90 days to its customers.

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

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

Normally, the Group does not obtain collateral from customers.

(Expressed in Renminbi unless otherwise indicated)

16 PLEDGED DEPOSITS

As at 30 June 2019, certain bank deposits have been pledged as security for certain contracts and construction projects.

17 CASH AND CASH EQUIVALENTS AND FIXED DEPOSITS HELD AT BANKS

	30 June 2019 RMB'000	31 December 2018 RMB'000
Fixed deposits with banks within three months to maturity when placed	**4,643,018**	6,125,812
Cash at bank and in hand	**2,360,896**	2,457,864
Deposits with other financial institutions	**94,624**	–
Short-term investments	**1,100,000**	700,000
Cash and cash equivalents in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows	**8,198,538**	9,283,676
Fixed deposits with banks with more than three months to maturity when placed	**138,679**	807,778
	8,337,217	10,091,454

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

18 BANK LOANS

	30 June 2019 RMB'000	31 December 2018 RMB'000
Current		
– Unsecured bank loans	**866,690**	1,221,559
– Secured bank loans	**24,000**	22,000
	890,690	1,243,559
Non-current		
– Unsecured bank loans	**6,620,379**	–
– Secured bank loans	**57,000**	70,000
	6,677,379	70,000
Total bank loans	**7,568,069**	1,313,559

All bank loans are denominated in Euro, Renminbi and Hong Kong dollars and are measured at amortised cost. The secured bank loans are secured over a property under development and the respective land use right of the Group with total carrying amount of RMB418,382,000 (31 December 2018: RMB400,189,000) (see notes 9 and 10).

19 TRADE PAYABLES, BILLS PAYABLE AND OTHER PAYABLES

	30 June 2019 RMB'000	31 December 2018 RMB'000
Trade payables	**1,864,472**	1,792,253
Bills payable (financing in nature)	**469,346**	469,346
Contract liabilities	**1,281,565**	892,962
Construction costs payables	**105,730**	133,606
VAT and other taxes payables	**304,945**	233,788
Accruals	**1,397,732**	1,547,675
Derivative financial instruments	**8,198**	–
Other payables	**561,220**	563,599
	5,993,208	5,633,229

19 TRADE PAYABLES, BILLS PAYABLE AND OTHER PAYABLES (Continued)

All of the trade payables, bills payable 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 2019 RMB'000	31 December 2018 RMB'000
Within 3 months	**1,845,726**	1,753,289
3 months to 6 months	**7,928**	25,198
Over 6 months	**10,818**	13,766
	1,864,472	1,792,253

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

20 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 income taxes in other tax jurisdictions.

(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	Accruals RMB'000	Other deferred tax assets RMB'000	Total RMB'000
As at 1 January 2018	207,269	8,061	(294,518)	(35,680)	(114,868)
Charged/(credited) to profit or loss (note 6)	38,499	668	15,935	(617)	54,485
Released upon distribution of dividends (note 6(iii))	(2,368)	–	–	–	(2,368)
As at 30 June 2018	243,400	8,729	(278,583)	(36,297)	(62,751)
As at 1 January 2019	**214,590**	**21,903**	**(360,683)**	**(42,151)**	**(166,341)**
Charged/(credited) to profit or loss (note 6)	**122,572**	**1,534**	**(71,616)**	**(14,878)**	**37,612**
Released upon distribution of dividends (note 6(iii))	**(78,407)**	**-**	**-**	**-**	**(78,407)**
Others	**-**	**-**	**-**	**(116,010)**	**(116,010)**
As at 30 June 2019	**258,755**	**23,437**	**(432,299)**	**(173,039)**	**(323,146)**

(Expressed in Renminbi unless otherwise indicated)

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

(c) Deferred tax assets not recognised:

As at 30 June 2019, certain subsidiaries of the Group have not recognised deferred tax assets in respect of cumulative tax losses carried forward of RMB421,298,000 (31 December 2018: RMB357,509,000) of which RMB311,677,000 (31 December 2018: RMB258,261,000) will expire within 5 years under the current tax legislation. These cumulative tax losses have not been recognised as a deferred tax asset as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

(d) Deferred tax liabilities not recognised:

As at 30 June 2019, temporary differences relating to the undistributed profits of certain subsidiaries of the Group in Mainland China amounted to RMB5,426,173,000 (31 December 2018: RMB4,372,039,000). Deferred tax liabilities of RMB271,309,000 (31 December 2018: RMB218,602,000) 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 Mainland China and the Directors have determined that these profits are not likely to be distributed in the foreseeable future.

