ANNUAL REPORT 2023

ANTA SPORTS PRODUCTS LIMITED

Incorporated in the Cayman Islands with limited liability

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


MISSION
To integrate the
SPORTS SPIRIT of
'GOING BEYOND ONESELF'
into everyone's daily life

VISION

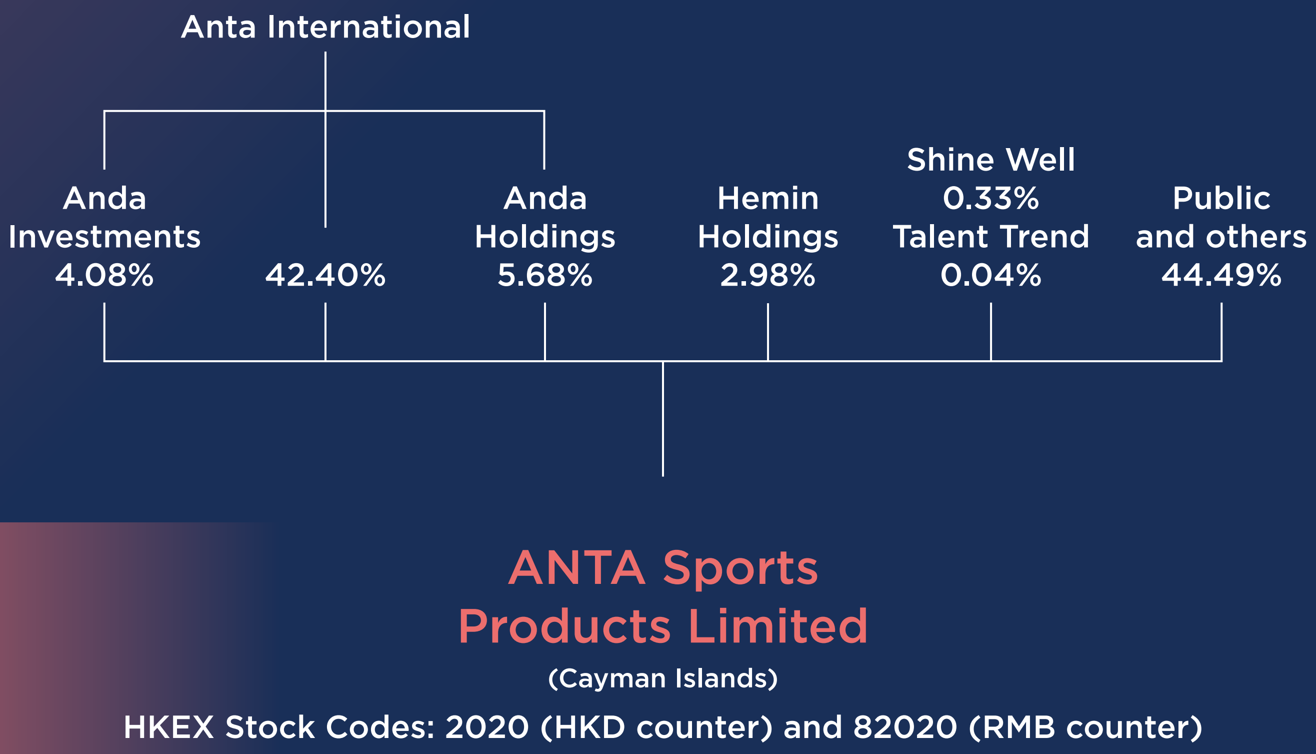
To become a leading multi-brand sportswear group in the world

THREE CULTURAL VALUES

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

CORPORATE PROFILE

ANTA was established in 1991, while ANTA Sports Products Limited, a widely recognized global sportswear company, was listed on the Main Board of HKEx in 2007 (Stock Codes: 2020 (HKD counter) and 82020 (RMB counter)). The mission of the Company is to integrate the sports spirit of "Going Beyond Oneself" into everyone's daily life. ANTA Sports principally engages in design, R&D, manufacturing, marketing and sales of professional sports products including footwear, apparel and accessories. Over the years, the Company formed three brand groups: Performance Sports Brands, Fashion Sports Brands and Outdoor Sports Brands, empowering everyone who loves sports. By embracing an all-round brand portfolio including ANTA, FILA, DESCENTE and KOLON SPORT, ANTA Sports aims to unlock the potential of both the mass and high-end sportswear markets. ANTA Sports is also the largest shareholder of Amer Sports, Inc., a global group of iconic sports and outdoor brands, including Arc'teryx, Salomon, Wilson, Peak Performance, and Atomic, whose shares are listed on the New York Stock Exchange (NYSE: AS).



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COMPANY OVERVIEW


CHINA
OPEN

RESULTS HIGHLIGHTS

FINANCIAL PERFORMANCE

(For the year ended 31 December 2023)

Revenue

increased by 16.2% to

RMB 62.4 Billion

Gross profit margin

increased by 2.4% point to

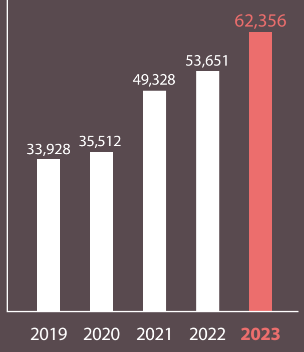
62.6%

Profit attributable to equity shareholders

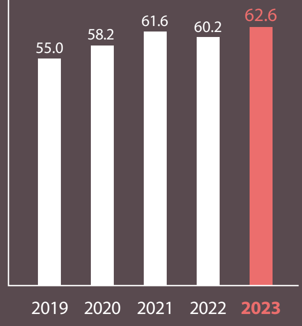
increased by 34.9% to

RMB 10.2 Billion

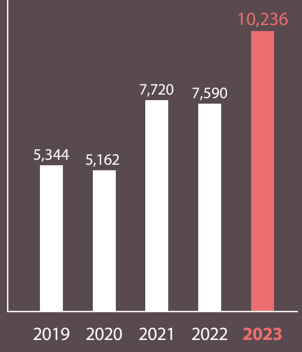
Revenue
(RMB million)



Gross profit margin
(%)



Profit attributable to equity shareholders
(RMB million)



Basic earnings per share

increased by 30.9% to

RMB 3.69

Payout of the profit attributable to equity shareholders

50.7%

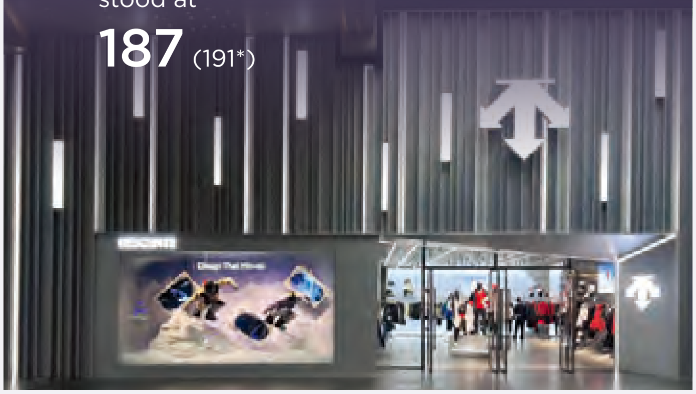
OPERATIONAL PERFORMANCE
(As of 31 December 2023)

Number of ANTA stores in Mainland China and overseas stood at
7,053 (6,924*)

Number of ANTA KIDS stores in Mainland China and overseas stood at
2,778 (2,679*)

Number of FILA stores (including FILA KIDS and FILA FUSION standalone stores) in Mainland China, Hong Kong SAR, Macao SAR and Singapore stood at
1,972 (1,984*)

Number of DESCENTE stores in Mainland China, Hong Kong SAR and Macao SAR stood at
187 (191*)



Number of KOLON SPORT stores in Mainland China and Hong Kong SAR stood at
164 (161*)

* *As of 31 December 2022*

FINANCIAL OVERVIEW

Year ended 31 December	2023	2022	Changes
	(RMB million)	(RMB million)	(%)
Revenue	62,356	53,651	▲ 16.2
ANTA	30,306	27,723	▲ 9.3
FILA	25,103	21,523	▲ 16.6
All other brands	6,947	4,405	▲ 57.7
Gross profit	39,028	32,318	▲ 20.8
ANTA	16,648	14,872	▲ 11.9
FILA	17,315	14,283	▲ 21.2
All other brands	5,065	3,163	▲ 60.1
Profit from operations	15,367	11,230	▲ 36.8
ANTA	6,731	5,925	▲ 13.6
FILA	6,916	4,301	▲ 60.8
All other brands	1,886	907	▲ 107.9
Profit for the year	11,277	8,245	▲ 36.8
Profit attributable to equity shareholders			
– without the effect of share of profit or loss of a joint venture	10,954	7,562	▲ 44.9
– with the effect of share of profit or loss of a joint venture	10,236	7,590	▲ 34.9
Free cash inflow	17,823	10,415	▲ 71.1
	(RMB)	(RMB)	(%)
Earnings per share			
– Basic	3.69	2.82	▲ 30.9
– Diluted	3.60	2.76	▲ 30.4
	(HK cents)	(HK cents)	(%)
Dividend per share			
– Ordinary interim	82	62	
– Ordinary final	115	72	
	197	134	▲ 47.0
	(%)	(%)	(% point)
Gross profit margin	62.6	60.2	▲ 2.4
ANTA	54.9	53.6	▲ 1.3
FILA	69.0	66.4	▲ 2.6
All other brands	72.9	71.8	▲ 1.1
Operating profit margin	24.6	20.9	▲ 3.7
ANTA	22.2	21.4	▲ 0.8
FILA	27.6	20.0	▲ 7.6
All other brands	27.1	20.6	▲ 6.5
Net profit margin	18.1	15.4	▲ 2.7
Margin of profit attributable to equity shareholders			
– without the effect of share of profit or loss of a joint venture	17.6	14.1	▲ 3.5
– with the effect of share of profit or loss of a joint venture	16.4	14.1	▲ 2.3
Effective tax rate[1]	26.7	27.5	▼ 0.8
Advertising and promotional expenses ratio (as a percentage of revenue)	8.2	10.3	▼ 2.1
Staff costs ratio (as a percentage of revenue)	14.9	15.1	▼ 0.2
R&D costs ratio (as a percentage of revenue)	2.6	2.4	▲ 0.2

As at 31 December	2023	2022	Changes
	(RMB)	(RMB)	(%)
Shareholders' equity per share	18.17	12.68	▲ 43.3
	(%)	(%)	(% point)
Gearing ratio[2]	16.2	18.3	▼ 2.1
Return on average total shareholders' equity[3]	23.8	24.0	▼ 0.2
Return on average total assets[4]	12.7	11.5	▲ 1.2
Average total shareholders' equity to average total assets	53.2	48.0	▲ 5.2
	(days)	(days)	(days)
Average inventory turnover days[5]	123	138	▼ 15
Average trade receivables turnover days[6]	20	21	▼ 1
Average trade payables turnover days[7]	47	50	▼ 3

Cautionary Statement Regarding Forward-Looking Statements

This *Annual Report 2023* contains certain forward-looking statements with respect to the financial conditions, results of operations and business of the Group. These forward-looking statements represent the Group's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Certain statements, that include wordings like "potential", "estimated", "expects", "anticipates", "objective", "intends", "plans", "believes", "estimates", and similar expressions or variations on such expressions may be considered "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 statement. 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 profit or loss of a joint venture.
(2) Gearing ratio is equal to total borrowings divided by the total assets at the end of the relevant year.
(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 year.
(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 year.
(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 year.
(8) Average balance aforementioned means the average of the balance as at 1 January and the balance as at 31 December of the relevant year.

FIVE-YEAR FINANCIAL SUMMARY

	2023	2022	2021	2020	2019
	(RMB million)	(RMB million)	(RMB million)	(RMB million)	(RMB million)
Revenue	**62,356**	53,651	49,328	35,512	33,928
Gross profit	**39,028**	32,318	30,404	20,651	18,659
Profit from operations	**15,367**	11,230	10,989	9,152	8,695
Profit attributable to equity shareholders	**10,236**	7,590	7,720	5,162	5,344
Non-current assets	**40,088**	26,599	22,766	19,150	17,898
Current assets	**52,140**	42,596	39,902	32,717	23,320
Total assets	**92,228**	69,195	62,668	51,867	41,218
Current liabilities	**20,591**	26,207	15,943	11,715	12,412
Net current assets	**31,549**	16,389	23,959	21,002	10,908
Total assets less current liabilities	**71,637**	42,988	46,725	40,152	28,806
Non-current liabilities	**15,627**	5,149	15,062	14,328	7,745
Total liabilities	**36,218**	31,356	31,005	26,043	20,157
Net assets	**56,010**	37,839	31,663	25,824	21,061
Non-controlling interests	**4,550**	3,439	2,740	1,811	979
Shareholders' equity	**51,460**	34,400	28,923	24,013	20,082
	(RMB)	(RMB)	(RMB)	(RMB)	(RMB)
Basic earnings per share	**3.69**	2.82	2.87	1.92	1.99
Diluted earnings per share	**3.60**	2.76	2.81	1.89	1.99
Shareholders' equity per share	**18.17**	12.68	10.70	8.88	7.43
	(HK cents)	(HK cents)	(HK cents)	(HK cents)	(HK cents)
Dividend per share					
– Ordinary interim	**82**	62	60	21	31
– Ordinary final	**115**	72	68	47	36
– Special interim	**–**	–	30	–	–
Total	**197**	134	158	68	67
	(%)	(%)	(%)	(%)	(%)
Gross profit margin	**62.6**	60.2	61.6	58.2	55.0
Operating profit margin	**24.6**	20.9	22.3	25.8	25.6
Margin of profit attributable to equity shareholders	**16.4**	14.1	15.7	14.5	15.8
Effective tax rate[(1)]	**26.7**	27.5	26.7	29.0	27.6
Advertising and promotional expenses ratio (as a percentage of revenue)	**8.2**	10.3	12.4	10.0	10.6
Staff costs ratio (as a percentage of revenue)	**14.9**	15.1	13.5	12.5	11.7
R&D costs ratio (as a percentage of revenue)	**2.6**	2.4	2.3	2.5	2.3
Gearing ratio[(1)]	**16.2**	18.3	21.0	27.8	22.3
Return on average total shareholders' equity[(1)]	**23.8**	24.0	29.2	23.4	29.8
Return on average total assets[(1)]	**12.7**	11.5	13.5	11.1	16.3
Average total shareholders' equity to average total assets	**53.2**	48.0	46.2	47.4	54.7
	(days)	(days)	(days)	(days)	(days)
Average inventory turnover days[(1)]	**123**	138	127	122	87
Average trade receivables turnover days[(1)]	**20**	21	26	39	34
Average trade payables turnover days[(1)]	**47**	50	53	66	57

Notes:

(1) Please refer to notes on page 8 of this annual report for the definitions of effective tax rate, gearing ratio, return on average total shareholders' equity, return on average total assets, average inventory turnover days, average trade receivables turnover days and average trade payables turnover days.

2023 RECOGNITIONS AND AWARDS

Board Chairman and Executive Director, Mr. Ding Shizhong

Best IR by Chairman/CEO (Large Cap)

by Hong Kong Investor Relations Association

Executive Director and Co-CEO, Mr. Lai Shixian

Best Leader Award

by International Road Show Center

ANTA

Brand Finance Apparel 50 2023

by Brand Finance

BrandZ Top 10 Most Valuable Global Apparel Brands 2023

by Kantar

ANTA Sports

Best Managed Companies in Hong Kong – Consumer Cyclicals Company – Gold

by Finance Asia

Best IR Company (Large Cap)

by Hong Kong Investor Relations Association

Hong Kong Index Constituents (Hang Seng Index) Category

by Quam IR Awards 2022

Best IR Hong Kong Listed Company (H-share)

by New Fortune

2022 Annual Report

Best Annual Report (Large Cap)

by Hong Kong Investor Relations Association

Our Investor Relations Department

Best IR by IR Team (Large Cap)

Best IR by IRO – Ms. Suki Wong, Senior ESG and Investor Relations Director

by Hong Kong Investor Relations Association

2023 MILESTONES

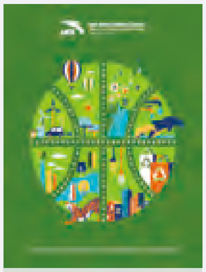
January

The Group changed the Executive Directors' management responsibilities to facilitate the implementation of the Group's "Multi-brand" and "Globalization" strategies; enhance the Group's corporate governance by performing the roles of Chairman and CEO through separate management personnel; and enhance management efficiency and the Group's talent development.

The Group officially joined the Science Based Targets initiative (SBTi) to set carbon reduction targets for its business operations that are scientifically validated and cover the full lifecycle across entire value chains.

February

The Group established a Southeast Asia International Business Unit in furtherance of its "Multi-brand" and "Globalization" strategies, aiming to strengthen its foothold in international markets.



The Group published our "The Supplier Sustainability Management Handbook", which requires all our suppliers to strictly adhere to the "Code of Conduct for Suppliers of ANTA Sports", ensuring that our supply chain fulfils corporate social responsibilities.

April

Donghua University – ANTA Group Joint Innovation Center embarked on the second phase of "AEROVENT" R&D project, with a focus on environmental protection and low-carbon sustainable development. Key areas include eco-friendly waterproof and breathable membranes using biomaterials materials.

Beijing Sport University – ANTA Technology Research Center was established to create a top-notch platform for research in sports science.

KOLON SPORT inaugurated its Cultural Center Flagship Store on the occasion of its 50th anniversary.

June

ANTA opened its first direct retail store in Singapore, marking an important milestone in the brand's strategic expansion into the Southeast Asian market.

July

ANTA officially signed Kyrie Irving, the 2016 NBA champion and eight-time All-Star player, as the spokesperson for ANTA basketball products.

September

FILA celebrated its F- BOX 50th anniversary of sports with celebration, conveying the spirit of "Do more of what you love."

October

IOC announced that ANTA will be its Official Sportswear Uniform Supplier from 2024 to 2027 and will supply the IOC Members and staff with apparel, footwear and sports equipment.

ANTA officially signed Kenenisa Bekele, a renowned Ethiopian long-distance runner, as its ANTA Running spokesperson.

The Company announced to acquire MAIA ACTIVE business to enrich its female business segment, enabling it to offer differentiated products to better cater to the needs of consumers.

At the Global Investor Day held in Beijing, the Group unveiled its three-year (2024-2026) development plan.

The Group become a global partner of the UNHCR, the UN Refugee Agency, committing to empowering displaced children and adolescents by investing in educational and sports programs, as part of its support for international humanitarian efforts.

November

FILA teamed up with renowned actress, Yang Mi, as its brand ambassador.

DESCENTE unveiled its partnership with the Chinese National Snowboard Halfpipe Team and the Chinese National Alpine Ski Team at an event in Xinjiang's Altay region.

CHAIRMAN’S STATEMENT

“I firmly believe that the Group’s unwavering commitment to long-termism will serve as the foundation for us to implement meaningful strategic changes and enable us to empower everyone who loves sports for centuries to come.”

DEAR SHAREHOLDERS,

On behalf of the Board, I am pleased to present our annual results for the year ended 31 December 2023.

Tiding Over Economic Cycle with Long-termism Upholding Confidence and Pursuing Growth

As winter yields to spring, the world awakens in a symphony of renewal. Over the past three years, the Group has demonstrated exceptional resilience in the face of external uncertainties and attained resounding success in our must-win battles, thanks to our concrete strategies. In 2023, albeit intensified competition, we capitalized on new opportunities stemming from shifts in the market landscape. Adhering to our strategy of “Single-focus, Multi-brand, Globalization,” we have outpaced the industry with high-quality growth and delivered satisfactory performance across our three core sectors of performance sports, fashion sports, and outdoor sports, while showcasing our long-term strength and teamwork spirit.

In light of a new historic mission, challenges and development responsibilities that come with China’s economy entering a new normal, we recognize the need for a broader vision to allow our brands to explore new horizons, both by deepening our presence in China and expanding internationally. To achieve this, we implemented strategic changes during the financial year. These included enhancing our corporate governance framework in early 2023, establishing the Southeast Asia International Business Unit to further our “Globalization” development strategy, and strengthening the Group’s digital capabilities. Each brand also unveiled a strategic development plan for the next three years (2024 to 2026), providing a solid foundation for our future growth.

Revenue Hit Another Record High and Profit Attributable to Shareholders Exceeded RMB10 Billion

During the financial year, the Group maintained a stable and healthy development trend, achieving commendable performance. The Group's revenue hit another record high, having increased by 16.2% to RMB62.36 billion (2022: RMB53.65 billion), cementing our leading position among Chinese sportswear brands. The overall gross profit margin and operating profit margin both expanded prominently compared with 2022. Our overall gross profit margin increased by 2.4% point to 62.6% (2022: 60.2%). Operational efficiency further improved, with overall operating profit margin increasing 3.7% point to 24.6% (2022: 20.9%). On a consolidated basis, without the effect of the share of profit or loss of a joint venture, the profit attributable to equity shareholders surged by 44.9% to RMB10.95 billion (2022: RMB7.56 billion). On a consolidated basis, with the effect of share of profit or loss of a joint venture, profit attributable to equity shareholders exceeded RMB10 billion for the first time, leaping 34.9% to RMB10.24 billion (2022: RMB7.59 billion).

During the financial year, the Group's financial position stayed robust with strong cash-generating capability and solid net cash position. Operating cash inflow of RMB19.63 billion (2022: RMB12.15 billion) and free cash inflow of RMB17.82 billion (2022: RMB10.42 billion) were recorded. As at 31 December 2023, the Group had an aggregate amount of cash and cash equivalents, fixed deposits held at banks with maturity over three months and pledged deposits of RMB48.52 billion. Furthermore, the Group is committed to creating value for its shareholders and delivering sustainable and steady growth in returns. Ordinary dividend payout for the financial year was 50.7% (2022: 44.3%) of the profit attributable to equity shareholders.

Strengthening Three Core Competitiveness to Enhance Brand Awareness

As a global sportswear company with distinctive strengths, we continued to leverage the advantage of our "Multi-brand" strategy and achieve fruitful results. We consistently strengthened the competitiveness of each brand in various market segments, enhanced retail operational efficiency, and further differentiated ourselves to keep each brand at the forefront of operational capabilities for end customers in the market.

CHAIRMAN'S STATEMENT

ANTA adhered to the core strategy of "Mass Market Positioning, Breakthroughs in Performance Sports, Brand Transformation and Upgrade" and focused on transformation. Various initiatives were implemented to optimize both the products and channel mix, with the goal of strengthening its mass market positioning through professionalism. During the financial year, ANTA segment revenue grew by 9.3% to RMB30.31 billion (2022: RMB27.72 billion). Gross profit margin and operating profit margin expanded to 54.9% (2022: 53.6%) and 22.2% (2022: 21.4%) respectively.

Guided by its principle of "High-quality, High Efficiency and Healthy Growth", FILA initiated the "Beacon Project" to drive brand enhancement. Multiple operational indicators surpassed business targets, with particularly strong e-commerce accomplishments. Historical breakthroughs were achieved in live-streaming and social platforms, while sales of performance sports and footwear categories attained remarkable growth. During the financial year, FILA segment revenue increased by 16.6% to RMB25.10 billion (2022: RMB21.52 billion), with a substantial enhancement in gross profit margin and operating profit margin, reaching 69.0% (2022: 66.4%) and 27.6% (2022: 20.0%) respectively.

As a result of the increasing popularity of outdoor sports as a new lifestyle among customers, other brands sustained robust growth momentum. DESCENTE positioned itself as a high-end, high-quality professional sports brand, while KOLON SPORT portrayed a premium quality outdoor lifestyle as its brand image. Both exuded product excellence that unlocked latent potential within this trend. During the financial year, total revenue of all other brands surged by 57.7% to RMB6.95 billion (2022: RMB 4.41 billion). Gross profit margin recorded 72.9% (2022: 71.8%), and operating profit margin soared to 27.1% (2022: 20.6%), underscoring splendid results.

Amer Sports' business showed impressive advancements as well. During the financial year, revenue of the joint venture AS Holding grew by 30.1% to RMB31.25 billion (2022: RMB24.03 billion), and EBITDA increased by 45.4% to RMB3.75 billion (2022: RMB2.58 billion), reflecting the healthy development and the enhancement in profitability at operation level of the joint venture.

Amer Sports, Inc.'s successful listing on the New York Stock Exchange on 1 February 2024 marked an important milestone in its development journey. The listing will catalyze Amer Sports, Inc. to expedite its growth strategies. As Amer Sports, Inc.'s largest shareholder, the Group believes that Amer Sports, Inc. will make important and positive contributions to our Group and empower our global expansion in future endeavors drawing on our mutual strengths and strategic synergies.

From Excellence to Greatness: A Journey of Mutualism and Shared Prosperity

The Group embraces a clear mission – To integrate the sports spirit of "Going Beyond Oneself" into everyone's daily life. Our ambition extends beyond establishing brand leadership in China, we aspire to become a leading multi-brand sportswear group in the world, transcending from "excellence" to "greatness". To realize our vision and mission, we have consistently fortified the Group's three core capabilities – "Multi-brand Synergistic Management Capabilities", "Multi-brand Retail Operations Capability" and "Global Operations and Resource Deployment Capability". These three capabilities serve as the cornerstone and strength that propel our Group to the forefront.

As we continue our journey towards becoming an exceptional enterprise, the Group remains committed to creating three major values: delivering "consumer value" by offering attractive products that cater to the diverse needs of various consumer segments; building "corporate value" by implementing systematic management practices, benchmarking against high standards, and striving for best-in-class operational efficiency; and establishing "social value" by actively contributing to the community and fostering "Mutualism with society". I firmly believe that the Group's unwavering commitment to long-termism will serve as the foundation for us to implement meaningful strategic changes and enable us to empower everyone who loves sports for centuries to come.

While 2024 may present numerous challenges, we steadfastly uphold our commitment to long-termism regardless of the external environment. This dedication enables us to generate sustainable returns for our shareholders. On behalf of the Board, I would like to extend my heartfelt gratitude to our shareholders for their continuous support as we navigate the path to success. Additionally, I wish to express my appreciation to our stakeholders and our talented team for their unwavering determination as we forge ahead together.

Ding Shizhong
Chairman
Hong Kong SAR, 26 March 2024

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STRATEGY

SINGLE-FOCUS, MULTI-BRAND, GLOBALIZATION

BUSINESS MODEL

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

Upstream

Supply Chain Management

Self-produced footwear

ANTA **33.8%** FILA **11.5%**

of our total sold quantities

Self-produced apparel

ANTA **15.0%** FILA **4.3%**

of our total sold quantities

Product Management

During the financial year, the ANTA Global Technology Innovation Center underwent an upgrade, covering sections such as product performance testing, sports science experiments, material research and product development.

6 Design Centers around the world including China, U.S., Japan, South Korea, Italy and Netherlands

Midstream

Downstream

Brand Management

Logistics and Distribution

International Logistics Network

- Implementing the logistics '5+N' network strategy in China
- Establishing regional warehouses in overseas which connect to multiple cloud warehouses in different countries throughout the world

During the financial year, phase two of the ANTA Group Digital Intelligence Integrated Industrial Park was officially inaugurated, aiming to enhance the Group's order processing efficiency, delivery pace, and logistical experience for consumers

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

Offline stores

Our multiple brands spanning across

12,000+ stores worldwide*

E-commerce

32.8%

of the overall Group's revenue

Empowered by Big Data

The Group has established a digital platform empowered by big data and actively promotes the digital transformation of its business partners. This comprehensive digital approach extends across the entire value chain, from product development and manufacturing to delivery

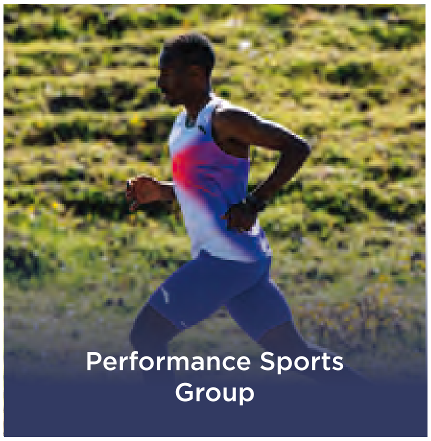
* *ANTA, ANTA KIDS, FILA (including FILA KIDS and FILA FUSION standalone stores), DESCENTE and KOLON SPORT stores included*

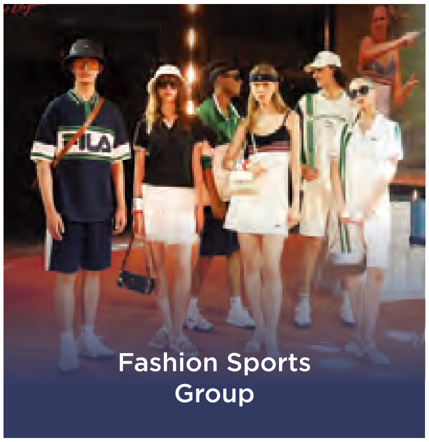
THREE CORE COMPETITIVENESS

1 Multi-brand Synergistic Management Capabilities

Consumers

Multi-brand positioning and value creation





Service support for multi-brand management

- Strategic management system
- Financial risk control system
- Human resources management system
- IT system
- Other service supports

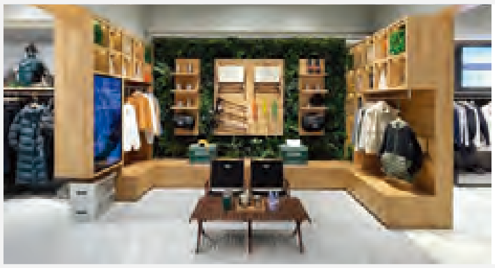
Synergy and sharing for multi-brand resources

- Shared innovation resources
- Shared digital resources
- Shared supply chain resources
- Shared logistics resources

2 Multi-brand Retail Operations Capability

ANTA

FILA



KOLON SPORT

MAIA ACTIVE

3 Global Operations and Resource Deployment Capability

- Deployment of Global production bases
- Deployment of Global retail network
- Deployment of Global innovation resources

MARKET REVIEW

Resumption of Sport Events Rekindles Sports Consumption Market

During the financial year, the global economy continued to grapple with challenges such as interest rate hikes, weakened global trade and reduced corporate investment. Ongoing geopolitical tensions further clouded the external environment and hindered the pace of the global economic recovery. Meanwhile in China, society and citizens' livelihoods returned to normalcy in early 2023 since the country navigated the fallouts. Nonetheless, lingering consumer uncertainties persisted. In response, the Chinese Government rolled out efficient and multi-pronged supportive measures to gradually revitalize the economy. According to the National Bureau of Statistics of China, China's GDP grew by 5.2% in 2023. Total retail sales of consumer goods increased by 7.2% year-on-year to RMB47.1 trillion. Garments, footwear, hats and textiles saw steady growth, with their total retail sales value reaching RMB1.4 trillion, up 12.9% from 2022.

As sports and consumer activities resumed, various sports events were held across the country, fueling a rebound in the sportswear market. Moreover, the Chinese government implemented a range of initiatives to bolster consumer confidence and spur purchasing power. Given the sound fundamentals of China's economy and sportswear industry, along with the positive impact of prevailing social trends and supportive national policies, we remain confident in the stable and positive development of China's sports industry.

Opportunities Arising from Prevailing National Policies and Trends

On the policy front, China has ramped up support for outdoor sports in the recent years and has introduced the *Outdoor Sports Industry Development Plan (2022–2025)*. As consumers increasingly participate in sporting activities, there has been a surge in interest and demand for outdoor and functional products. This shifting dynamic has created opportunities for professional outdoor sports brands to further expand their market share in China.

Children and youth sports are key development areas in the *National 13th Five-Year Plan Outline*, the *National Fitness Plan*, and the *Healthy China 2030 Blueprint*. In recent years, the country has revised relevant laws, including the *Law of the People's Republic of China on Sports* and *Law of the People's Republic of China on the Protection of Minors*, alongside the formulation of a series of policies aimed at promoting the growth of children and youth sports. Given the increasing awareness among parents regarding sports, they are now more inclined to cultivate their children's interest and habits in sports from an early age. The increasing demand for professional sportswear and equipment tailored to diverse sporting scenarios presents abundant growth opportunities for children's sports brands.

Modern women place great emphasis on wellness and have developed a passion for sports such as running, workouts and yoga. Compared to men, women tend to be more generous with their spending and have greater receptiveness towards new products and experiences, making women a key driving force in the consumer market. This trend is expected to benefit the athleisure market which combines sports with fashion, and serve as another major catalyst for the growth of Chinese sportswear brands and industry development.

Crafting Mid- to Long-term Plan to Extend Business Reach

Shifting consumer spending preferences consistently shaped the evolution of consumption trends. During the financial year, consumption trends sharply polarized between premium and mass market segments. The rise of the vertical segmentation has led to declining concentration in the sporting goods industry. The rapid expansion of the outdoor, children's and women's sectors has created ample opportunities for new scenarios and new categories within sportswear. In order to penetrate into different market segments, we strategically positioned ourselves to enrich our business breadth and depth based on our own strengths. In terms of breadth, through many years of establishing comprehensive coverage and reach across all scenarios, demographics and segments, the Group has cultivated significant synergy among its multiple brands, setting it apart from its peers in the evolving consumer industry. In terms of depth, the Group has embarked on its globalization efforts, steadily advancing its 'Globalization' business.

On the path to becoming a world leader, the Group will continue to focus on consolidating its market position, pursuing high-quality business expansion, and adhering to our strategy of "Single-focus,

Multi-brand, Globalization". In terms of "Single-focus", in addition to maintaining our focus on mass-market sportswear, the Group has also doubled down on verticals sports fields with high growth potential, resulting in significant breakthroughs in building brand and product salience, enhancing consumer awareness, and maintaining its competitive edge.

We adopt a "Multi-brand" strategy to target different consumer segments, constantly expand product offerings, differentiate store and channel differentiation, in order to cater to a wide range of customer needs and expand the Group's overall market share. The Group has three brand groups – Performance Sports Group led by ANTA, the Fashion Sports Group represented by FILA, and the Outdoor Sports Brands comprising DESCENTE and KOLON SPORT. They represent the three major growth curves of the Group. Our "Multi-brand" strategy has proven resilient across economic cycles and has demonstrated risk mitigating capability, even in the face of an uncertain external environment.

Strengthening Three Core Competitiveness to Support Business Growth

The Group steadfastly upholds long-termism. In the face of challenges, we have been more determined to adhere to our strategies and development goals to enhance the value of each brand, while strengthening each brand's competitiveness so as to maintain high-quality growth. The Group has continued to reinforce its three core competitiveness and meet diverse market needs with its capabilities – "Multi-brand Synergistic Management Capabilities", "Multi-brand Retail Operations Capability" and "Global Operations and Resource Deployment Capability". It also leverages its strong consumer insights into consumer interest and demand to develop its unique competitive advantages, laying a solid foundation for its mid- to long-term growth.

The Group's "Multi-brand Synergistic Management Capabilities" covers three core segments corresponding to three growth curves. Each brand group focuses on its own brand positioning and marketing, product planning and design, channel expansion and operation, with the goal of maximizing consumer value. We also foster group-level collaboration, interconnectivity and resource sharing at mid-level platforms such as innovation, digitalization, supply chain, and logistics. In addition, through strategic management, financial risk control, human resources, IT systems and other control and service functions, we have optimized various management mechanisms and standards to efficiently empower front-end multi-brand operations.

With over 30 years of experience in channel management and end-user operations in China's retail market, we are also equipped with strong "Multi-brand Retail Operations Capability". Our core brands have achieved industry-leading operational efficiency in their respective fields. Looking ahead, the Group will continue to maintain and strengthen this capability to assist newly acquired brands in rapidly developing competitiveness within niche areas.

Our third core competitiveness, "Global Operations and Resource Deployment Capability" provides crucial support for our brands. The Group has established its brand footprint, retail channels, R&D network, supply chain, and production bases across the world. It has established R&D and design centers in locations such as the U.S., Europe, Japan, and Korea and has collaborated with renowned global scientific research institutions, universities, and upstream and downstream suppliers on joint initiatives to foster innovation.

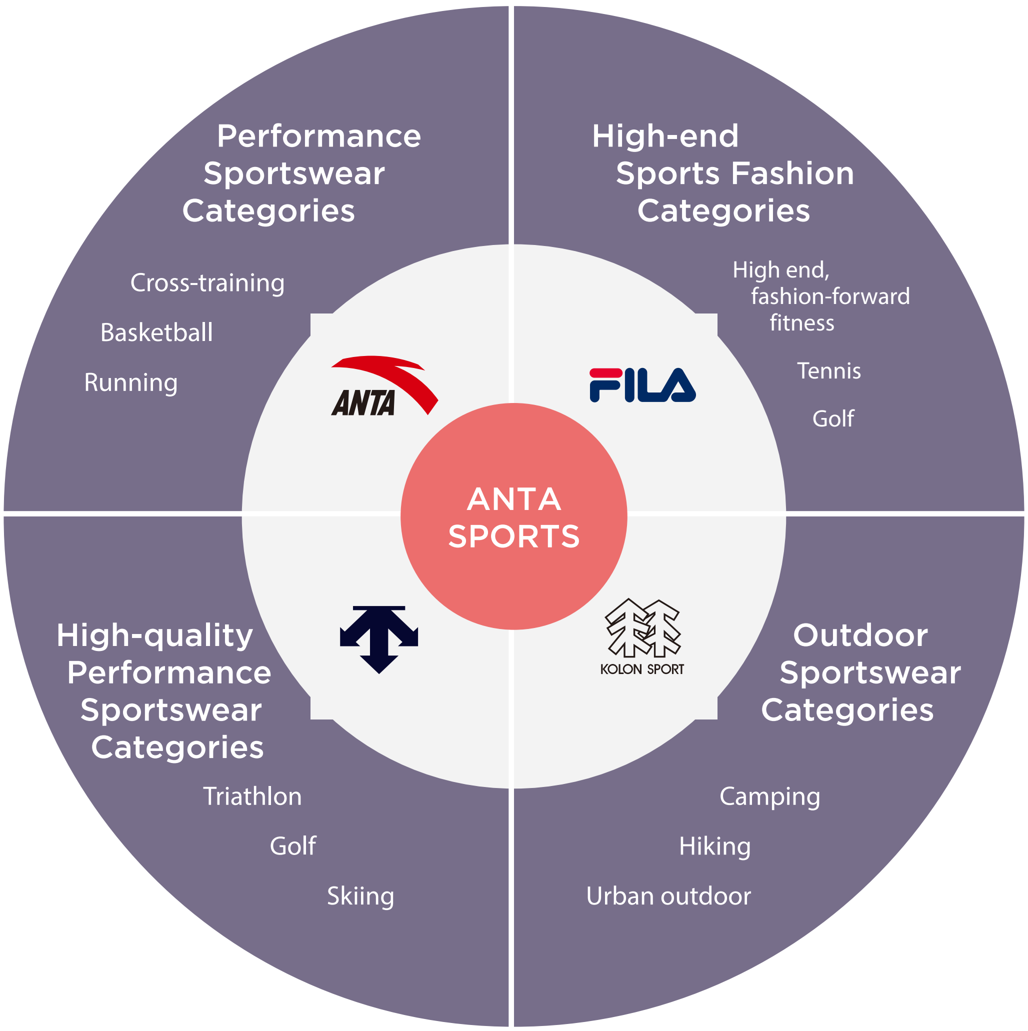
Advancing Globalization in a Steady and Orderly Manner

In addition to deeply cultivating the domestic market and establishing a leading position in China, we are actively engage in intense international competitions to seize broader business opportunities with a global vision and provide our products and services to consumers at home and abroad. In particular, the economies of Southeast Asian countries are developing rapidly. These Asian economies have greatly benefited from globalization and urbanization trends, leading to a growing middle class and increased consumption. Local residents have strong demands for quality products and services, presenting vast untapped business opportunities. During the financial year, the Group has entered the Southeast Asian market with the establishment of the Southeast Asian international business unit. Its global expansion plan has been on track.