21 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

During the period, pursuant to the Company's share option schemes (note 21(h)), options were exercised to subscribe for 484,900 ordinary shares (2018: 322,500 shares) in the Company at a consideration of RMB6,805,000 (2018: RMB4,257,000) of which RMB42,000 (2018: RMB26,000) was credited to share capital and the balance of RMB6,763,000 (2018: RMB4,231,000) was credited to the share premium account. RMB1,887,000 (2018: RMB1,180,000) has been transferred from the share-based compensation reserve to the share premium account. No option was lapsed during the period (2018: Nil). As at 30 June 2019, the total number of shares which may be issued upon the exercise of all options outstanding from the Company's share option schemes is 3,298,000 (31 December 2018: 3,783,000).

On 30 May 2019, the Company entered into a share subscription agreement to allot and issue new shares of the Company to a subscriber. A total of 15,842,000 new shares were allotted and issued at HK$49.11 per share to the subscriber by the Company. The subscription was completed on 28 June 2019. The gross and net proceeds after deducting all relevant expenses were RMB691,929,000, out of which RMB1,409,000 was credited to share capital and RMB690,520,000 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.

21 CAPITAL, RESERVES AND DIVIDENDS
(Continued)

(d) Statutory reserve

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

(e) Fair value reserve (non-recycling)

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

(f) Exchange reserve

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

(g) Share-based compensation reserve

Share-based compensation reserve represents the fair value of employee services in respect of 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 scheme

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 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. Each option gives the holder the right to subscribe for one ordinary share of the Company.

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 terminated Share Option Scheme I, the Company has adopted a new share option scheme ("Share Option Scheme II") which has similar terms as Share Option Scheme I. 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 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 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.

(Expressed in Renminbi unless otherwise indicated)

21 CAPITAL, RESERVES AND DIVIDENDS
(Continued)

(i) Share award scheme

The Company has adopted a share award scheme ("Share Award Scheme") on 19 October 2018 in which employees of the Group will be entitled to participate, and shall be valid and effective for a term of 10 years commencing on adoption date. The specific objective of Share Award Scheme are (i) to recognise the contributions by certain employees and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Pursuant to the Share Award Scheme, existing shares of the Company will be purchased by the professional trustee appointed by the Company for the administration of the scheme from the open market out of cash contributed by the Group and be held in trust for selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the scheme.

During the period, pursuant to the Share Award Scheme, 3,767,000 ordinary shares (2018: Nil) in the Company were purchased on the open market by the trustee. Total consideration paid during the period, including all relevant expenses, were RMB169,568,000 (2018: Nil).

Since the adoption of the Share Award Scheme, no shares have been granted under the Share Award Scheme.

(j) Dividends

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

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Interim dividend declared after the end of the interim period of HK31 cents per ordinary share (2018: HK50 cents per ordinary share)	**757,234**	1,186,850

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

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

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Final dividend in respect of the year ended 31 December 2018, approved and paid during the period, of HK28 cents per ordinary share (2017: HK41 cents per ordinary share)	**652,466**	890,641
Special dividend*	**–**	347,567
	652,466	1,238,208

* *The amount represented special dividend in respect of the financial year ended 31 December 2017, approved and paid during 2018.*

22 FAIR VALUES MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

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

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

– Level 3 valuations: Fair value measured using significant unobservable inputs.

22 FAIR VALUES MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

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

	Fair value measurements as at 30 June 2019 categorised into			
	Total RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
Financial assets/(liabilities):				
Equity instruments:				
– Unlisted equity investments	**59,925**	**–**	**–**	**59,925**
Derivative financial instruments:				
– Forward foreign exchange contracts	**(8,198)**	**–**	**(8,198)**	**–**

	Fair value measurements as at 31 December 2018 categorised into			
	Total RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
Financial assets:				
Equity instruments:				
– Listed equity investments	506,567	506,567	–	–
– Unlisted equity investments	63,520	–	–	63,520

During the six months ended 30 June 2019 and 2018, 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 liabilities in Level 2 is determined by discounting the expected future cash flows at prevailing market interest rate as at the end of the reporting period.

Information about Level 3 fair value measurements

The fair value of the unlisted equity investment is determined by using the adjusted net assets value method. The effects of unobservable inputs are not significant for equity investment.

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

The carrying amounts of all financial assets and liabilities measured at amortised cost are not materially different from their fair values as at 30 June 2019 and 31 December 2018, except for the listed held-to-maturity debt securities, which the fair value is approximately RMB65,196,000 (31 December 2018: RMB101,982,000), as compared to the carrying amount of RMB65,388,000 (31 December 2018: RMB107,602,000), and the level of fair value hierarchy is Level 1.

23 COMMITMENTS

(a) Operating leases

The Group leases a number of properties under operating leases which were previously classified as operating leases under IAS/HKAS 17. The Group has initially applied IFRS/HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (see note 2). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position in accordance with the policies set out in note 2.

(Expressed in Renminbi unless otherwise indicated)

23 COMMITMENTS (Continued)

(a) Operating leases (Continued)

As at 31 December 2018, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	31 December 2018 RMB'000
Within 1 year	1,043,373
After 1 year but within 5 years	744,346
After 5 years	29,470
	1,817,189

(b) Capital commitments

Capital commitments outstanding as at 30 June 2019 not provided for in the interim financial report were as follows:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Contracted for	**785,689**	1,385,354
Authorised but not contracted for	**176,932**	245,907
	962,621	1,631,261

24 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Recurring transactions		
Purchases of raw materials		
– Quanzhou Anda Packaging Co., Ltd. ("Quanzhou Anda")	**42,587**	39,810
Service fees		
– Mr. Ding Shijia	**9,620**	9,900

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 2019 RMB'000	31 December 2018 RMB'000
Amounts due to related parties		
Trade balance		
– Quanzhou Anda	**14,466**	14,016
Other balance		
– Mr. Ding Shijia	**9,753**	7,183
	24,219	21,199

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	
	2019 RMB'000	2018 RMB'000
Short-term employee benefits	**5,570**	5,035

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

25 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

After the end of the reporting period the Directors have declared an interim dividend. Further details are disclosed in note 21(j).

OTHER INFORMATION

INTERIM DIVIDEND

The Board has declared an interim dividend of HK31 cents per ordinary share in respect of the six months ended 30 June 2019. The interim dividend will be payable on or about Friday, 20 September 2019 to shareholders whose names appear on the register of members of the Company as at 4:30 p.m. on Tuesday, 10 September 2019.

DISCLOSURE OF INTERESTS

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

As at 30 June 2019, 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]	–	61.43%
	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]	–	61.12%
	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 2019, the number of outstanding ordinary shares of the Company and of Anta International were 2,701,231,000 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 61.08% of the issued Shares as at 30 June 2019, 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 61.08% of the issued Shares as at 30 June 2019, 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 directly held 1,171 shares of Anta International, representing 9.75% of the issued share capital of Anta International as at 30 June 2019. 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 directly held 1,141 shares of Anta International, representing 9.50% of the issued share capital of Anta International as at 30 June 2019. 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 directly held 601 shares of Anta International, representing 5.00% of the issued share capital of Anta International as at 30 June 2019. 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) The interests of Mr. Yiu Kin Wah Stephen were held by his family member as at 30 June 2019. 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 2019, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had otherwise been notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Interests and Short Positions of Substantial Shareholders

As at 30 June 2019, the persons or corporations (not being a Director or chief executive of the Company) who had an interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Interests in Shares and/or underlying Shares

Name of Shareholders	Capacity/Nature of interest	Number of Shares/ underlying Shares interested	Approximate percentage of interest in the Company
HSBC Trustee	Trustee(1)	1,660,501,000 (L)	61.47%
Anta International	Beneficial owner(2)	1,373,625,000 (L)	50.85%
	Interest in controlled corporation(2)	276,375,000 (L)	10.23%
Allweath Assets Limited	Interest in controlled corporation(1)	1,651,000,000 (L)	61.12%
Shine Well	Interest in controlled corporation(1)	1,650,000,000 (L)	61.08%
	Beneficial owner(1)	9,446,000 (L)	0.35%
Talent Trend	Interest in controlled corporation(1)	1,650,000,000 (L)	61.08%
	Beneficial owner(1)	1,000,000 (L)	0.04%
Top Bright Assets Limited	Interest in controlled corporation(1)	1,659,446,000 (L)	61.43%
Anda Holdings	Beneficial owner	160,875,000 (L)	5.96%

(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 50.85%, 5.96%, 4.28%, 0.35% and 0.04% of the issued Shares, respectively. In addition, HSBC Trustee also held 55,000 Shares as trustee for persons unrelated to the substantial shareholders of the Company.