ANTA has gradually established its presence in strategic markets with promising development potential as it has launched direct retail business in core shopping areas in Singapore, the Philippines, and other countries. Furthermore, led by our ANTA basketball ambassador, our core brand will host a series of promotional events for its basketball series in cities like Dallas, New York, San Francisco, Beijing and Shanghai, further enhancing our international profile. We continue to strengthen our "Global Operations and Resource Deployment Capability" by executing our globalization strategy with our sophisticated supply chain, value-for-money product offerings, and extensive experience in channel development and brand marketing. The Group strives towards its ambition of becoming "a leading multi-brand sportswear group in the world" and is devoted to becoming a great global enterprise that proudly showcases Chinese excellence on the world stage.

Full Coverage

Catering to consumer demands for sportswear products from different market segments and income groups through multiple brands.



BUSINESS REVIEW

BUSINESS REVIEW

BRAND MANAGEMENT

ANTA

As a leading brand in the Chinese sportswear industry, ANTA focuses on the field of professional sports in the mass market and the strategy of "Mass-market Positioning, Breakthroughs in Performance Sports, and Fostering Brand Transformation and Growth". We are committed to providing functional and value-for-money sporting products for Chinese consumers through transformation and exploration in brand resource deployment and IP product development. We cater to a broad spectrum of sports categories, ranging from popular sports to professional and niche sports such as running, training, basketball, and outdoor sports, in order to satisfy the diverse consumer needs for sporting products.

During the financial year, ANTA showcased its dedication to supporting Chinese sports by creating winning outfits for the Chinese Sports Delegation at the Hangzhou Asian Games. To elevate athletes’ performance on the playing field, we intensified our focus on technological research and development, as well as improving product quality. For instance, we introduced “Tan Ding”, the world’s first weightlifting shoes with a propulsion structure, tailor-made for the Chinese national weightlifting team. The shoes incorporate five patented technologies and optimize mechanical performance to empower athletes to unleash their full potential. Since 2009, ANTA has been the official partner of the COC, providing sports equipment to 28 Chinese national teams and collaborating in over 30 major international sporting events. The strong partnership between ANTA and COC reflects the brand’s long-standing commitment to promoting the Olympic spirit and spirit of Chinese sporting. By applying the sports technologies developed specifically for professional athletes to our consumer products, we share this sporting spirit and convey our brand values to a wide range of consumers. In 2019, ANTA became an official sportswear uniform supplier of IOC. During the financial year, ANTA extended its contract with the IOC until 2027, demonstrating ANTA’s global influence and continued dedication to internationalization. Additionally, ANTA teamed up with renowned Chinese fashion designer Chen Peng to debut the “Feather Dragon Suit” collection, seamlessly blending Olympic elements with fashion while strengthening the cultural link between the Olympics and Generation Z.

During the financial year, ANTA officially signed Kyrie Irving, the 2016 NBA Champion and eight-time All-Star player, as the latest spokesperson and Chief Creative Officer of ANTA basketball products. He participated in the design of the new emblem and his signature product lines. Furthermore, Irving made visits to Xiamen and Shanghai, engaging with fans and providing training for elite players at Chinese youth basketball camps during this financial year.

In running, ANTA signed Kenenisa Bekele, the legendary Ethiopian long-distance runner, as the spokesperson for ANTA running. Furthermore, ANTA partnered with Bekele’s high-altitude running training base to establish an Africa-based training facility for Chinese long-distance runners. Dubbed “Plateau C Plan by ANTA”, this initiative in Africa supported more Chinese elite athletes to train professionally and holistically in Ethiopia and Kenya.

We possess robust research and development capabilities and are committed to elevating product performance, solidifying our professional image, and bolstering our competitiveness. We have fortified our professional running shoe offerings by expanding our core series into different price ranges and diverse product types to address the needs of various scenarios, including racing competitions, speed training, cushioning and protection, and off-road outdoor activities. At the same time, we have established a new product portfolio of basketball shoes to appeal to a broader consumer base.

During the financial year, ANTA partnered with Donghua University to jointly develop "AEROVENT", high-performance waterproof and breathable membrane. Constructed using numerous nanofibers and incorporating interface structure modification and pore structure, this membrane delivers professional-grade water resistance, wash durability, and breathability. After that, we established a long-term partnership with *China National Geographic* to create a brand-new outdoor experience for consumers. Our windbreaker jacket line "Storm Mecha" and down jacket line "Ice-shield Mecha" have been well received by consumers, particularly outdoor sports enthusiasts, for providing premium-quality gear that is waterproof, windproof, and insulating.

ANTA is committed to differentiating its channel matrix by categorizing stores into various tiers and creating diverse formats and product assortments that cater to regional demands and diverse consumer needs. During the financial year, the brand debuted its first "Olympic Hall-of-Frame" store and ANTA sneakers concept store, SNEAKERVERSE. Regarding international expansion, ANTA expanded further into the Southeast Asian market by opening its inaugural direct retail store in Singapore and a specialty store in Thailand. The brand also continued its expansion into promising countries such as the Philippines and Malaysia, with a particular focus on key shopping areas.

In terms of store operation efficiency, leveraging its extensive experience in managing and operating stores, the Group is able to develop marketing strategies that adapt to customer shopping behaviors and create exceptional consumer experiences. As at 31 December 2023, we had adopted a hybrid operating model in 24 provinces or cities, namely, Jilin, Hunan, Sichuan, Chongqing, Guangdong, Yunnan, Jiangsu, Shanghai, Hubei, Shaanxi, Zhejiang, Liaoning, Quanzhou, Xinjiang, Henan, Shandong, Beijing, Heilongjiang, Guangxi, Tianjin, Gansu, Guizhou, Jiangxi, and Shanxi. Under the DTC model, we directly operated around 44% of approximately 5,400 ANTA stores, while the remaining 56% were operated by franchisees adhering to our operating standards. Of the approximately 2,200 ANTA KIDS stores, we directly operated around 64% of them, with the remaining 36% were operated by franchisees. Going forward, our strategy will focus on channel optimization and upgrading, leveraging differentiated store images to align with specific shopping areas. We will also intensify our efforts to enhance the efficiency, product effectiveness, and profitability of our DTC stores.

As at 31 December 2023, there were a total of 7,053 ANTA stores in Mainland China and overseas.

ANTA KIDS

As a children's professional sports brand, ANTA KIDS is dedicated to providing high-quality, professional and technology-driven sports products that cater to the diverse needs of children aged from 1 to 14. The brand aims to support the healthy growth of the new generation in China by addressing various scenarios, such as professional competitions, trainings, physical education classes, outdoor sports, running, basketball, and balance bikes, among others, in order to tap into the immense growth potential of the kids sports market in China. With evolving market dynamics and changing consumer preferences, parents now have higher expectations for quality and seek for functional products. They give priorities to sportswear that suits specific occasions and offers playful experiences. The kids sports market continues to experience robust demand and presents substantial growth potential.

ANTA KIDS focused on proprietary R&D in children's sports technologies, solidifying its reputation as a professional children's sports brand in the minds of consumers. During the financial year, ANTA KIDS launched a new range of professional sportswear for youth, ANTA T-AGE. This range features various categories such as skating, artistic gymnastics, skiing, outdoor, and running, with the goal of enhancing the sports performance of young athletes. ANTA

* *Based on KANTAR's data in 2023*

T-AGE flagship stores with a "Future Race" theme were opened in Chengdu International Finance Square and Changsha International Finance Square. They are equipped with interactive installations that showcase different product technologies to strengthen the connection between sports and technology in various scenarios while educating consumers about the technological features and usage scenarios of the products, thereby empowering consumers to make more informed decisions.

By developing technological advanced products tailored for children, ANTA KIDS continued to enrich its range of professional sports products and guide the new generation to participate in emerging and diverse sporting activities. The brand explored emerging markets like girls' sports, such as artistic gymnastics and skating, while also outfitting physical training classes, dance, children's yoga and more. Focusing on kid's balance bikes, the brand developed specialized cycling jerseys suitable for both professional riding and daily training with the tight-fitting and highly breathable "Flying Rider Pro series". The brand also fostered cycling's popularity among kids by hosting the "527 Children's Riding Festival" and sponsoring major balance bikes races. Expanding into outdoor sports, ANTA KIDS launched the "Storm Mecha" two-piece set leveraging ANTA's expertise in water-repellent and insulating technologies. The suit is specially designed for seasonal outdoor trips and allows children to enjoy the fun of outdoor sports.

To cultivate a youth sports community, ANTA KIDS partnered with Tiktok to produce a parent-child outdoor discovery series during the financial year, featuring actors learning new skills with outdoor experts. The outdoor settings aligned

perfectly with ANTA KIDS' product scenarios, showcasing the functionality of its products. By presenting these challenges from a lifestyle perspective, the show successfully ignited a sense of outdoor adventure in the public and enhanced brand awareness. ANTA KIDS also organized the "ANTA KIDS Ice Festival" and "ANTA KIDS Snow Champion Camp". These events provided young participants with the opportunity to train while wearing ANTA T-AGE ski suits. Olympic champions, national team coaches, and athletes joined hands to ensure a captivating experience for participants alike.

ANTA KIDS remains committed to promoting green and sustainable development. Through innovative R&D, we have increased the usage of environmentally friendly materials, exemplified by the introduction of Heat Return Technology IV down jackets, which incorporate recycled polyester fibers. In addition, ANTA KIDS partnered with the World Wide Fund for Nature and One Planet Earth Foundation to organize environmental activities like "Earth Hour", "Protecting Porpoises" and "Caring for Wild Pandas", in order to instill in children and young people the importance of biodiversity conservation and green environmental practices. Looking ahead, ANTA KIDS will continue to uphold the concept of "Moving with Nature" and work towards creating a sustainable future for the new generation in China.

As at 31 December 2023, there were 2,778 ANTA KIDS stores in Mainland China and overseas.

Top-notch Products

Top-notch Brands

Top-notch Channels

FILA

FILA, along with FILA KIDS and FILA FUSION, is positioned as a high-end athletic fashion brand that targets high-end consumers across a wide range of age groups. The success of FILA KIDS and FILA FUSION enables FILA to capture more opportunities from a variety of age groups, allowing everyone in the family to be a FILA customer.

During the financial year, in face of the fast-evolving consumer trends, competitive sportswear market landscape and consumers' increased emphasis on functional products, FILA remained committed to its core strategy of "Top-notch Products, Top-notch Brands and Top-notch Channels" while consistently pursuing innovation and upgrades within the high-end fashion industry. FILA's brand positioning as "high-end fashion sports" aligned with various cross-style trends in the market, such as "Athflow", "Outdoor", "Techwear" and "Business casual". This allowed FILA to cater to consumers with different stylistic preferences and demands.

As the brand evolved, FILA continued to expand its product offerings that blend design, fashion, and professionalism. It closely monitored the demands of high-end users in first and second-tier cities while focusing on three elite sporting segments, including golf, tennis and running. FILA consistently invested in upgrading product design and comfort to deliver popular items that offer both familiarity and freshness to consumers. In terms of product portfolio, FILA proactively broadened its product range and innovated fashion styles, introducing products such as sneakers, canvas shoes and loafers. During the financial year, FILA's popular "Dad Shoes" – the "Cat Claw Shoes" and "Mars Shoes" both achieved annual sales of over one million pairs. The retail sales of its footwear products also exceeded RMB10 billion for the first time.

Embracing the concept of "ART-IN-SPORTS", FILA actively consolidated resources from talented overseas designers. It collaborated with internationally renowned designers and IP crossovers to launch various products. It is committed to promoting an elegant lifestyle and thereby deepening consumers' perceptions of FILA as a professional and fashionable sports brand.

During the financial year, FILA partnered with the V&A Museum in the UK, and the "Dad Shoes" guru David Tourniaire-Beauciel to release crossover collections. FILA GOLF collaborated with the British supercar brand McLaren, empowering golf equipment with advanced technology and significantly enhancing consumers' golfing experience and awareness. Additionally, FILA has actively strengthened its lineup of brand ambassadors with the recent appointment of actress Yang Mi as its newest spokesperson. Her significant influence in fashion resonates well with FILA's core consumer base.

In terms of channel deployment, FILA continued optimizing its existing stores by upgrading spaces and images while also expanding into premium shopping areas, in order to effectively engage consumers in heterogeneous scenarios. FILA strategically grew its e-commerce business through increasing penetration into high-growth live streaming and social platforms. This drove notable breakthroughs and tremendous growth in the brand's online business. During Double 11, FILA ranked among the top in Tmall's footwear ranking, showcasing its robust sales performance in the fiercely competitive online retail environment.

FILA KIDS

FILA KIDS inherited FILA's sporting DNA, focusing on high-end children's apparel and footwear. While maintaining elegant design and high-quality fabrics, FILA KIDS places even greater emphasis on functionality. FILA KIDS is dedicated to developing professional children's sporting products and occupies a leading position in the high-end children's sportswear market by focusing on sporting categories that showcase individuality and style, including tennis, skiing and golf.

To continuously expand the brand's influence and visibility in tennis, FILA KIDS actively cooperates with leading professional tennis events and competitions for children. This included sponsoring events like the FILA KIDS Diamond Cup Junior Tennis Challenge as well as organizing the FILA KIDS Tennis Challenge, enabling the brand to connect with tennis enthusiasts across different professional levels and age groups. In the skiing sector, FILA KIDS bolstered its investment in events and product development. Through a partnership with the Winter Sports Management Center of the General Administration of Sport of China, the brand sponsored National Alpine Skiing Youth Championship and National Snowboarding Parallel Events Youth Championship in order to deepen FILA's ties to winter sports. Additionally, FILA KIDS incorporated the "Ice Technology" utilized into children's skiwear with an aim to enhance the performance of young athletes.

FILA FUSION

FILA FUSION is a youth lifestyle brand that embodies trendy sports as its core style. During the financial year, FILA FUSION adjusted its positioning and introduced a new brand concept of "STAY IN FUSION", which emphasizes the brand's attributes of trendy sports and its diverse and innovative characteristics.

FILA FUSION focuses on trendy sports that resonate with the lifestyle of Generation Z, including skateboarding and street dance. It offers a diverse range of products that seamlessly blend functionality and style, catering to the evolving demands of young customers seeking trendy sports products. In terms of products, FILA FUSION focuses on two main categories: FUSION X and FUSION LIFE. FUSION X emphasizes a distinctive street style and functional outdoor sports, aiming to resonate with the latest trends among young individuals. FUSION LIFE, on the other hand, centers on urban lifestyle and integrates trendy elements into sports culture. These two product categories synergize to position FILA FUSION as a fashionable and cutting-edge brand in the realm of trendy sports.

In addition, FILA FUSION collaborated with various international fashion brands to create joint collections. Such included the "DONG" capsule collection in collaboration with TEAM WANG design as well as the creative workwear apparel and exclusive NOLLIE Shoes in collaboration with the Asian men's casualwear brand BEAMS. These collaborations showcase FILA FUSION's diversity and trendy attributes, enhancing consumer freshness and expanding the brand's visibility and influence in the market.

As at 31 December 2023, there were 1,972 FILA stores including FILA KIDS and FILA FUSION standalone stores in Mainland China, Hong Kong SAR, Macao SAR and Singapore.

To become a **premium** and **top-quality** functional sportswear brand

DESCENTE

With a brand legacy of over 80 years, DESCENTE upholds the design-driven sports spirit of "DESIGN THAT MOVES" and positions itself as a high-end and professional sports brand. DESCENTE integrates functional aesthetics with meticulous craftsmanship, emphasizing technological innovation and professionalism to elevate sports performance. During the financial year, DESCENTE successfully captivated key target customers' appreciation of high-tech materials and top-notch craftsmanship products through strengthening its product offerings and expanding into additional performance sports fields. As a result, its store efficiency experienced significant growth and its retail sales surpassed RMB5 billion for the first time.

DESCENTE has proactively expanded its professional sports product portfolio, focusing on the three elite sports – skiing, triathlon and golf, so as to further elevate its professional image. With roots in skiing, DESCENTE hosted the "All Starts with Skiing" launch event at the Jiangjun Mountain ski resort in Altay, Xinjiang during the financial year. Alongside the presence of brand ambassador William Chan and Chinese winter sports athletes, the event marked the announcement of partnerships with the Chinese National Snowboard Halfpipe Team and the Chinese National Alpine Ski Team. The national team-inspired

series was also unveiled, continuously galloping in the winter sports industry through its dedication to professionalism and technology. Furthermore, DESCENTE GOLF launched standalone stores at China's 100 greatest golf courses, enabling precise targeting of its desired customer base while elevating its overall brand image. The brand also sponsored prominent Chinese and international star golfers, including major champion Danny Willett, as well as Li Haotong and Danielle Kang. Recognizing triathlon as one of its core sports, DESCENTE developed its own event IP, "AWAKEN Cycling and Running Competition" and upgraded the AWAKEN collection to precisely serve the triathlon customer base.

DESCENTE is committed to producing high-quality products through continuous innovation in product design, fabric iteration, and craftsmanship enhancements. To further enhance our innovation capabilities in fabric and design, DESCENTE established an Innovation Center in China, focusing on the design iteration, and the research and development of breathable and sun-protective fabrics.

Moreover, DESCENTE launched brand collaborations to increase brand awareness and continued to develop differentiated products that can strengthen brand salience. During the financial year, DESCENTE renewed our partnership with the sports car brand Lamborghini, leveraging DESCENTE's professional patterns and technical fabrics. By incorporating supercar elements such as body contours and signature motifs of Lamborghini's supercars, we provided high-end ski enthusiasts with a new selection of options.

In terms of store upgrades, DESCENTE remains focused on enhancing the end-to-end shopping experience and refining its multi-format retail strategy. In addition to establishing flagship stores in premium shopping areas, the brand will also strengthen its presence with additional specialty stores at golf courses and ski resorts to cast a wider net to reach customers in various sports scenarios. While upgrading the premium experience, DESCENTE will also focus on more exclusive membership operations and offer a range of exclusive services to meet member demands and foster brand loyalty. As at 31 December 2023, there were 187 DESCENTE stores across Mainland China, Hong Kong SAR and Macao SAR.

KOLON SPORT

Since its establishment in 1973, KOLON SPORT has actively promoted its brand philosophy of "YOUR BEST WAY TO NATURE", which encourages individuals to coexist harmoniously with nature. It has leveraged its premium standards and professionalism to advocate for a quality lifestyle in harmony with nature. It strives to establish itself as a premium outdoor lifestyle brand that seamlessly blends fashionable design and functionality. To seize the burgeoning demands from the outdoor sports and camping market, KOLON SPORT has consistently amplified its brand influence by promoting a premium outdoor lifestyle, curating a diverse product portfolio, elevating retail standards, and progressively expanding its marketing channels. The brand's characteristics of "Natural Health" and "Comfort" have been widely recognized by consumers.

During the financial year, KOLON SPORT celebrated its 50th anniversary with the "Fifty Journeys" community campaign, a large-scale initiative that took consumers to different natural destinations for brand activities and camping festivals. Locations visited included Chengdu, Xining, Ninghai and Hong Kong. KOLON SPORT also hosted a 50th-anniversary exhibition in Shanghai, showcasing its half-century history of nature expedition. The brand also introduced limited-edition commemorative products such as the iconic ANTARCTICA jacket, a polar down jacket renowned for its stylish and warm attributes, the MOVE hiking shoes, and the limited-edition XT-6 shoes in collaboration with SALOMON, leading the trend of outdoor fashion.

In relation to its product portfolio, KOLON SPORT benefits from a notable proportion of female customers. The brand is focused on broadening its product lines to cater specifically to young and female consumers, with the objective of becoming a brand that resonates with these demographics. Through its dedication to innovation, the brand introduced OBLIK, its first storm breaker jacket which draws inspiration from tent design, providing a boost to our two core scenarios including hiking and camping.

During the financial year, KOLON SPORT has accelerated its efforts to upgrade its stores' images and curate a new retail experience. The brand unveiled its inaugural Cultural Centre Flagship Store, "KOLON 1973", located in Shangsheng Xinsuo, Shanghai and stands as the largest stand-alone store in the Chinese market. In addition, KOLON SPORT has been expanding its channel and strengthening its market presence. While focusing on consolidating its consumer base in Eastern and Northern China, the brand actively pursues opportunities to engage potential customers in Southern China, with the goal of increasing market recognition. The brand strives to establish a stronger presence in prime shopping areas that aligned with its brand positioning. Through a dual focus on retail capabilities and channel expansion, the brand reaffirms its commitment to high-end aesthetic.

Moreover, KOLON SPORT held various themed events through the "KOLON ROAD LAB", catering to the specific demands of high-end consumers. The Lab has organised community events in over 10 cities, including Beijing, Shanghai and Hangzhou, among others. These activities brought together outdoor enthusiasts who share a genuine passion for the brand and allowed more consumers to experience KOLON SPORT's outdoor lifestyle. The aims are to establish a significant differentiation advantage for the brand and drive an increase in market share.

As at 31 December 2023, there were 164 KOLON SPORT stores in Mainland China and Hong Kong SAR.

Supply Chain Management and Digitalization

The Group has implemented the "5+N" logistics network strategy in China, which involves a logistics network consisting of five first-tier regional warehouses and multiple second-tier cloud warehouses. This network provides robust support to the Group in achieving strategic goals. Additionally, we have set up a regional warehouse overseas and cloud warehouses in various countries worldwide, forming an internationalized logistics network to facilitate the Group's "Globalization" development.

Furthermore, the Group enhanced its logistics capabilities and efficiencies to underpin each brand's rapid development. Phase two of ANTA Group Digital Intelligence Integrated Industrial Park, located in Jinjiang, has commenced operations during the financial year. Advanced technologies at the Park, such as light-load automated stackers, precise positioning systems enable automation of the receiving, loading, and unloading process of goods. With multi-level shuttles, dense storage systems, and efficient conveyors, workflows transitioned from the traditional "person-to-goods" to an automated "goods-to-person" fulfillment model. An integrated informatization platform connects sales information throughout the entire supply chain, from upstream to consumer-end. This smart logistics system significantly boosts order processing efficiency, fulfillment speed, and overall logistics experience for consumers.

During the financial year, the Group organized its "Supplier Innovation Material Technology Conference", bringing together partners in accessories, fabrics, printing and embroidery, and ready-made garments from around the world. Participants collaboratively fostered innovation and technology-driven green supply chains through sharing insights on cutting-edge technologies, material development trends, and innovative advancements. The Group entered into a strategic agreement with Genetec Advanced Materials to establish a partnership focused on new fiber development, fabric research, new fabric material applications and standard certification. This partnership leverages Genetec's expertise in high-tech materials, industry, products and services, as well as the Group's leading position in sportswear.

In terms of digital transformation, the Group leveraged digitization around consumer, product, and channel to create business value over the past year, achieving cost reduction and efficiency improvement. In terms of consumer, we strengthened the digitalization of our store payment platform, enhancing customer shopping experiences and increasing the rate of new customer joining memberships. Regarding product, through supply chain digitization, we reduced the turnaround time for ANTA's adult clothing fast replenishment by 20 days. In the context of channel, we empowered store

management with digital tools, improving operational analysis and locating pain points, resulting in approximately one-third reduction in store inspection time. During the financial year, the Group has also formulated its first AI development plan, aiming to enhance product design efficiency, optimize e-commerce display model operation and reduce cost, and achieve applications including uninterrupted and cost-effective online live-streaming. Our digital transformation achievement has garnered industry-wide recognition. At the "2023 Harvard Business Review China Annual Conference", which featured a theme of new behaviorism, the Group participated for the first time and won two prestigious awards, including "Ding-ge Award Digital Transformation Pioneer List – the Annual Jury Award", and "Ram Charan Management Practice Award – the Grand Award".

During the financial year, ANTA's self-produced footwear and apparel accounted for 33.8% and 15.0% respectively out of our total sold quantities (2022: 21.1% and 9.6%). FILA's self-produced footwear and apparel accounted for 11.5% and 4.3% out of our total sold quantities (2022: 8.4% and 3.8%).

Innovation and Product Management

The Group has established several initiatives to foster innovation, including the *ANTA Group Product Innovation Award Evaluation and Management Measures* and the *ANTA Group Product Innovation Fund Management Measures*. Both online and offline programs were also offered to facilitate the sharing of successful innovation cases and knowledge and cultivate innovative talents.

During the financial year. We have established Postdoctoral Research Workstation in collaboration with domestic higher education institutions and research organizations, collaboratively recruiting and cultivating high-end postdoctoral research talents in fields such as sports science, new materials, new technologies, and new craftsmanship with domestic postdoctoral mobility stations. We have established six major design and research centers worldwide, including China, the U.S. , Japan, South Korea, Italy, and Netherlands. We also collaborated with numerous domestic and international universities and research institutions on research and development projects. Moreover, we have formed strategic partnerships with multiple universities, including Tsinghua University and Donghua University, providing an expansive stage for professional talents. We have launched an array of technological advancements, which include “AEROVENT”, Softening yarn, NITROEDGE technology, STRING technology, and supercritical dyeing and finishing techniques, all underpinned by our proprietary core technologies. During the financial year, the “ANTA Global Technology Innovation Center” has been upgraded to strengthen its capabilities in product performance testing, sports science experiments and R&D of materials and products. As at 31 December 2023, the Group possessed over 2,300 effective patents.

During the financial year, the Group organized the “2023 Innovation Conference” in Xiamen where exceptional innovative products and best practices were recognized to foster employees’ determination and innovative spirit. Highlights included ANTA MACH, featuring the industry’s pioneering GOZONE mid-foot boosting system, the high-performance waterproof and breathable membrane “AEROVENT”, developed in collaboration with Donghua University, as well as FILA’s website mini program’s “Thousand Stores, Thousand Faces” project, an adaptive online mall catering to diverse consumer demands.

Furthermore, the Group was honored with the “2023 Innovation Case of Chinese Brands” at the “2023 China Brand Forum” hosted by People’s Daily. It serves as a testament to our innovative approaches and practices, as we actively contribute to the sustainable development of the industry in alignment with China’s “dual carbon” strategy.

E-commerce Business

In response to the proliferation of e-commerce and social platforms, we have developed marketing strategies centered around differentiation and customized occasions. Through collaborations with a variety of platforms, we precisely target our diverse consumer base. We have enhanced the differentiation of product portfolios, both offline and online, by optimizing the mix of available-exclusively-online products and in-season products, and placed a variety of products across different platforms to meet the unique needs of our customers. We have also leveraged renowned e-commerce IPs such as "Super Brand Day" and "Hey Box" to amplify brand presence and campaign impact.

We have proactively grown our short-form video platform business through strengthening our live-streaming team and developing more engaging live-streaming content across both developed and emerging platforms. In addition to the existing platforms, we also continued to reach out to more e-commerce platforms, aiming to achieve broader brand exposure. During the financial year, FILA starred in Tmall's Double 11 Shopping Festival. Its official live-streaming channel generated GMV of over RMB100 million in the first four hours of pre-sales, setting a milestone in the industry. FILA's live-streaming channel on Taobao has accumulated more than 14 million followers, doubling from the previous year. FILA also continues to have remarkable achievement in Tiktok. According to official data from Tiktok, FILA ranked as one of the Top 10 Brands by GMV in 2023, becoming one of the only two sportswear brands to rank in.

During the financial year, we have proactively explored AI applications for e-commerce, specifically through generative AI content and live-streaming models tailored to this field. By personalizing outreach based on consumer preferences and behaviors, we are able to reduce video production time while enhancing consumer engagement and delivering more comprehensive product information with a stronger sense of technology. In addition, we have further expedited the fulfillment process to better satisfy the needs of our consumers rapidly. This has been achieved by leveraging the seamless operation of our e-commerce business, digital supply chain and logistics management, as well as warehouses located across the country.

Moreover, we implemented precise inventory and membership management to maintain healthy inventory levels while enhancing member loyalty and purchase frequency. These optimizations have resulted in a consistent experience for members across all tiers, thereby bolstering their brand loyalty and recognition.

During the financial year, the e-commerce business of all brands contributed 32.8% (2022: 34.3%) of the overall revenue of the Group and increased by 11.0% as compared with 2022 in terms of absolute amount.

Human Resources Management

We firmly protect the basic rights and interests of our employees, adhering strictly to fairness and justice. By cultivating a diverse, inclusive, healthy, and safe working workplace shaped by openness and positivity, we aim to build a platform to empower individual growth and career development to enhance their identification and sense of belonging, promoting mutual growth and development between employees and the enterprise.

We attach great importance to talent development as a crucial aspect of the Group's long-term growth. We invest in training and development of our employees, building a talented workforce that can effectively adapt to our evolving business needs. To address the specific requirements of different positions and align with our business objectives, we have developed a comprehensive talent development system encompasses five categories of talents, including Business Talents, Executive Talents, Professional Talents, Succession Talents, and Youth Talents. We offer a wide range of training programs aimed at enhancing specialized skills, fostering succession planning, facilitating academic advancement, obtaining professional qualifications, and nurturing leadership capabilities. To stay ahead of sustainable development trends, we have launched various learning programs on our ANTA Academy Learning Platform to enrich employees' knowledge.

To improve employees' living standard, the Group has constructed serviced apartments in Jinjiang, China, for frontline staff during the financial year. We also plan to expand this model to other production parks. At the same time, through our "Safe Home Plan", we provide financial assistance for employees' first home purchases and housing subsidies for those who meet the local government's talent policies. This initiative aims to alleviate the financial burden on employees. Our employees can also apply for staff dormitories and welfare housing, while married employees can apply for family apartments, all with the goal of enhancing the quality of life of our employees.

During the financial year, the Group won several human resources awards, including "Best ESG Employer in China 2023" by Aon China, "Liepin 2023 Extraordinary Employer", "China Best Employer Award 2023 – China Best Employer Nationwide Top 100" and "2022–2023 Winner BEST Awards" by the Association for Talent Development. These accolades reflect the Group's standing as an exemplary employer. As at 31 December 2023, we had approximately 60,500 employees (2022: 59,000 employees).

Internal Management

Legal Compliance

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

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

Relationship with Stakeholders

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

Environmental Protection Measures

We understand that the environment has a long lasting impact on our future development. We take up responsibility for the environment, promote energy conservation, emissions reduction and green operation, and work with upstream and downstream partners to jointly tackle the risks of climate change. We continue to promote green products and sustainable logistics. We promote green office, and enhance the environmental protection awareness of employees and their families through various employee activities.

For further details of our measures in environmental protection, please refer to the Company's *Environmental, Social and Governance Report 2023*.

Principal Risks and Uncertainties Facing the Group

Strategic Risk

Economic Environment Risk

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

Globalization Risk

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

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

Technical Environment Risk

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

Distribution Channel Risk

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

Market Risk

Risk of Changes in Consumer Structure and Consumption Behaviour

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

Competition Risk

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

Policy Risk

Risk of Foreign Exchange Policy

While the Group's businesses in Mainland China are denominated in RMB, offshore businesses are denominated in other currencies. Currently, RMB is a managed floating currency which is adjusted by reference to a basket of foreign currencies. The conversion rates of RMB into other currencies are subject to market fluctuations and are impacted by global economy and political conditions. Changes in foreign exchange rates affect the value of the Group's assets, liabilities, income and expenses which are denominated in other currencies, and may impact the Group's financial position and performance.

Risk of foreign investment policies

In 2019, a consortium of investors led by the Group was formed and successfully acquired Amer Sports, an international sports brand group with internationally recognized brands including Arc'teryx, Salomon, Wilson, Peak Performance, Atomic, etc. Outbound investment involves many relevant policies and regulations of China and overseas. If there are subsequent changes in relevant laws, tax policies, foreign exchange policies and financial policies, it may have an adverse impact on the Group's investment value.

Operational Risk

Consumer Experience Enhancement Risk

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

Product Innovation and R&D Risk

The Group focuses on the branded sportswear business, and consumers have a certain level of demand on product function and style. Consumer preferences for fabrics and clothing styles change at a rapid pace, and the Group's product development ability to adapt to these preferences would affect the sales performance of products.

Risk from Counterfeit Brands

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

Production Safety Risk

Due to the particularity of the sportswear manufacturing, fire prevention of manufacturing facilities is especially important. The glue used in the production process and semi-finished products and finished products are flammable, and fire would affect production directly and cause an adverse impact to the Group's (and suppliers') operations.

Risk of Channel Costs Increase

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

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

Risk of Cross-Region Operation

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

Force Majeure Risk

In case of an uncontrollable change of external market and environment (for instance, a potential natural disaster or political and economic issues in China and foreign countries), it would have an adverse impact on the Group's operations, and the Group may not be able to raise sufficient capital resulting in negative impact on sufficient repayment for all borrowings on time.

Management Risk

Subsidiaries Management Risk

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

Risk of Brand Reputation

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

Supplier Management Risk

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

Risk from Talent Shortage and Loss of Talent

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

Risk from Logistic Management

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

(Certain risks were considered as major risks for the financial year based on the risk assessment by management. For the related countermeasures, please refer to the Company's Risk Management Report hereunder.)

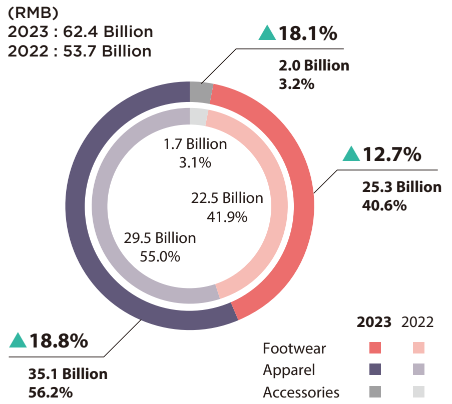
FINANCIAL REVIEW

REVENUE

Breakdown by Product Category

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

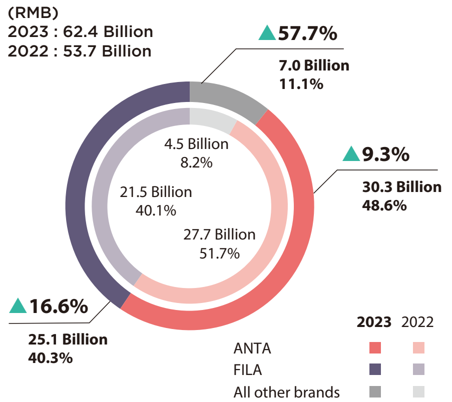
	Year ended 31 December				Changes
	2023 (RMB million)	2023 (% of Revenue)	2022 (RMB million)	2022 (% of Revenue)	(%)
Footwear	**25,332**	**40.6**	22,471	41.9	▲ 12.7
Apparel	**35,067**	**56.2**	29,523	55.0	▲ 18.8
Accessories	**1,957**	**3.2**	1,657	3.1	▲ 18.1
Overall	**62,356**	**100.0**	53,651	100.0	▲ 16.2



Breakdown by Segment

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

	Year ended 31 December				Changes
	2023 (RMB million)	2023 (% of Revenue)	2022 (RMB million)	2022 (% of Revenue)	(%)
ANTA	**30,306**	**48.6**	27,723	51.7	▲ 9.3
FILA	**25,103**	**40.3**	21,523	40.1	▲ 16.6
All other brands	**6,947**	**11.1**	4,405	8.2	▲ 57.7
Overall	**62,356**	**100.0**	53,651	100.0	▲ 16.2



During the financial year, the Group's revenue increased by 16.2% as compared with 2022 to RMB62,356 million (2022: RMB53,651 million) because there was constant promulgation of favorable policies to boost domestic consumption in the Mainland China. During 2022, sales of the Group were adversely affected by the overall retail market condition. With the recovery of the retail market, sales of ANTA brand, FILA brand and other brands for the financial year recorded a rebound as compared with 2022.

ANTA segment contributed 48.6% of the overall revenue to the Group. The segment revenue increased by 9.3% as compared with 2022 to RMB30,306 million (2022: RMB27,723 million), which was mainly attributable to (i) recovery of the retail market; and (ii) increase in DTC revenue as a result of our continuous DTC model transformation in the Mainland China.

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

	Year ended 31 December				
	2023		2022		**Changes**
	(RMB million)	**(% of Revenue)**	(RMB million)	(% of Revenue)	(%)
DTC	**17,005**	**56.1**	13,687	49.4	▲ 24.2
E-commerce	**9,931**	**32.8**	9,677	34.9	▲ 2.6
Traditional wholesale and others	**3,370**	**11.1**	4,359	15.7	▼ 22.7
Total	**30,306**	**100.0**	27,723	100.0	▲ 9.3

FILA segment contributed 40.3% of the overall revenue to the Group. The segment revenue increased by 16.6% as compared with 2022 to RMB25,103 million (2022: RMB21,523 million), which was mainly attributable to (i) recovery of the retail market; and (ii) growth of e-commerce business.

Revenue of all other brands increased by 57.7% as compared with 2022 to RMB6,947 million (2022: RMB4,405 million). The growth was driven by the businesses of DESCENTE and KOLON SPORT, which the performance exceeded management's internal targets.

The e-commerce business contributed 32.8% (2022: 34.3%) of the overall revenue to the Group, and increased by 11.0% as compared with 2022 in terms of absolute amount. The revenue growth was attributable to (i) recovery of the retail market; (ii) continuous enhancement in channel mix of the traditional e-commerce platforms (including T-mall, JD.com, Pinduoduo and VIP.com); and (iii) expansion of new social media e-commerce channels.

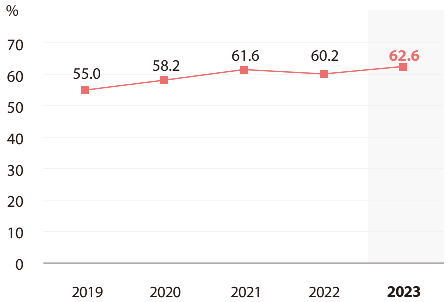
GROSS PROFIT AND GROSS PROFIT MARGIN

Breakdown by Product Category

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

	Year ended 31 December				
	2023		2022		**Changes**
	Gross profit (RMB million)	**Gross profit margin (%)**	Gross profit (RMB million)	Gross profit margin (%)	Gross profit margin (% point)
Footwear	**14,793**	**58.4**	12,782	56.9	▲ 1.5
Apparel	**23,078**	**65.8**	18,599	63.0	▲ 2.8
Accessories	**1,157**	**59.1**	937	56.5	▲ 2.6
Overall	**39,028**	**62.6**	32,318	60.2	▲ 2.4

Gross Profit Margin



Breakdown by Segment

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

	Year ended 31 December				
	2023		2022		Changes
	Gross profit (RMB million)	Gross profit margin (%)	Gross profit (RMB million)	Gross profit margin (%)	Gross profit margin (% point)
ANTA	**16,648**	**54.9**	14,872	53.6	▲ 1.3
FILA	**17,315**	**69.0**	14,283	66.4	▲ 2.6
All other brands	**5,065**	**72.9**	3,163	71.8	▲ 1.1
Overall	**39,028**	**62.6**	32,318	60.2	▲ 2.4

During the financial year, the Group's overall gross profit margin increased by 2.4% point as compared with 2022 to 62.6% (2022: 60.2%), which was mainly attributable to increase in gross profit margins of ANTA segment, FILA segment and all other brands.

ANTA segment gross profit margin increased by 1.3% point as compared with 2022 to 54.9% (2022: 53.6%), which was mainly attributable to the continuous DTC model transformation having a relatively higher gross profit margin.

FILA segment gross profit margin increased by 2.6% point as compared with 2022 to 69.0% (2022: 66.4%), which was mainly attributable to better retail discount condition during the financial year.