HSBC Trustee was the trustee of the DSZ Family Trust, the DSJ Family Trust, the WWM Family Trust, the WYH Family Trust, the KYF Family Trust, the DYL Family Trust and the DHM 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 2019, 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 2019, the Directors were not aware of any other person or corporation having an interest or short positions in Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

OTHER INFORMATION

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, which is valid for 10 years. The purpose of the Share Option Scheme I was to motivate Eligible Persons (as defined in the Share Option Scheme I) to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives (as defined in the Share Option Scheme I), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

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

(a) any proposed executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group;

(b) a director or proposed director (including an independent non-executive director) of any member of the Group;

(c) a direct or indirect shareholder of any member of the Group;

(d) a supplier of goods or services to any member of the Group;

(e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group;

(f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and

(g) an associate of any of the foregoing persons.

Subject to the terms of the Share Option Scheme 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 (provided the same shall be a board lot for dealing in the Shares on the Hong Kong Stock Exchange or an integral multiple thereof).

The exercise price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but the exercise price shall not be less than whichever is the highest of:

(a) the nominal value of a Share;

(b) the closing price of a Share as stated in the Hong Kong Stock Exchange's daily quotations sheet on the offer date; and

(c) the average closing price of a Share as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date.

An offer of the grant of an option shall remain open for acceptance by the Eligible Persons for a period of 28 days from the offer date provided that no such grant of an option may be accepted after the expiry of the effective period of the Share Option Scheme I. An option shall be deemed to have been granted and accepted by the Eligible Persons and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the option duly signed by the grantee together with a remittance in favour of the Company of HK$1.0 by way of consideration for the grant thereof is received by the Company on or before 30 days after the offer date. Such remittance shall in no circumstances be refundable.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme I and any other schemes of our Group shall not in aggregate exceed 10% of the issued shares of the Company as at the Listing Date (i.e. 240,000,000 Shares). Also, the maximum number of Shares that may be granted under the Share Option Scheme I and other share option schemes shall not exceed 30% of the number of issued shares of the Company from time to time. Unless approved by the Shareholders in general meeting in the manner prescribed in the Listing Rules, the Board shall not grant options to any grantee if the acceptance of those options would result in the total number of shares issued and to be issued to that grantee on exercise of his options during any 12 month period exceeding 1% of the total shares of the Company (or its subsidiary) then in issue.

An option may be exercised in accordance with the terms of the Share Option Scheme 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.

As at 30 June 2019, the total number of Shares which may be issued upon the exercise of all outstanding options granted under the Share Option Scheme I is 3,298,000, representing 0.12% of the issued Shares.

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 2019 were as follow:

Name or category of participant	Number of options						Exercise price per Share	Date of grant	Vesting period	Exercise period
	As at 1 January 2019	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	As at 30 June 2019				
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	3,382,900	–	(484,900) [1]	–	–	2,898,000	HK$16.20	15 September 2010	1.5 years from the date of grant	15 March 2012 to 14 September 2020
	3,382,900	–	(484,900)	–	–	2,898,000				
Total	3,782,900	–	(484,900)	–	–	3,298,000				

Note:

(1) *The weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK$50.29.*

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 terminated Share Option Scheme I, the Company 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 (as defined in 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 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.

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

(a) any proposed executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group;

(b) a director or proposed director (including an independent non-executive director) of any member of the Group;

(c) a direct or indirect shareholder of any member of the Group;

(d) a supplier of goods or services to any member of the Group;

(e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group;

(f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and

(g) an associate of any of the foregoing persons.

Subject to the terms of the Share Option Scheme 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 (subject to the terms of the Share Option Scheme II) determine (provided the same shall be a board lot for dealing in the Shares on the Hong Kong Stock Exchange or an integral multiple thereof).

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

(a) the nominal value of a Share;

(b) the closing price of a Share as stated in the Hong Kong Stock Exchange's daily quotations sheet on the offer date; and

(c) the average closing price of a Share as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date.

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

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme II and any other schemes of the Group shall not in aggregate exceed 10% of the issued shares of the Company as at the adoption date of the scheme (i.e. 267,753,910). The Company may at any time as the Board may think fit seek approval from its Shareholders in general meeting to refresh the limit in accordance with the terms of Shares Option Scheme II. Also, the maximum number of Shares that may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme II and other share option schemes shall not exceed 30% of the number of issued shares of the Company from time to time. Unless approved by the Shareholders in general meeting in the manner prescribed in the Listing Rules, the Board shall not grant options to any grantee if the acceptance of those options would result in the total number of shares issued and to be issued to that grantee on exercise of his options during any 12 month period exceeding 1% of the total shares of the Company (or its subsidiary) then in issue.

An option may be exercised in accordance with the terms of the Share Option Scheme 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 2019. As at 30 June 2019, there were no outstanding options under the Share Option Scheme II.

SHARE AWARD SCHEME

The Company adopted the share award scheme (the "Share Award Scheme") on 19 October 2018 ("Adoption Date") in which employees of the Group will be entitled to participate, and shall be valid and effective for a term of 10 years commencing on the Adoption Date. The specific objectives of the Share Award Scheme are (i) to recognise the contributions by certain employees and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Pursuant to the a Share Award Scheme, existing shares of the Company will be purchased by the professional trustee (which is independent of and not connected with the Company) appointed by the Company for the administration of the scheme from the open market out of cash contributed by the Group and be held in trust for selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the scheme.

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

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

During the financial period, pursuant to the Share Award Scheme, 3,767,000 ordinary shares (2018: Nil) in the Company were purchased on the open market by the trustee. Total consideration paid during the financial period, including all relevant expenses, were RMB169,568,000 (2018: Nil).

OTHER INFORMATION

As at 30 June 2019, the trustee of the Share Award Scheme held a total of 3,767,000 Shares and nil shares were granted under the Share Award Scheme since the Adoption Date and up to the end of the financial period.

PURCHASES, SALES AND REDEMPTIONS OF LISTED SECURITIES

During the six months ended 30 June 2019, the trustee of the Share Award Scheme purchased 3,767,000 Shares on the Hong Kong Stock Exchange for an aggregate consideration of approximately RMB169,568,000.

Save as above, 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 2019.

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 2019. 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 5 Executive Directors, 1 Non-Executive Director and 3 Independent Non-Executive Directors and therefore has a strong independence element in its composition.

The Company has established written guideline ("Code for Securities Transactions") no less exacting than the Model Code for the Directors and relevant employees (as defined in Appendix 14 to the Listing Rules) in respect of their dealings in the Company's securities. 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 regarding securities by the Directors during the six months ended 30 June 2019.

REVIEW OF INTERIM REPORT

The interim financial report for the six months ended 30 June 2019 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 39 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

AMER SPORTS
Amer Sports Oyj, a sporting goods company incorporated in Finland whose shares are listed on the official list of Nasdaq Helsinki Stock Exchange (stock code: AMEAS)

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

CHINA/PRC
People's Republic of China

COC
Chinese Olympic Committee

DESCENTE
DESCENTE brand

EURO, EUR
Euro, the lawful currency of European Union

EXECUTIVE DIRECTORS
Executive directors of the Company

FILA
FILA brand

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

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

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

HSCEI
Hang Seng China Enterprises Index

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

MACAO
The Macao Special Administrative Region of the PRC

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

NBA
National Basketball Association

OEM
Original Equipment Manufacturer

PERIOD
6 months ended 30 June 2019

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

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

INVESTORS INFORMATION

Stock Codes

The Stock Exchange of Hong Kong	2020
Reuters	2020.HK
Bloomberg	2020HK
MSCI	3741301

Investor Relations Contacts

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

Share Information

Listing Day:	10 July 2007
Board lot size:	1,000 shares
Numbers of shares in outstanding:	2,701,231,000 shares (As at 30 June 2019)

Dividends

HK cents	2015	2016	2017	2018	2019
Interim dividend	30	34	41	50	31
Final dividend	30	34	41	28	
Special dividend	8	8	16	–	

Important Dates

26 August 2019	Interim results announcement
10 September 2019 4:30 p.m.	Record date of 2019 interim dividend
On or about 20 September 2019	Payment date of 2019 interim dividend
31 December 2019	Financial year end date of 2019

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

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

ANTA

www.ir.anta.com