Other Net Income

Other net income for the financial year amounted to RMB1,705 million (2022: RMB2,128 million), which mainly comprised of government grants of RMB1,493 million (2022: RMB1,903 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 2.1% point for the financial year, which was mainly due to (i) promotional activities of the Beijing Winter Olympics in 2022, compared with relatively less large-scale advertising and marketing campaigns for the financial year; and (ii) notable growth in overall revenue. The ratio of staff costs to revenue decreased slightly by 0.2% point, with 14.6% increase in total staff cost amount to RMB9,304 million, representing the Group's continuous investment in human resources and talent development. The ratio of R&D costs to revenue increased by 0.2% point, reflecting the Group's continuous investment in its R&D capability.

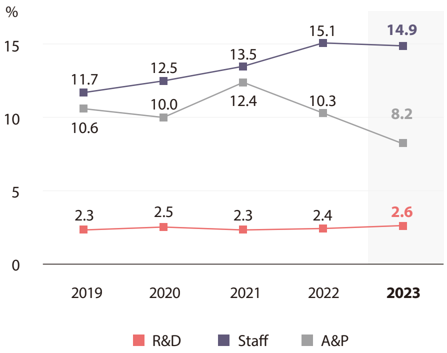
Write-down of Inventories

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

During the financial year, reversal of write-down of inventories amounting to RMB20 million was credited to profit or loss (2022: write down RMB414 million charged to profit or loss).

In spite of the recovery of the retail market with inventory condition returned to healthy level, the Group continues to adopt the flexible "Dynamic Management" approach in response to market volatilities in order to maintain a healthy inventory level under the evolving business environment.

Operating Expenses Ratios



Impairment Loss of Trade Receivables

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

During the financial year, impairment loss of trade receivables amounting to RMB5 million was charged to profit or loss (2022: reversal of impairment loss RMB4 million credited to profit or loss).

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

PROFIT FROM OPERATIONS AND OPERATING PROFIT MARGIN

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

	Year ended 31 December				Changes
	2023		2022		
	Profit from operations (RMB million)	**Operating profit margin (%)**	Profit from operations (RMB million)	Operating profit margin (%)	Operating profit margin (% point)
ANTA	**6,731**	**22.2**	5,925	21.4	▲ 0.8
FILA	**6,916**	**27.6**	4,301	20.0	▲ 7.6
All other brands	**1,886**	**27.1**	907	20.6	▲ 6.5
	15,533	**24.9**	11,133	20.8	▲ 4.1
Headquarters and unallocated items	**(166)**	**N/A**	97	N/A	N/A
Overall	**15,367**	**24.6**	11,230	20.9	▲ 3.7

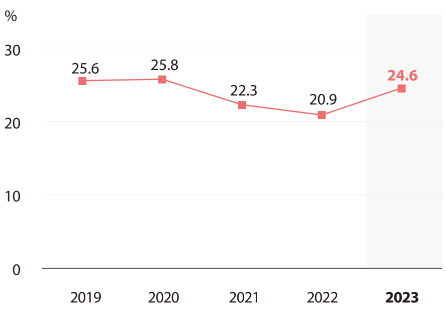
During the financial year, the Group's overall operating profit margin increased by 3.7% point as compared with 2022 to 24.6% (2022: 20.9%). The overall revenue growth led to a higher operating leverage. The ratio of the overall operating expenses to revenue for the financial year was lower than that for 2022, and as a result the growth of the Group's profit from operations was higher than the growth of revenue.

As DTC model (ANTA) and direct retail businesses (FILA and all other brands) of the Group recorded a higher sales contribution as compared with last year, the Group also incurred more expenses relating to retail operation. The Group continues to implement stringent cost control measures in order to reduce operating expenditures in all possible areas.

ANTA segment operating profit margin increased by 0.8% point as compared with 2022 to 22.2% (2022: 21.4%), which was mainly attributable to 1.3% point increase in gross profit margin.

FILA segment operating profit margin increased by 7.6% point as compared with 2022 to 27.6% (2022: 20.0%), which was mainly attributable to higher operating leverage with decrease in operating expenses to revenue ratio (especially for advertising and promotional expenses, staff costs and rental-related expenses).

Operating Profit Margin



Finance Income/Costs

Total interest income for the financial year amounted to RMB1,470 million (2022: RMB609 million). The increase was mainly driven by the increase in average bank deposits balances and increase in average bank deposit interest rates (especially for offshore fixed deposits) as compared with 2022, reflecting the Group's effective treasury management and recent higher interest rate environment.

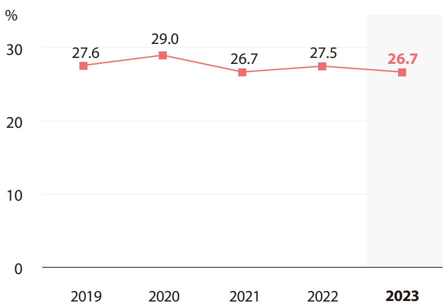
Total interest expense (excluding interest expense on lease liabilities) amounted to RMB222 million (2022: RMB210 million) for the financial year. The increase was mainly driven by net increase in total interest-bearing borrowings and average interest rate in respect of the financial year.

Interest expense on lease liabilities under applicable financial reporting standards amounting to RMB305 million was incurred during the financial year (2022: RMB303 million).

Effective Tax Rate

Effective tax rate (excluding the effect of share of profit or loss of a joint venture) was 26.7% for the financial year (2022: 27.5%). The ratio returned back to normal level.

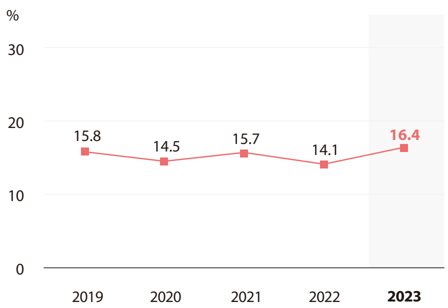
Effective Tax Rate



Margin of Profit Attributable to Equity Shareholders

Margin of profit attributable to equity shareholders increased by 2.3% point to 16.4% for the financial year, which was mainly attributable to (i) 3.7% point increase in operating profit margin; (ii) increase in total interest income; and (iii) slight decrease in effective tax rate; while the increase was partially offset by share of loss of a joint venture.

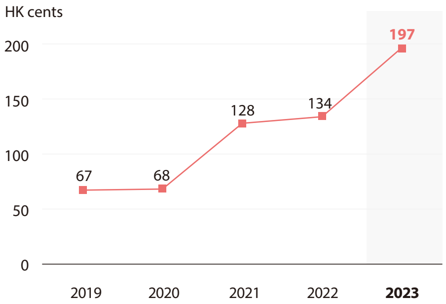
Margin of Profit Attributable to Equity Shareholders



Dividends

The Board has recommended a final dividend of HK115 cents per ordinary share in respect of financial year 2023, together with payment of interim dividend of HK82 cents per ordinary share, representing a total ordinary dividend payout of RMB5,188 million (2022: RMB3,360 million), or a distribution of 50.7% (2022: 44.3%) of the current year's profit attributable to equity shareholders. The recommended final dividend is subject to the approval by shareholders of the Company at the forthcoming AGM.

Ordinary Dividends Per Ordinary Share



Liquidity and Financial Resources

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

As at 31 December 2023, the cash and cash equivalents of the Group amounted to RMB15,228 million which were mainly denominated in RMB, USD and HKD, representing a decrease of RMB2,150 million as compared with the cash and cash equivalents of RMB17,378 million as at 31 December 2022 (in fact the net cash position increased by RMB20,829 million with the fixed deposits held at bank with maturity over three months increased by RMB22,979 million). This was mainly attributable to:

- Net cash inflow from operating activities amounted to RMB19,634 million, which was more than the profit from operations and represented the Group's strong cash generating capability.

	2023 (RMB million)	2022 (RMB million)
Year ended 31 December		
Operating cash inflow	**19,634**	12,147
Capital expenditures	**(1,321)**	(1,736)
Acquisition of a subsidiary	**(481)**	–
Others	**(9)**	4
Free cash inflow	**17,823**	10,415
As at 31 December		
Cash and cash equivalents	**15,228**	17,378
Fixed deposits held at bank with maturity over three months	**33,284**	10,305
Pledged deposits	**5**	5
Less: borrowings		
– Bank loans	**(3,573)**	(2,959)
– Bills payable (financing in nature)	**(2,900)**	(1,000)
– Convertible bonds (liability component)	**(7,965)**	(7,212)
– Medium term notes	**(506)**	(1,519)
Net cash position	**33,573**	14,998

- Net cash outflow from investing activities amounted to RMB25,793 million, mainly including capital expenditures of RMB1,321 million, net placements of fixed deposits held at banks with maturity over three months of RMB22,488 million, payments for acquisition of a subsidiary (net of cash acquired) of RMB481 million, and net payments of other investments of RMB1,497 million.

- Net cash inflow from financing activities amounted to RMB3,471 million, mainly including the net proceeds from the placing and top-up subscription in April 2023 amounting to RMB10,497 million, payment of the final dividend in respect of the financial year 2022 and the interim dividend in respect of the financial year amounting to RMB4,022 million, net drawdowns of bank loans amounting to RMB442 million, payments of interest expenses on bank loans amounting to RMB59 million, net proceeds from bill payable amounting to RMB1,900 million, repayment of medium term notes amounting to RMB1,000 million, payments for shares purchased under share award scheme amounting to RMB113 million, and payment of lease liabilities amounting to RMB4,151 million.

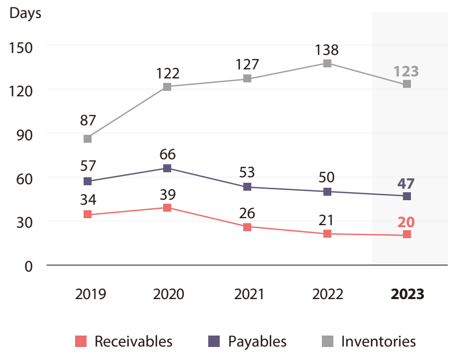
As at 31 December 2023, total assets of the Group amounted to RMB92,228 million, of which current assets were RMB52,140 million. Total liabilities and non-controlling interests were RMB40,768 million and total equity attributable to equity shareholders of the Company amounted to RMB51,460 million.

The Group's gearing ratio was 16.2% as at 31 December 2023 (as at 31 December 2022: 18.3%), being a ratio of total borrowings to total assets. Bank loans were denominated in RMB or EUR and measured at amortized cost. All bank loans were at fixed rates, and 30.3% of bank loans were repayable within 1 year. Bills payable (financing in nature) were bills of exchange denominated in RMB, measured at amortized cost and repayable within 1 year. Convertible bonds (liability component) were denominated in EUR, measured at amortized cost and repayable between 1 and 2 years (subject to early redemption provision under the terms and conditions). Medium term notes were denominated in RMB, measured at amortized cost and were repayable between 1 and 2 years.

ASSETS/LIABILITIES TURNOVER RATIOS

Through establishment of various inventory operation standards with management of entire product life cycle from procurement to sales, the average inventory turnover days decreased by 15 days with decreased balance of inventories as at the end of the financial year as compared with that as at 31 December 2022, showing the recovery of the retail market and the Group's capability in off-season stock clearance. The average trade receivables turnover days decreased by 1 day, reflecting the Group's effective trade receivable management and the DTC model transformation. The average trade payables turnover days decreased by 3 days. The turnover ratios mentioned above were at healthy levels.

Assets/Liabilities Turnover Days



PLEDGE OF ASSETS

As at 31 December 2023, the Group had bank deposits of RMB5 million (as at 31 December 2022: RMB5 million) pledged as security for certain contracts.

FINANCIAL MANAGEMENT POLICIES

The Group continues to manage financial risks in a prudent manner and proactively adopts internationally recognized corporate management standards to safeguard the interests of Shareholders.

As the functional currencies of most of the non-Mainland China entities (other than the joint venture) are HKD and those financial statements in HKD are translated into RMB for reporting and consolidation purposes, foreign exchange differences arising from the translation of such financial statements are directly recognized in equity as a separate reserve. In addition, as the investment in a joint venture and the convertible bonds (liability component) are denominated in USD and EUR respectively, fluctuations in the exchange rates of the USD and EUR against RMB may have significant impacts to the Group's net assets and total comprehensive income.

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

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

Investment in a Joint Venture of AS Holding

At 31 December 2023, the Group has an investment in a joint venture of AS Holding.

During the financial year, Amer Sports was a wholly-owned subsidiary of Amer Sports, Inc., which was a subsidiary owned by AS Holding. Amer Sports is a sporting goods company with internationally recognized brands including Arc'teryx, Salomon, Wilson, Peak Performance, Atomic, etc.

Before the completion of the Amer Sports Listing and the post-listing reorganisation at the shareholders level of Amer Sports, Inc. on 9 February 2024, the Group accounted for AS Holding as an investment in a joint venture using the equity method in the consolidated financial statements of the Group under applicable financial reporting standards, as decisions about certain key activities of AS Holding required the consent of directors nominated by other shareholders. The summarized consolidated financial information of AS Holding disclosed in this section are based on the latest available information to the Company and following the accounting policies adopted by the Group.

Carrying amount of the Group's investment in AS Holding

	2023 (RMB million)	2022 (RMB million)
As at 1 January	**9,343**	9,027
Share of (loss)/profit	**(718)**	28
Share of other comprehensive (loss)/income	**(91)**	14
Share of other reserves	**(37)**	31
Foreign currency translation differences	**786**	243
As at 31 December	**9,283**	9,343

Summarized consolidated financial information of AS Holding

	2023 (RMB million)	2022 (RMB million)
Year ended 31 December		
Revenue	**31,248**	24,026
EBITDA	**3,745**	2,575
Depreciation and amortization	**(1,580)**	(1,311)
Impairment	**(1,131)**	–
Interest income	**49**	21
Interest expense	**(1,724)**	(877)
Income tax expense	**(726)**	(358)
Net (loss)/profit	**(1,367)**	50
Other comprehensive (loss)/income	**(172)**	24
Total comprehensive (loss)/income	**(1,539)**	74

	2023 (RMB million)	2022 (RMB million)
As at 31 December		
Non-current assets	**42,842**	39,470
Current assets	**17,181**	15,044
Current liabilities	**(21,653)**	(9,023)
Non-current liabilities	**(20,722)**	(27,753)
Non-controlling interests	**(32)**	(9)
Equity attributable to equity shareholders	**17,616**	17,729

AS Holding's operational performance was continuously improving. During the financial year, AS Holding recorded revenue (on a consolidated basis) of RMB31,248 million and EBITDA (on a consolidated basis) of RMB3,745 million, reflecting the healthy development and the enhancement in profitability at operation level of the joint venture under the strategic growth plan set by the investor consortium.

AS Holding recorded net loss (on a consolidated basis) of RMB1,367 million for the financial year which was mainly attributable to impairment loss of intangible assets recognized. Due to significant rise in the discount rate used in impairment testing and adjustment in development priority of the brands under Amer Sports, impairments on goodwill and trademarks of approximately RMB1,131 million in total for Peak Performance business were recognized by AS Holding.

Based on the 52.70% interest held, share of loss of a joint venture was RMB718 million for the financial year.

At 31 December 2023, the Group effectively held 526,962 shares or 52.70% interest in AS Holding. The carrying amount of the investment in the joint venture was RMB9,283 million, representing 10.1% of the total assets of the Group.

Completion of Amer Sports Listing and Cornerstone Investment

On 4 January 2024, Amer Sports, Inc. filed a registration statements with the U.S. Securities and Exchange Commission for a proposed initial public offering and the listing of its ordinary shares on the New York Stock Exchange.

On 1 February 2024, the Company has been informed by Amer Sports, Inc. that the latest version of its registration statement in respect of the Amer Sports Listing has been declared effective and trading in its ordinary shares commenced on 1 February 2024. Under the Amer Sports Listing, 105,000,000 ordinary shares were initially offered by Amer Sports, Inc. at the final offer price of USD13.00 per share. An additional 15,750,000 ordinary shares were subsequently further issued pursuant to the exercise of an over-allotment option granted by Amer Sports, Inc. to the underwriters.

The Group purchased a total of 16,923,076 ordinary shares of Amer Sports, Inc. with an aggregated investment amount of USD220 million (equivalent to RMB1,595 million) as a cornerstone investor under the Amer Sports Listing.

Upon the completion of the Amer Sports Listing, the post-listing reorganisation at the shareholders level of Amer Sports, Inc. on 9 February 2024 and the issuance of the 15,750,000 ordinary shares pursuant to the full exercise of the over-allotment option on 12 February 2024, the Group held an interest of 218,915,443 ordinary shares, representing approximately 43.33% of the total issued shares of Amer Sports, Inc. The Group accounts for Amer Sports, Inc. as an investment in an associate using equity method in the consolidated financial statements of the Group under applicable financial reporting standards.

Based on the latest available information to the Company, a non-cash accounting gain of approximately RMB1.6 billion is expected to be recorded in the Group's consolidated financial statements for the financial year ending 31 December 2024 arising from the equity dilution under the Amer Sports Listing.

Acquisition of MAIA ACTIVE Business

On 13 October 2023, the Group entered into certain sales and purchase agreements with certain shareholders of Mayiya Clothing (Shanghai) Co., Ltd. (瑪伊婭服飾(上海)有限公司), respectively. Pursuant to the sales and purchase agreements, the transferors conditionally agreed to sell, and the transferee conditionally agreed to purchase, in aggregate 75.13% equity interests in the target company (the "MAIA ACTIVE Business Acquisition"). The remaining shareholders of the target company also have been granted the right to sell their remaining equity interests to the transferee at an agreed pricing basis.

The target company was incorporated in 2016 in Shanghai and operates the "MAIA ACTIVE" business, a sportswear brand designed for Asian women. The Company believes that the MAIA ACTIVE Business Acquisition will further bolster the Group's brand portfolio through serving as a valuable addition to the Group's female business segment and strengthening the Group's ability to provide a product range that meets the needs of a wider customer base.

During the financial year, the MAIA ACTIVE Business Acquisition was completed and the target company (alongside its subsidiaries) became an indirect non-wholly owned subsidiary of the Company.

For further details of the MAIA ACTIVE Business Acquisition, please refer to the announcement of the Company dated 16 October 2023.

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

SIGNIFICANT FINANCING

Zero Coupon EUR1 Billion Convertible Bonds Due 2025 Issue

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

As at 31 December 2023, the total outstanding principal amount of the convertible bonds was EUR1 billion (equivalent to RMB8,071 million). There had not been any exercise of conversion right of the convertible bonds and no redemption right had been exercised by the bondholders or the Company during the financial year.

Based on the applicable conversion price per conversion share of HKD99.75 on that date and assuming full conversion of the convertible bonds, the convertible bonds would be convertible into 86,682,707 conversion shares.

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

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

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

For further details for the convertible bonds issue, please refer to the announcements of the Company dated 14 January 2020 and 5 February 2020.

Placing and Top-up Subscription

On 17 April 2023 (after trading hours of the Hong Kong Stock Exchange), Anta International, Anda Holdings and Anda Investments (collectively the "Vendors"), UBS AG Hong Kong Branch, Morgan Stanley Asia Limited and Citigroup Global Markets Limited (collectively the "Placing Agents") and the Company entered into a placing and subscription agreement pursuant to which (i) the Vendors agreed to sell, and each of the Placing Agents agreed, to procure, as agent of the Vendors, placees for (or failing which, to purchase for and on behalf of itself) an aggregate of 119,000,000 existing Shares held by the Vendors (the "Placing Share(s)") at placing price of HKD99.18 per Placing Share (the "Placing"); and (ii) the Vendors agreed to subscribe for and the Company agreed to issue to the Vendors, an aggregate of 119,000,000 new Shares (the "Subscription Share(s)", equivalent to the number of the Placing Shares sold by the Vendors pursuant to the Placing) at subscription price (being the same as the placing price) of HKD99.18 per Subscription Share (the "Subscription"). The closing price of the Shares as quoted on the Hong Kong Stock Exchange on 17 April 2023 (being the date of the placing and subscription agreement) was HKD108.80. Based on a par value of HKD0.10 per Share, the aggregate nominal value of the Subscription Shares was HKD11,900,000.

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

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

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

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

The gross proceeds from the Subscription were approximately HKD11,802 million. The net proceeds from the Subscription (after deducting all fees, costs and expenses properly incurred by the Vendors (including without limitation, the Placing Agents' commission, the stamp duty, the Hong Kong Stock Exchange trading fee and the Securities and Futures Commission transaction levy) borne by the Company, and other expenses incurred by the Company, in connection with the Placing and the Subscription) are approximately HKD11,743 million (equivalent to RMB10,497 million).

During the financial year, HKD7,172 million (equivalent to RMB6,515 million) of the net proceeds from the Subscription were used. As at 31 December 2023, the unutilized net proceeds were HKD4,571 million (equivalent to RMB4,211 million).

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

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

Intended use of proceeds	Initial intended allocation (HKD million)	Utilized amount for the year ended 31 December 2023 (HKD million)	Unutilized amount as at 31 December 2023 (HKD million)	Expected timeline for utilizing the remaining proceeds
Placing and Top-up Subscription in April 2023				
Repayment of the Group's outstanding financial indebtedness	**9,121**	**(4,550)**	**4,571**	Before 31 December 2025
General working capital of the Group	**2,622**	**(2,622)**	**–**	N/A
	11,743	**(7,172)**	**4,571**	

CAPITAL COMMITMENTS, CONTINGENCIES AND GUARANTEE

Capital Commitments

As at 31 December 2023, the Group had capital commitments of RMB3,187 million, primarily relating to construction of ANTA Shanghai headquarters and Group logistic center, and renovation of retail stores.

Contingencies

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

Guarantee

A five-year EUR1,300 million (equivalent to RMB10,492 million) term loan facility ("Facility A") was provided by independent third party bank lenders to AS Holding for the purpose of, amongst others, (i) funding the settlement of the tender offer and the purchase of the shares of Amer Sports; and/or (ii) refinancing of any indebtedness of Amer Sports in connection with the acquisition of shares of Amer Sports. The Company guaranteed the full and punctual performance of any and all obligations and undertakings of AS Holding to the arrangers, the lenders and the agent in connection with, and for all amounts which may become due and payable under, the aforesaid loan facilities. As at 31 December 2023, Facility A was fully drawn by AS Holding.

After the end of the financial year, all loans under Facility A provided to AS Holding abovementioned have been fully repaid. Thereby, the guarantee provided by the Company for all obligations and undertaking of AS Holding to the arrangers, the lenders and the agent under the Facility A has been released.

Saved as disclosed above, as at 31 December 2023, the Group did not provide any form of guarantee for any company outside the Group.

PROSPECTS

Albeit the uncertainty in global economy and the ongoing impacts from geopolitical risks, together with relatively high base effect in the first half of 2023, the Group maintains a cautiously optimistic outlook for the business prospects in 2024. From the premium sector to the mass market, we believe that Mainland China's sportswear industry will maintain steady to rapid growth across different consumer segments, and will remain as a promising market segment. The outdoor and niche sports areas continue to gain traction, the women's sports market holds significant growth potential, and youth sports education shows a rapid development trend. Sports consumption has become a presumed lifestyle choice for more people. Therefore, we remain optimistic towards the long-term prospects of the industry.

With good progress of the implementation of "Single-focus, Multi-brand, Globalization" strategy, the Group is able to meet the demands of various sports segments through a differentiated brand portfolio. Market demands have become more rapid changing and diverse, and the synergistic value of the Group's multiple brands will be further recognized. In order to further expand market share and enhance the Group's brand competitiveness, we are actively promoting the healthy development of each brand while expanding our business into Southeast Asia and other overseas markets.

Performance Sports Group – Empowering the Public with Professionalism through Transformational Advantages

For the Performance Sports Group, ANTA and ANTA KIDS have initiated and implemented transformative innovations, proposing the core strategy of "Mass Market Positioning, Breakthroughs in Performance Sports, Brand Transformation and Upgrade" with the aim of expanding market share in the mass market. We will adhere to the principle of value of money, focusing on creating innovative and unique products, implementing brand stories into our products, and striving to establish a stronger brand image in the eyes of consumers. We will continue to innovate and ensure that our products are top notch in terms of functionality and innovation. We aim to surpass consumers' expectations and provide them with higher-quality products and better experiences at the same price level, to make ANTA their top choice when it comes to making purchasing decisions.

In the coming Paris 2024 Summer Olympics, Chinese athletes will once again wear ANTA's sports equipment to compete in the Olympic Games. As the official partner of the Chinese Sports Delegation, we will continue to provide professional sports equipment to Chinese athletes. On the other hand, ANTA will continue to expand into international markets, bringing more Chinese-manufactured sportswear to global consumers. With the global release of NBA star Kyrie Irving's signature basketball shoes, we look forward to further enhancing the brand's global recognition through our development in the basketball segment.

In addition, we will advance our channel optimization strategy by tailoring our approach according to market demand and consumer preferences. This includes adopting store designs that suit local shopping districts and offer a differentiated store image. On the one hand, we will focus on establishing large flagship stores in strategic locations to enhance brand awareness. On the other hand, we will adopt a flexible store image standards in provincial markets to ensure swift channel management and to expand into uncovered areas.

Fashion Sports Group – Empowering Fashion with Technology and Invigorating Sports with Style

In the realm of fashion sportswear, we are committed to pursuing high-quality growth. FILA maintains its positioning in high-end athletic fashion and leverages a wealth of brand resources including technological and R&D capabilities, crossover series, and celebrities as brand ambassadors to maintain a high level of continuous brand innovation. We focus on improving product quality, staying ahead of fashion trends, and strengthening our competitive edge in the fashion sportswear domain. Simultaneously, we aim to increase our influence in the field of performance sports, strengthen product differentiation, enhance innovation and R&D capabilities, and create fashionable and functional premium products for consumers.

Performance sports remain a key driver of FILA's growth, and FILA has already established brand influence in several "elite sports" vertical segment. We will concentrate on core categories within each segment to enhance our products. Particularly in the golf segment, we will continue to tap into key tournaments and professional athletes for marketing resources and intensify our collaborations with golf courses and professional coaches to reinforce our brand influence in the segment. FILA KIDS will strengthen the development of children's footwear, sportswear, and family-oriented products to attract more family customer groups. The FUSION X series from FILA FUSION has gained popularity among young consumers, and we will continue to reinforce our trendy positioning and emphasize the brand narrative that embodies youthful and fashionable lifestyles.

In terms of retail excellence, FILA will focus on key shopping malls and higher-end shopping districts, introducing new store concepts and creating exclusive marketing activities and products for these areas. We will also enhance our membership operations, aiming to increase the proportion of top-tier members and thereby improve omni-channel efficiency.

Outdoor Sports Group – Strengthening Brand Salience through the Advantages of Outdoor Sports

The Group will continue to enhance the development of the "Brand salience" for the outdoor sports segment while seizing new opportunities for scenario extension and tapping into the vast market potential in outdoor sports. Among them, DESCENTE and KOLON SPORT have clear growth strategies and goals. DESCENTE has made significant strides in establishing itself as a premium sports brand in recent years. The brand is committed to improving its ranking in awareness for skiing, golf, and triathlon, creating high-quality products, and enhancing the customer experience.

Additionally, the brand has entered the kids' sportswear category, focusing on high-end professional kids' equipment and offering a diverse range of products including skiing, golf, general sports, and lifestyle.

As for KOLON SPORT, our focus is to strengthen the brand salience among consumers. We will continue to build a core product portfolio and incubate potential product lines, such as expanding our waterproof jacket series and footwear products. With a further enhancement of our all-weather product portfolio, in addition to our traditionally strong regions in Eastern and Northern China, KOLON SPORT will accelerate its presence in markets such as Southern China to increase popularity. At the same time, we will persist in upgrading our store image to provide consumers with a better shopping experience.

Leveraging Multiple Brands to Lead High-quality Development

In 2024, the Group completed the acquisition of yoga apparel brand MAIA ACTIVE to expand our brand portfolio and diversify our development. On the one hand, MAIA ACTIVE has significant growth potential and is expected to drive overall growth in our female-oriented business, allowing us to explore the women's consumer market with a deeper and broader perspective. On the other hand, by leveraging the Group's strong brand, retail and supply chain management capabilities, and extensive experience in multi-brand execution, we believe we can support and empower MAIA ACTIVE to foster the growth of the Group by unleashing its competitive advantage in the women's market.

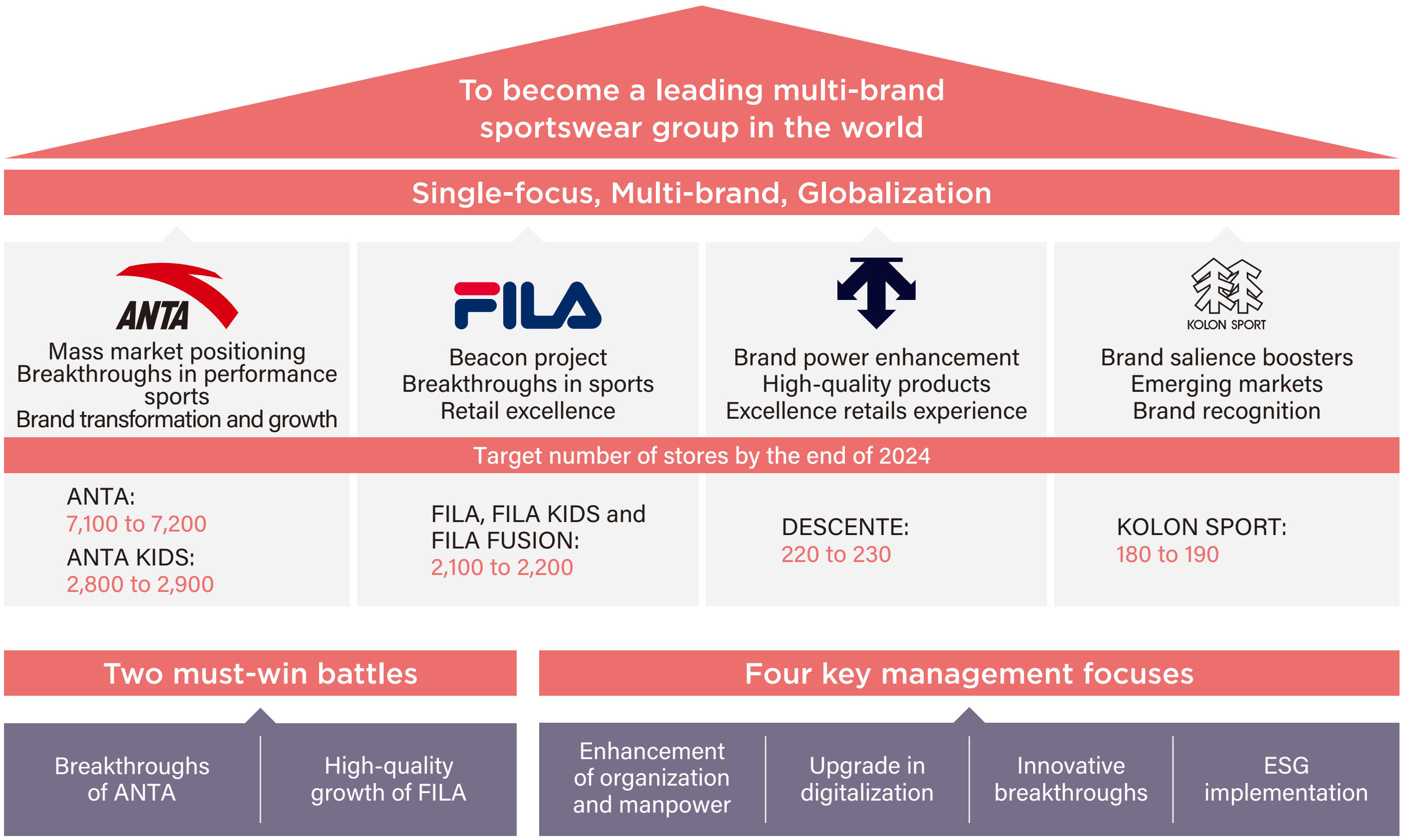
Amer Sports, Inc. was successfully listed on the New York Stock Exchange in February 2024. Under the leadership of its management team, we believe the growth potential of each brand will be further unleashed, establishing global leading position in their respective segment markets, and to maintain healthy growth and continuously excel at operational level. As the largest shareholder, we anticipate that Amer Sports, Inc. will make positive contributions to our Group and empower our global expansion.

By the end of 2024, we expect the total number of ANTA stores and ANTA KIDS stores in Mainland China and overseas to be 7,100 to 7,200 and 2,800 to 2,900 respectively. FILA (including FILA KIDS and FILA FUSION standalone stores) will have a total of 2,100 to 2,200 stores in Mainland China, Hong Kong SAR, Macao SAR and Singapore. DESCENTE is expected to have 220 to 230 stores in Mainland China, Hong Kong SAR and Macao SAR, while KOLON SPORT is expected to have a total of 180 to 190 stores in Mainland China and Hong Kong SAR.

Embracing Mutualism and Driving Upgrade

The Group's vision is to become "a leading multi-brand sportswear group in the world". Therefore, we will continue to upgrade and optimize relevant management models, striving for "Benchmarking with High Standard" and aligning ourselves with the most outstanding enterprises. Our goal is to become the industry benchmark in terms of brand value, technological innovation, social responsibility and employee engagement. Furthermore, sustainable development holds a significant position in our future development plans. We are committed to leading the industry towards true sustainability in terms of the environment, society, and corporate governance.

In early 2024, the Group experienced a two-level increase in its MSCI ESG rating, reaching "BBB" and establishing itself as the highest-scoring Chinese sportswear company. ANTA Sports has shown improvements across all seven areas covered by the MSCI ESG rating, with the most significant progress observed in chemical safety, labor management and raw material sourcing. These advancements reflect the Group's dedicated efforts, including its commitment to phase out and eventually eliminate the use of harmful and restricted chemicals, and the 100% use of leather materials certified by the Leather Working Group Gold Standard for ANTA and FILA footwear products, thus ensuring traceability to their origin, as well as its commitment to follow the international standards as a member of the United Nations Global Compact (UNGC) and United Nations Women's Empowerment Principles (WEPs), aligning with internationally recognized human rights policies and promoting an inclusive and diverse corporate culture. Looking ahead, ANTA Sports will continue to create value through mutualism with consumers, partners, the environment, society, and our employees, driving sustainable development and upholding our social and environmental responsibilities, while actively advancing the Group's "1+3+5" sustainable strategic goals.



INVESTORS INFORMATION

Share Information

Listing Day

10 July 2007

Board lot size

200 shares

Numbers of shares outstanding

2,832,623,500 shares

(As at 31 December 2023)

Stock Codes

Hong Kong Stock Exchange

2020
(HKD counter) and
82020
(RMB counter)

Reuters

2020.HK

Bloomberg

2020: HK
82020: HK

MSCI

3741301

Dividends

HK cents	2019	2020	2021	2022	**2023**
Ordinary interim	31	21	60	62	**82**
Ordinary final	36	47	68	72	**115**
Special interim	–	–	30	–	**–**

Important Dates

Annual results announcement	**26 March 2024**
Annual general meeting	**8 May 2024**
Record date of 2023 final dividend	**14 May 2024 4:30 p.m.**
Payment date of 2023 final dividend	**On or about 27 May 2024**
Financial year end date of 2024	**31 December 2024**

Investor Relations Contacts

If you have any inquiries, please contact:

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

CORPORATE INFORMATION

Board

Executive Directors

Ding Shizhong *(Chairman)*
Ding Shijia *(Deputy Chairman)*
Lai Shixian *(Co-Chief Executive Officer)*
Wu Yonghua *(Co-Chief Executive Officer)*
Zheng Jie
Bi Mingwei *(Chief Financial Officer)*

Independent Non-Executive Directors

Yiu Kin Wah Stephen *JP*
Lai Hin Wing Henry Stephen
Wang Jiaqian
Xia Lian

Company Secretary

Tse Kin Chung

Board Committees

Audit Committee

Yiu Kin Wah Stephen
(committee chairman)
Lai Hin Wing Henry Stephen
Wang Jiaqian
Xia Lian

Remuneration Committee

Lai Hin Wing Henry Stephen
(committee chairman)
Wang Jiaqian
Xia Lian

Nomination Committee

Lai Hin Wing Henry Stephen
(committee chairman)
Yiu Kin Wah Stephen
Wang Jiaqian
Xia Lian
Lai Shixian

Risk Management Committee

Yiu Kin Wah Stephen
(committee chairman)
Wang Jiaqian
Xia Lian
Bi Mingwei

Sustainability Committee

Lai Shixian
(committee chairman)
Yiu Kin Wah Stephen
Lai Hin Wing Henry Stephen
Wang Jiaqian
Xia Lian
Wu Yonghua
Yiu Wai Hung*
Tsui Yeung*

Authorized Representatives

Lai Shixian
Tse Kin Chung

Registered Office

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KY1-1111, Cayman Islands

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Xiamen Office

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Postal code: 361008

Share Registrars and Transfer Offices

Cayman Islands Principal Registrar

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3,
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Hong Kong SAR Branch Registrar

Computershare Hong Kong
Investor Services Limited
Shops 1712–1716, 17th Floor,
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183 Queen's Road East,
Wan Chai, Hong Kong SAR

Legal Adviser

Morgan, Lewis & Bockius

Auditor

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

Risk Management and Internal Control Review Adviser

KPMG Advisory (China) Limited

Principal Bankers

Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China Ltd.
Industrial Bank Co., Ltd.
China Merchants Bank Co., Ltd.
Standard Chartered Bank PLC

* *non-Board member*

GOVERNANCE

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2023.

Principal Place of Business

The Company was incorporated in the Cayman Islands and is domiciled in Hong Kong SAR and has office at 16/F, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong SAR. The Group's principal place of business is in China.

Principal Activities and Business Review

The principal activities of the Group are design, development, manufacturing, marketing and sales of professional sports products including footwear, apparel and accessories. The Group is also the largest shareholder of Amer Sports, Inc., a global group of iconic sports and outdoor brands, whose shares are listed on the New York Stock Exchange (NYSE: AS).

Further discussion and analysis of these activities, including the Group's compliance with the relevant laws and regulations, principal risks and uncertainties facing the Group and indication of likely future developments in the Group's business, can be found in the "Management Discussion and Analysis" set out on pages 20 to 67, the "Corporate Governance Report" set out on pages 94 to 137 and the "Risk Management Report" set out on pages 138 to 146 of this annual report. The contents form part of this Report of the Directors.

The analysis of the principal activities of the Group during the financial year are set out in note 1 to the financial statements.

Major Customers and Suppliers

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year are as follows:

	2023		2022	
	Percentage of the Group's total		Percentage of the Group's total	
	Sales	**Purchases**	Sales	Purchases
The largest customer	**4.1%**		4.8%	
Five largest customers in aggregate	**7.0%**		7.8%	
The largest supplier		**4.1%**		4.3%
Five largest suppliers in aggregate		**16.1%**		16.7%

At no time during the financial year have the Directors, their associates or any Shareholder (which to the knowledge of the Directors own more than 5% of the number of issued Shares) had any interest in these major customers and suppliers.

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 9 of this annual report.

Financial Statements

The financial performance of the Group for the year ended 31 December 2023 and the financial positions of the Company and the Group as at that date are set out in the financial statements on pages 154 to 235 of this annual report.

Transfer to Reserves

Profits attributable to equity shareholders, before dividends, of RMB10,236 million (2022: RMB7,590 million) have been transferred to the reserves. Other movements in reserves are set out in note 27 to the financial statements.

Recommended Dividend

An interim dividend of HK82 cents (2022: HK62 cents) per ordinary share in respect of the year ended 31 December 2023 was paid on 18 September 2023.

On the date of this Report of the Directors, the Board recommended a final dividend of HK115 cents (2022: HK72 cents) per ordinary share in respect of the year ended 31 December 2023. The final dividend has not been recognised as a liability at the end of the financial year.

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

Charitable Donations

Charitable donations made by the Group during the financial year amounted to RMB59 million (2022: RMB23 million).

Properties

Details of acquisitions and other movements in properties (including property, plant and equipment and construction in progress) during the financial year are set out in notes 10 and 12 to the financial statements.

Borrowings

Particulars of borrowings of the Group as at 31 December 2023 are set out in note 21 to the financial statements.

Share Capital

Details of the movements in share capital of the Company during the financial year are set out in note 26 to the financial statements.

Debenture Issued

There was no debenture issued by the Company during the financial year.

Equity-Linked Agreements

Save as disclosed in the annual report, no equity-linked agreements were entered by the Group into during the financial year or subsisted at the year end.

Purchases, Sales and Redemptions of Listed Securities

During the financial year, 1,600,000 Shares (2022: Nil) were purchased on the Hong Kong Stock Exchange, and no new Shares (2022: 10,294,500 Shares) were subscribed, by the trustee of the 2018 Share Award Scheme (and the 2018 Share Award Scheme (2023 Revision)). Total consideration paid for the said purchases during the financial year, including all relevant expenses, were RMB113 million (2022: Nil).

Save as disclosed above, there were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the financial year.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands where the Company is incorporated.

REPORT OF THE DIRECTORS

Directors

The Directors during the financial year were:

Executive Directors

Mr. Ding Shizhong *(Chairman)*
Mr. Ding Shijia *(Deputy Chairman)*
Mr. Lai Shixian *(Co-Chief Executive Officer) (NC, SC)*
Mr. Wu Yonghua *(Co-Chief Executive Officer) (SC)*
Mr. Zheng Jie
Mr. Bi Mingwei *(Chief Financial Officer) (RMC)*

Independent Non-Executive Directors

Mr. Yiu Kin Wah Stephen *JP (AC, NC, RMC, SC)*
Mr. Lai Hin Wing Henry Stephen *(AC, RC, NC, SC)*
Ms. Wang Jiaqian *(AC, RC, NC, RMC, SC)*
Ms. Xia Lian *(AC, RC, NC, RMC, SC)*

AC: Audit Committee
RC: Remuneration Committee
NC: Nomination Committee
RMC: Risk Management Committee
SC: Sustainability Committee

Details of the Directors' biographies have been set out on pages 147 to 148 of this annual report.

In accordance with article 84 of the Company's articles of association, at each AGM one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. Mr. Ding Shizhong, Mr. Lai Shixian, Mr. Wu Yonghua and Mr. Zheng Jie will retire from office by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

Each of the Directors in the Board has entered into a service contract or a letter of appointment (as the case may be) with the Company for a term of three years until terminated by giving a three-month notice in writing thereof by either party to the other.

None of the Directors, including those proposed for re-election at the forthcoming AGM, has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

Independence of Independent Non-Executive Directors

Each Independent Non-Executive Director shall inform the Company as soon as practical if there is any change of circumstances which may affect his/her independence. None of the Independent Non-Executive Directors have informed the Company that there is any change of circumstances which have affect his/her independence during the financial year.

The Nomination Committee has assessed the independence of each Independent Non-Executive Director based on the criteria set out in Rule 3.13 of the Listing Rules, and the Board and the Nomination Committee consider that all the Independent Non-Executive Directors are independent.

Permitted Indemnity Provision

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the financial year. The Company has taken out and maintained appropriate insurance coverage in respect of potential legal actions against its Directors and officers.

Directors' Interests in Transactions, Arrangements or Contracts

Save as disclosed above, no transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director of the Company had a material interest (direct or indirect), subsisted at the end of the financial year or at any time during the financial year.

Directors' Remuneration

The Company has adopted a directors (and senior management) remuneration policy to maintain fair and competitive packages of the Directors based on the business needs of the Group and industry practice. For determining the remuneration packages of each Director, market rates and factors such as individual workload, duties and required commitment are taken into account (including their individual performance or the performance of the respective department(s) and business unit(s) that they are in charge). In addition, factors comprising economic and market situations, individual contributions to the Group's results and development (including the aspect of sustainability) as well as individual's potential are considered when determining the remuneration packages of Directors. At the same time, remuneration levels shall be sufficient to attract and retain Directors to run the Group successfully without paying more than necessary.

The Remuneration Committee assists the Board on formulating remuneration policy and determining the emoluments of the Directors. Responsibilities and work performed in the financial year by the Remuneration Committee are stated on pages 109 to 111 in the Corporate Governance Report.

Particulars regarding Directors' remuneration as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in note 6 to the financial statements.

During the financial year, there is no arrangement under which a Director has waived or agreed to waive any emoluments.

Arrangements to Purchase Shares or Debentures

Save as disclosed in this annual report, at no time during the financial year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company or chief executives or any of their close associate (as defined under the Listing Rules) to acquire benefits by means of the acquisitions of shares or debentures of the Company or any other body corporate.

Competing Business

None of the Directors had any interest in any competing business with the Company or any of its subsidiaries during the financial year which is required to be disclosed under Rule 8.10(2) of the Listing Rules.

Each of the Controlling Shareholders (as defined in the prospectus of the Company issued on 26 June 2007 (the "Prospectus")) has confirmed to the Company of his compliance with the non-compete undertakings provided to the Company under the Non-competition Deed (as defined in the Prospectus). The Directors (including the Independent Non-Executive Directors) have reviewed the status of compliance and also confirmed that all the undertakings under the Non-competition Deed have been complied with by the Controlling Shareholders.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into during the financial year or subsisted at the year end.

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

As at 31 December 2023, the Directors and chief executives of the Company and their associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"):

Interests in Shares and underlying Shares and associated corporations

Name of Directors	Company/ Name of associated corporation	Capacity/ Nature of interest	Number of shares interested	Number of underlying Shares interested[(2)]	Approximate percentage of interest in such corporation[(1)]
Mr. Ding Shizhong	Company	Founder of a discretionary trust	1,486,946,000(L)[(3)]	–	52.49%
	Anta International	Founder of a discretionary trust	503,172,690(L)[(3)]	–	34.06%
	Anta International	Interest in controlled corporation	18,267,273(L)[(3)]	–	1.24%
Mr. Ding Shijia	Company	Founder of a discretionary trust	1,478,500,000(L)[(4)]	–	52.20%
	Anta International	Founder of a discretionary trust	495,300,570(L)[(4)]	–	33.52%
Mr. Lai Shixian	Company	Beneficial owner	611,955(L)	–	0.02%
	Company	Beneficiary of a trust (other than a discretionary interest)	–	280,000(L)	0.01%
	Anta International	Beneficiary of a discretionary trust/ Interest of spouse	146,189,463(L)[(5)]	–	9.89%
	Anta International	Interest in controlled corporation	39,961,734(L)[(5)]	–	2.70%
Mr. Wu Yonghua	Anta International	Founder of a discretionary trust	78,136,038(L)[(6)]	–	5.29%
Mr. Zheng Jie	Company	Beneficial owner	800,000(L)	–	0.03%
Mr. Bi Mingwei	Company	Beneficial owner	144,825(L)	–	0.01%
	Company	Beneficiary of a trust (other than a discretionary interest)	–	84,000(L)	0.00%
Mr. Yiu Kin Wah Stephen	Company	Beneficial owner	33,000(L)	–	0.00%
	Company	Other	20,000(L)[(7)]	–	0.00%

(L) – Long Position

Notes:

(1) As at 31 December 2023, the number of issued ordinary shares of the Company and of Anta International were 2,832,623,500 and 1,477,500,000, respectively.

(2) The interests in underlying Shares represent the interests in awarded share granted pursuant to the 2018 Share Award Scheme, details of which are set out in the section entitled "2018 Share Award Scheme and 2018 Share Award Scheme (2023 Revision)" under "Share Schemes" below.

(3) A total of 1,477,500,000 Shares were directly held by Anta International and its wholly-owned subsidiaries, and 9,446,000 Shares were directly held by Shine Well (Far East) Limited ("Shine Well"), representing 52.16% and 0.33% of the issued Shares as at 31 December 2023 respectively. Shine Well directly held 503,172,690 shares of Anta International, representing 34.06% of the issued shares of Anta International as at 31 December 2023, and was entitled to exercise or control the exercise of one third or more of the voting power at the general meeting of Anta International, and therefore was deemed to be interested in all the Shares held by Anta International. The entire issued shares of Shine Well was held by Top Bright Assets Limited ("Top Bright"). The entire issued shares of Top Bright was in turn held by HSBC International Trustee Limited ("HSBC Trustee") acting as the trustee of the DSZ Family Trust. The DSZ Family Trust was an irrevocable discretionary trust set up by Mr. Ding Shizhong as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the DSZ Family Trust are family members of Mr. Ding Shizhong. Mr. Ding Shizhong as founder of the DSZ Family Trust was deemed to be interested in the total 1,486,946,000 Shares held by Anta International and Shine Well and the 503,172,690 shares of Anta International held by Shine Well. 18,267,273 shares of Anta International, representing 1.24% of the issued shares of Anta International as at 31 December 2023, were directly held by Blossom Prospect Limited ("Blossom Prospect"). Mr. Ding Shizhong held 50% of the issued shares of Blossom Prospect and was entitled to exercise or control the exercise of one third or more of the voting power at the general meeting of Blossom Prospect, and therefore was deemed to be interested in the 18,267,273 shares of Anta International held by Blossom Prospect.

(4) A total of 1,477,500,000 Shares were directly held by Anta International and its wholly-owned subsidiaries, and 1,000,000 Shares were directly held by Talent Trend Investment Limited ("Talent Trend"), representing 52.16% and 0.04% of the issued Shares as at 31 December 2023 respectively. Talent Trend directly held 495,300,570 shares of Anta International, representing 33.52% of the issued shares of Anta International as at 31 December 2023, and was entitled to exercise or control the exercise of one third or more of the voting power at the general meeting of Anta International, and therefore was deemed to be interested in all the Shares held by Anta International. The entire issued shares of Talent Trend was held by Allwealth Assets Limited ("Allwealth"). The entire issued shares of Allwealth was in turn held by HSBC Trustee acting as the trustee of the DSJ Family Trust. The DSJ Family Trust was an irrevocable discretionary trust set up by Mr. Ding Shijia as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the DSJ Family Trust are Mr. Ding Shijia and his family members. Mr. Ding Shijia as founder and one of the beneficiaries of the DSJ Family Trust was deemed to be interested in the total 1,478,500,000 Shares held by Anta International and Talent Trend and the 495,300,570 shares of Anta International held by Talent Trend.

(5) Certain interests of Mr. Lai Shixian in Anta International were held through Gain Speed Holdings Limited ("Gain Speed"), which directly held 146,189,463 shares of Anta International, representing 9.89% of the issued shares of Anta International as at 31 December 2023. The entire issued shares of Gain Speed was held by Spring Star Assets Limited. The entire issued shares of Spring Star Assets Limited was in turn held by HSBC Trustee acting as the trustee of the DYL Family Trust. The DYL Family Trust was an irrevocable discretionary trust set up by Mr. Lai Shixian's spouse, Ms. Ding Yali, as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the DYL Family Trust were Mr. Lai Shixian, Ms. Ding Yali and their family members. Ms. Ding Yali as the founder of the DYL Family Trust was deemed to be interested in the 146,189,463 shares of Anta International held by Gain Speed. Mr. Lai Shixian as one of the beneficiaries of the DYL Family Trust and as the spouse of Ms. Ding Yali was deemed to be interested in the 146,189,463 shares of Anta International held by Gain Speed. 18,267,273 shares of Anta International, representing 1.24% of the issued shares of Anta International as at 31 December 2023, were directly held by Blossom Prospect. Mr. Lai Shixian held 50% of the issued shares of Blossom Prospect and was entitled to exercise or control the exercise of one third or more of the voting power at the general meeting of Blossom Prospect, and therefore was deemed to be interested in the 18,267,273 shares of Anta International held by Blossom Prospect. 21,694,461 shares of Anta International, representing 1.47% of the issued shares of Anta International as at 31 December 2023, were directly held by First Start Investment Limited ("First Start"). Mr. Lai Shixian held 90% of the issued shares of First Start and was entitled to exercise or control the exercise of one third or more of the voting power at the general meeting of First Start, and therefore was deemed to be interested in the 21,694,461 shares of Anta International held by First Start.

(6) The interests of Mr. Wu Yonghua in Anta International were held through Spread Wah International Limited ("Spread Wah"), which directly held 78,136,038 shares of Anta International, representing 5.29% of the issued shares of Anta International as at 31 December 2023. The entire issued shares of Spread Wah was held by Allbright Assets Limited. The entire issued shares of Allbright Assets Limited was in turn held by HSBC Trustee acting as the trustee of the WYH Family Trust. The WYH Family Trust was an irrevocable discretionary trust set up by Mr. Wu Yonghua as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the WYH Family Trust were Mr. Wu Yonghua and his family members. Mr. Wu Yonghua as the founder and one of beneficiaries of the WYH Family Trust was deemed to be interested in the 78,136,038 shares of Anta International held by Spread Wah.

(7) The interests of Mr. Yiu Kin Wah Stephen were held by his family member as at 31 December 2023. Mr. Yiu Kin Wah Stephen, having a general power of attorney of a family member's securities account, was deemed to be interested in the 20,000 Shares held by his family member.

Save as disclosed above, as at 31 December 2023, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had otherwise been notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Interests and Short Positions of Substantial Shareholders

As at 31 December 2023, the persons or corporations (not being a Director or chief executive of the Company) who had an interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or which were notified to the Company, were as follows:

Interests in Shares and/or underlying Shares

Name of Shareholders	Capacity/Nature of interest	Number of Shares/ underlying Shares interested	Approximate percentage of interest in the Company
HSBC Trustee	Trustee[1]	1,488,013,400(L)	52.53%
Top Bright	Interest in controlled corporation[1]	1,486,946,000(L)	52.49%
Shine Well	Interest in controlled corporation[1]	1,477,500,000(L)	52.16%
	Beneficial owner[1]	9,446,000(L)	0.33%
Allwealth	Interest in controlled corporation[1]	1,478,500,000(L)	52.20%
Talent Trend	Interest in controlled corporation[1]	1,477,500,000(L)	52.16%
	Beneficial owner[1]	1,000,000(L)	0.04%
Anta International	Beneficial owner[2]	1,201,125,000(L)	42.40%
	Interest in controlled corporation[2]	276,375,000(L)	9.76%
Anda Holdings	Beneficial owner	160,875,000(L)	5.68%

(L) – Long Position

Notes:

(1) *The interests of HSBC Trustee in the Company were held through Anta International, Anda Holdings, Anda Investments, Shine Well and Talent Trend, representing approximately 42.40%, 5.68%, 4.08%, 0.33% and 0.04% of the issued Shares, respectively. In addition, HSBC Trustee also held 67,400 Shares as trustee for persons unrelated to the substantial shareholders.*

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

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

Save as disclosed above, as at 31 December 2023, the Directors were not aware of any other person or corporation having an interest or short positions in shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Continuing Connected Transactions

Certain related party transactions as disclosed in note 31 to the financial statements also constituted continuing connected transactions under the Listing Rules which are required to be disclosed in this annual report in accordance with Chapter 14A of the Listing Rules. The following transactions between certain connected persons and the Group have been entered into and are ongoing for which relevant disclosure had been made by the Company in the announcements of the Company issued on 15 December 2021.

1. Packaging Material Supply Agreement with Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Wang Wenmo (collectively "Family Directors")

On 15 December 2021, the Company and the Family Directors entered into a packaging material supply agreement (the "2022 PMSA") for a term of three years from 1 January 2022 to 31 December 2024 in relation to the supply of paper packaging materials (including but not limited to cardboard cases, paper bags and shoe boxes, "PPM"). Each Family Director shall, and shall procure his relevant associates to, supply PPM to the relevant member(s) of the Group from time to time on normal commercial terms which are no less favourable than those terms made available to the Group from independent third-party suppliers. Each of the Company and the Family Directors shall, and shall procure the relevant member(s) of the Group and the Family Directors' relevant associates respectively to, enter into a separate sub-agreement for each of the recurring transactions. The detailed terms of a specific transaction shall be set out in such sub-agreement (which is ancillary to and subject to the terms and conditions of the 2022 PMSA) entered or to be entered into. Associates of the Family Directors are companies principally engaged in the manufacture and sales of packaging materials in the Mainland China.

Under the 2022 PMSA, the prices for PPM shall be agreed upon from time to time after arm's length negotiations between (i) the relevant member(s) of the Group and (ii) the Family Directors and/or their relevant associates, and shall be comparable to and no less favourable than market prices of similar PPM offered by independent third-party suppliers to the Group. The general credit period shall be 30 to 60 days, which shall be comparable to and no less favourable than such terms offered by other independent suppliers to the Group in relation to similar PPM, or such other credit period as agreed in the specific sub-agreement ancillary to the 2022 PMSA.

As at the date of the 2022 PMSA, each of the Family Directors, being Mr. Ding Shizhong, Mr. Ding Shijia (the elder brother of Mr. Ding Shizhong), Mr. Lai Shixian (a brother-in-law of Mr. Ding Shizhong and Mr. Ding Shijia) and Mr. Wang Wenmo (a cousin of Mr. Ding Shizhong and Mr. Ding Shijia), was a Director, and thus a connected person of the Company. Mr. Wang Wenmo ceased to be a director of the Company on 1 July 2022. He is an associate of Mr. Ding Shizhong and Mr. Ding Shijia, and thus a connected person of the Company. Therefore, the 2022 PMSA and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For details please refer to the announcement of the Company dated 15 December 2021.

During the financial year, the Group's purchase of PPM from the Family Directors (and their associates) amounted to RMB96 million (2022: RMB101 million).

2. **Master Services Agreement with Family Directors**

On 15 December 2021, the Company and Family Directors entered into a master service agreement (the "2022 MSA") for a term of three years from 1 January 2022 to 31 December 2024 for the provision of Relevant Services (as defined below). "Relevant Services" are the leasing of transportation vehicles, land and properties (including leases of land, factory premises, warehouses, staff quarters, retail stores and offices), and provision of warehouse management services and logistic services by the Family Directors and/or their relevant associates to the Group subject to the terms and conditions of the 2022 MSA. Each Family Director shall, and shall procure his relevant associates to, provide the Relevant Services to the relevant member(s) of the Group at prevailing market price with reference to the nature and the scope of the Relevant Services provided or to be provided by such Family Director and/or his relevant associates (including but not limited to property location and area, ancillary facilities and equipment, and transportation network, and/or service nature) from time to time on normal commercial terms which are no less favourable than those terms made available to the Group from independent third-party suppliers. Each of the Company and the Family Directors shall, and shall procure the relevant member(s) of the Group and the Family Directors' relevant associates respectively to, enter into a separate sub-agreement for each of the recurring transactions. The detailed terms of a specific transaction shall be set out in such sub-agreement (which is ancillary to and subject to the terms and conditions of the 2022 MSA) entered or to be entered into.

Under the 2022 MSA, the rents and/or service fees for the Relevant Services shall be agreed upon from time to time after arm's length negotiations between (i) the relevant member(s) of the Group and (ii) the Family Directors and/or their relevant associates, and shall be comparable to and no less favourable than (i) the fair market rents or market prices of leases or services offered to the Group by independent third-party suppliers that are similar to the Relevant Services; and (ii) the rents and/or service fees charged by the Family Directors and/or their relevant associates against independent third parties for leases or services that are similar to the Relevant Services. The general credit period shall be 30 to 60 days, which shall be comparable to and no less favourable than such terms offered by other independent third-party suppliers to the Group in relation to leases or services similar to the Relevant Service, or such other credit period as agreed in the specific sub-agreement ancillary to the 2022 MSA.

As at the date of the 2022 MSA, each of the Family Directors, being Mr. Ding Shizhong, Mr. Ding Shijia (the elder brother of Mr. Ding Shizhong), Mr. Lai Shixian (a brother-in-law of Mr. Ding Shizhong and Mr. Ding Shijia) and Mr. Wang Wenmo (a cousin of Mr. Ding Shizhong and Mr. Ding Shijia), was a Director, and thus a connected person of the Company. Mr. Wang Wenmo ceased to be a director of the Company on 1 July 2022. He is an associate of Mr. Ding Shizhong and Mr. Ding Shijia, and thus a connected person of the Company. Therefore, the 2022 MSA and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For details please refer to the announcement of the Company dated 15 December 2021.

During the financial year, service fees for the provision of the Relevant Services to the Group by Family Directors (and their associates) amounted to RMB23 million (2022: RMB24 million).

The Directors (including the Independent Non-Executive Directors) have reviewed the above continuing connected transactions and confirmed that the transactions have been entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or better; and

(3) according to the agreements governing them on terms which are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 (Revised), *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unmodified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules.

Convertible Bonds

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

The conversion price per conversion share is subject to adjustments in accordance with the terms and conditions of the convertible bonds, and was adjusted to HKD99.75 as at 31 December 2023. For details of the adjustments of the conversion price during the financial year, please refer to the announcements of the Company dated 18 April 2023, 10 May 2023 and 22 August 2023.

As at 31 December 2023, the total outstanding principal amount of the convertible bonds was EUR1,000 million (equivalent to RMB8,071 million). There had not been any exercise of conversion right of the convertible bonds and no redemption right had been exercised by the bondholders or the Group during the financial year.

As at 31 December 2023, the total number of the issued shares of the Company is 2,832,623,500. Based on the applicable conversion price of HKD99.75 on that date and assuming full conversion of the convertible bonds, the convertible bonds will be convertible into 86,682,707 conversion shares, representing approximately 3.06% of the issued Shares and approximately 2.97% of the issued Shares as enlarged by the issuance of such conversion shares (assuming that there is no other change to the issued Shares).

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

Assuming the convertible bonds were fully converted on 31 December 2023, the shareholdings of the Company immediately before and after the full conversion of the convertible bonds are set out below for illustration purposes:

	Shareholding immediately before the full conversion of the convertible bonds		Upon full conversion of the convertible bonds at the conversion price of HKD99.75 each	
Name of Shareholders	**Number of Shares**	**Approximate % of issued shares of the Company**	**Number of Shares**	**Approximate % of issued shares of the Company**
Anta International [(1)]	1,201,125,000	42.40%	1,201,125,000	41.14%
Anda Holdings [(1)]	160,875,000	5.68%	160,875,000	5.51%
Anda Investments [(1)]	115,500,000	4.08%	115,500,000	3.96%
Shine Well	9,446,000	0.33%	9,446,000	0.32%
Talent Trend	1,000,000	0.04%	1,000,000	0.03%
Hemin Holdings [(2)]	84,500,000	2.98%	84,500,000	2.89%
Bondholders	–	–	86,682,707	2.97%
Other Shareholders	1,260,177,500	44.49%	1,260,177,500	43.18%
Total	2,832,623,500	100.00%	2,919,306,207	100.00%

Notes:

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

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

Based on the cash and cash equivalents and the fixed deposits held at banks with maturity over three months as at 31 December 2023, the Company has the ability to meet its redemption obligation under the convertible bonds.

Please refer to note 21(c) to the financial statements for further details of the convertible bonds.

Partial Redemption by Bondholders

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

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

Bondholders to Convert or Redeem

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

Date	30 June 2024	31 December 2024
Company's share price	HKD106.70	HKD107.32

Retirement Schemes

The Group participates in several defined contribution retirement schemes which cover the Group's eligible employees in the Mainland China, and a Mandatory Provident Fund Scheme for the employees in Hong Kong SAR. Particulars of these retirement schemes are set out in note 23 to the financial statements.

Share Schemes

2017 Share Option Scheme

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

The purpose of the 2017 Share Option Scheme is to motivate eligible persons to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executives, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

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 2017 Share Option Scheme to:

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

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

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

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

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

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

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

Subject to the terms of the 2017 Share Option Scheme, the Board shall be entitled at any time within ten years after the adoption date to offer the grant of an option to any eligible persons 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 2017 Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Hong Kong Stock Exchange or an integral multiple thereof).

The scheme mandate limit, being the maximum number of Shares which may be issued upon exercise of all options to be granted, under the 2017 Share Option Scheme and any other schemes of the Group was 10% of the issued shares of the Company as at the adoption date of the scheme (i.e. 267,753,910 Shares). The Company may at any time as the Board may think fit seek approval from its Shareholders in general meeting to refresh the limit in accordance with the terms of Shares Option Scheme. Also, the maximum number of Shares that may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2017 Share Option Scheme 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 twelve-month period exceeding 1% of the total shares of the Company then in issue.

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 2017 Share Option Scheme. An option shall be deemed to have been granted and accepted by the eligible persons and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the option duly signed by the grantee together with a remittance in favour of the Company of HKD1.0 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.

Unless otherwise determined by the Board and specified in the grant letter, the Group and/or grantee shall achieve the performance targets set out in the grant letter before the options can be vested.

The period within which an option may be exercised by the grantee as the Board may in its absolute discretion determine and which shall not be more than ten years from the grant date of the option.

The vesting of any options under the 2017 Share Option Scheme shall be subject to a vesting period to be determined by the Board in its absolute discretion, which shall be specified in the grant letter.

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

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

No options were granted, exercised, lapsed or cancelled under the 2017 Share Option Scheme during the financial year. At the time of the termination of the 2017 Share Option Scheme and as at 31 December 2023, there were no outstanding options under the 2017 Share Option Scheme.

2023 Share Option Scheme

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

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

Eligible participants of the 2023 Share Option Scheme include employee participants, related entity participants and service providers.

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

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

Subject to the rules of the 2023 Share Option Scheme, where any grant of to a selected participant under the 2023 Share Option Scheme would result in the Shares issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the rules of the relevant scheme(s) of the Company) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of options the total number of issued Shares, such grant of options shall be separately approved by the Shareholders in general meeting with such selected participant and his close associates (or associates if such selected participant is a connected person) abstaining from voting.

The period within which an option may be exercised by the grantee as the Board may in its absolute discretion determine and which shall not be more than ten years from the grant date of the option.

The vesting of any options under the 2023 Share Option Scheme shall be subject to a vesting period to be determined by the Board in its absolute discretion, which shall be specified in the grant letter.

Only in so far as and for so long as the Listing Rules require, the vesting period for an option under the 2023 Share Option Scheme shall not be less than 12 months, unless the Board determines in its sole discretion that the options granted to employee participants may be less than 12 months under the following specific circumstances:

(i) grants of "make-whole" options to an employee participant who is a new director or employee of the Group to replace the share options such person forfeited when leaving his previous employer(s);

(ii) grants of options to an employee participant whose employment is terminated due to death or disability or event of force majeure;

(iii) grants of options which are subject to the fulfilment of performance targets as conditions of the options;

(iv) grants of options made in batches during a year for administrative and compliance reasons;

(v) grants of options with a mixed or accelerated vesting schedule such as where the options may vest evenly over a period of 12 months; and

(vi) grants of options with a total vesting and holding period of more than 12 months.

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

In respect of a related entity participant or a service provider, unless otherwise determined by the Board and specified in the grant letter, there is no performance target which needs to be achieved by the Group and/or grantee before the options can be vested. In respect of an employee participant, unless otherwise determined by the Board and specified in the grant letter, the Group and/or grantee shall achieve the performance targets set out in the grant letter before the options can be vested. The performance targets of options granted to the Directors and senior management of the Company, and any grants of options to the Directors and senior management of the Company without performance targets, shall be further subject to the approval of the Remuneration Committee and any other requirements under the Listing Rules.

While the performance targets will be imposed on a case-by-case basis to ensure the options vested would be beneficial to the Group, general factors to be taken into account include but not limited to (i) annual results and performance of the Group; (ii) key performance indicators of respective department(s) and/or business unit(s) that the grantee belongs; and (iii) individual position, annual appraisal result and other factors relevant to the grantee. However, the rules of the 2023 Share Option Scheme does not specify any performance targets.

Where there has been an occurrence of misconduct such as (i) any material misstatements or omissions in the Group's financial statements by a grantee; (ii) any violation by a grantee of confidentiality or non-competition obligations owed to the Group, or any leakage by such grantee of the Group's trade secrets, intellectual property or proprietary information; (iii) any termination of employment contracts by a grantee without notice or payment in lieu of notice; (iv) conviction of any criminal offence by a grantee involving integrity or honesty; or (v) any conduct of a grantee that has material adverse effect to the reputation or interests of the Group, the options or option Shares may be subject to clawback as determined by the Board from time to time. The clawback of options or option Shares granted to the Directors and senior management of the Company, and any grants of options to the Directors and senior management of the Company without clawback, shall be further subject to the approval of the Remuneration Committee and any other requirements under the Listing Rules.

An offer of the grant of an option shall remain open for acceptance by the selected participant concerned for a period of 30 business days from the grant date provided that no such grant of an option may be accepted after the expiry of the effective period of the 2023 Share Option Scheme or after the 2023 Share Option Scheme has been terminated. An option shall be deemed to have been granted and accepted by the selected participant and to have taken effect when the duplicate grant letter comprising acceptance of the offer of the option duly signed by the grantee together with a remittance in favour of the Company of HKD1.00 by way of consideration for the grant thereof is received by the Company on or before the acceptance date. Such remittance shall in no circumstances be refundable.

Subject to the provisions of the Listing Rules, the exercise price in respect of any particular option under the 2023 Share Option Scheme 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 grant letter) but in any event the exercise price shall not be less than whichever is the highest of:

(i) the nominal value (if any) of a Share;

(ii) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the grant date, which must be a business day; and

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

As at 31 December 2023, the remaining life of the 2023 Share Option Scheme is around 9 years.

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

No options were granted, exercised, lapsed or cancelled under the 2023 Share Option Scheme during the financial year. As at 31 December 2023, there were no outstanding options under the 2023 Share Option Scheme.

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

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

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

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

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

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

Eligible participants of the 2018 Share Award Scheme (2023 Revision) include employee participants.

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

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

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

Subject to rules of the 2018 Share Award Scheme (2023 Revision), where any grant of awards to a selected participant would result in the number of existing Shares awarded by the Board under the 2018 Share Award Scheme (2023 Revision) (excluding any awards lapsed in accordance with the rules of the 2018 Share Award Scheme (2023 Revision)) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 1% of the total number of issued Shares, such grant of awards shall be approved by the Shareholders in general meeting in the manner as set out in the rules of the 2018 Share Award Scheme (2023 Revision).

The vesting of any awards under the 2018 Share Award Scheme (2023 Revision) shall be subject to a vesting period to be determined by the Board in its absolute discretion, which shall be specified in the grant notice.

The vesting period for an award under the 2018 Share Award Scheme (2023 Revision) shall not be less than 12 months, unless the Board determines in its sole discretion that the awards granted to employee participants may be less than 12 months under the following specific circumstances:

(i) grants of "make-whole" awards to an employee participant who is a new director or employee of the Group to replace the share awards such person forfeited when leaving his previous employer(s);

(ii) grants of awards to an employee participant whose employment is terminated due to death or disability or event of force majeure;

(iii) grants of awards which are subject to the fulfilment of performance targets as conditions of the awards;

(iv) grants of awards made in batches during a year for administrative and compliance reasons;

(v) grants of awards with a mixed or accelerated vesting schedule such as where the awards may vest evenly over a period of 12 months; and

(vi) grants of awards with a total vesting and holding period of more than 12 months.

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

In respect of an employee participant, unless otherwise determined by the Board and specified in the grant notice, the Group and/or grantee shall achieve the performance targets set out in the grant notice before the awarded Shares can be vested. The performance targets of awarded Shares granted to the Directors and senior management of the Company, and any grants of awarded Shares to the Directors and senior management of the Company without performance targets, shall be further subject to the approval of the Remuneration Committee and any other requirements under the Listing Rules.

While the performance targets will be imposed on a case-by-case basis to ensure the awards vested would be beneficial to the Group, general factors to be taken into account include but not limited to (i) annual results and performance of the Group; (ii) key performance indicators of respective department(s) and/or business unit(s) that the grantee belongs; and (iii) individual position, annual appraisal result and other factors relevant to the grantee. However, the rules of the 2018 Share Award Scheme (2023 Revision) do not specify any performance targets.

Where there has been an occurrence of misconduct such as (i) any material misstatements or omissions in the Group's financial statements by a grantee; (ii) any violation by a grantee of confidentiality or non-competition obligations owed to the Group, or any leakage by such grantee of the Group's trade secrets, intellectual property or proprietary information; (iii) any termination of employment contracts by a grantee without notice or payment in lieu of notice; (iv) conviction of any criminal offence by a grantee involving integrity or honesty; or (v) any conduct of a grantee that has material adverse effect to the reputation or interests of the Group, the awarded Shares may be subject to clawback as determined by the Board from time to time. The clawback of awarded Shares granted to the Directors and senior management of the Company, and any grants of awarded Shares to the Directors and senior management of the Company without clawback, shall be further subject to the approval of the Remuneration Committee and any other requirements under the Listing Rules.

Subject to the provisions of the Listing Rules, the purchase price (if any) in respect of any particular awarded Shares under the 2018 Share Award Scheme (2023 Revision) shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant award (and shall be stated in the grant notice) and taking into consideration factors such as the prevailing closing price of the Shares, the purpose of the 2018 Share Award Scheme (2023 Revision), the characteristics and profile of the relevant selected participant(s).

As at 31 December 2023, the remaining life of the 2018 Share Award Scheme (2023 Revision) is around 5 years.

On 24 November 2023, the Board announced that, in conformity with and support of the Group's development strategies, the Company intends to budget not more than HKD1.2 billion in aggregate in the three years to come to fund the trustee's purchase and holding of Shares under the 2018 Share Award Scheme (2023 Revision) for the purpose of granting share awards to employees.

The Board believes that the proposed purchase of Shares under the 2018 Share Award Scheme (2023 Revision) for the purpose of employee incentive is consistent with the core value proposition of "Mutualism with Employees" under the sustainability goal of the Group. By investing in the long-term employee incentive scheme and establishing an industry-leading, efficient and attractive compensation system, the Group can effectively attract and retain talents, and therefore create value for the Company's shareholders. The Group's financial position is robust, which enables the Company to provide the necessary funding to the trustee to carry out the arrangement abovementioned without materially affecting the Group's financial resources. The Group maintains sufficient financial resources for its business operation and furtherance.

For details, please refer to the announcement of the Company dated 24 November 2023.

During the financial year, 1,600,000 Shares (2022: Nil) were purchased on the Hong Kong Stock Exchange, and no new Shares (2022: 10,294,500 Shares) were subscribed, by the trustee of the 2018 Share Award Scheme (and the 2018 Share Award Scheme (2023 Revision)). Total consideration paid for the said purchases during the financial year, including all relevant expenses, were RMB113 million (2022: Nil).

As at 31 December 2023, the trustee of the 2018 Share Award Scheme (2023 Revision) held a total of 21,172,302 Shares (2022: 20,752,601 Shares).

The total number of awards available for grant under the scheme mandate of 2018 Share Award Scheme (and the 2018 Share Award Scheme (2023 Revision)) at the beginning and the end of the financial year is 251,288,552 and 264,172,053, respectively.

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

Name or category of participant	Date of grant	Vesting period	Purchase price	Number of unvested share awards: As at 1 January 2023	Granted during the year	Vested during the year	Lapsed during the year	Cancelled during the year	As at 31 December 2023
Director									
Mr. Lai Shixian	5 November 2019	5 November 2019 to 1 May 2023	Nil	120,000	–	(120,000)[(2)]	–	–	–
	5 November 2019	5 November 2019 to 1 May 2024	Nil	280,000	–	–	–	–	280,000
Mr. Bi Mingwei	5 November 2019	5 November 2019 to 1 May 2023	Nil	36,000	–	(36,000)[(2)]	–	–	–
	5 November 2019	5 November 2019 to 1 May 2024	Nil	84,000	–	–	–	–	84,000
The five highest paid individuals other than Directors during the financial year in aggregate	5 November 2019	5 November 2019 to 1 May 2023	Nil	18,000	–	(18,000)	–	–	–
	5 November 2019	5 November 2019 to 1 May 2024	Nil	84,000	–	–	–	–	84,000
	2 November 2020	2 November 2020 to 1 May 2023	Nil	36,000	–	(36,000)	–	–	–
	2 November 2020	2 November 2020 to 1 May 2024	Nil	84,000	–	–	–	–	84,000
	2 November 2020	2 November 2020 to 1 May 2025	Nil	60,000	–	–	–	–	60,000
	1 November 2021	1 November 2021 to 1 May 2023	Nil	9,000	–	(9,000)	–	–	–
	1 November 2021	1 November 2021 to 1 May 2024	Nil	21,000	–	–	–	–	21,000
	1 November 2021	1 November 2021 to 1 May 2025	Nil	15,000	–	–	–	–	15,000
	1 November 2021	1 November 2021 to 1 May 2026	Nil	15,000	–	–	–	–	15,000

Name or category of participant	Date of grant	Vesting period	Purchase price	As at 1 January 2023	Granted during the year	Vested during the year	Lapsed during the year	Cancelled during the year	As at 31 December 2023
				Number of unvested share awards					
Employees other than above (including ex-employees in aggregate)	5 November 2019	5 November 2019 to 1 May 2023	Nil	882,000	–	(829,200)[2]	(52,800)	–	–
	5 November 2019	5 November 2019 to 1 May 2024	Nil	2,016,000	–	–	(44,800)	–	1,971,200
	2 November 2020	2 November 2020 to 1 May 2023	Nil	52,800	–	(50,400)[2]	(2,400)	–	–
	2 November 2020	2 November 2020 to 1 May 2024	Nil	123,200	–	–	(5,600)	–	117,600
	2 November 2020	2 November 2020 to 1 May 2025	Nil	88,000	–	–	(4,000)	–	84,000
	1 November 2021	1 November 2021 to 1 May 2023	Nil	81,910	–	(61,250)[2]	(20,660)	–	–
	1 November 2021	1 November 2021 to 1 May 2024	Nil	191,122	–	–	(48,206)	–	142,916
	1 November 2021	1 November 2021 to 1 May 2025	Nil	136,516	–	–	(34,433)	–	102,083
	1 November 2021	1 November 2021 to 1 May 2026	Nil	136,521	–	–	(34,436)	–	102,085
	4 April 2022	4 April 2022 to 1 May 2025	Nil	5,640,150	–	–	(652,200)	–	4,987,950
	4 April 2022	4 April 2022 to 1 May 2027	Nil	3,760,100	–	–	(434,800)	–	3,325,300
	1 November 2022	1 November 2022 to 1 May 2023	Nil	22,150	–	(20,449)[2]	(1,701)	–	–
	1 November 2022	1 November 2022 to 1 May 2024	Nil	51,682	–	–	(15,632)	–	36,050
	1 November 2022	1 November 2022 to 1 May 2025	Nil	36,916	–	–	(11,166)	–	25,750
	1 November 2022	1 November 2022 to 1 May 2026	Nil	36,916	–	–	(11,166)	–	25,750
	1 November 2022	1 November 2022 to 1 May 2027	Nil	36,916	–	–	(11,166)	–	25,750
	1 November 2023	1 November 2023 to 1 May 2024	Nil	–	80,333[1]	–	–	–	80,333
	1 November 2023	1 November 2023 to 1 May 2025	Nil	–	80,333[1]	–	–	–	80,333
	1 November 2023	1 November 2023 to 1 May 2026	Nil	–	80,333[1]	–	–	–	80,333
	1 November 2023	1 November 2023 to 1 May 2027	Nil	–	80,333[1]	–	–	–	80,333
	1 November 2023	1 November 2023 to 1 May 2028	Nil	–	80,333[1]	–	–	–	80,333
Total				14,154,899	401,665	(1,180,299)	(1,385,166)	–	11,991,099

Note:

(1) The awarded shares are subject to certain performance targets with reference to the annual results of the Company and the selected employees' individual key performance indicators for the financial year preceding the respective vesting dates. The closing price of the Shares immediately before the date on which the awarded shares were granted during the financial year was HKD88.35.

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

2023 Share Award Scheme

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

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

Eligible participants of the 2023 Share Award Scheme include employee participants, related entity participants and service providers.

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

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

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

Subject to the rules of the 2023 Share Award Scheme, where any grant of options to a selected participant under the 2023 Share Award Scheme would result in the Shares issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the rules of the relevant scheme(s) of the Company) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of issued Shares, such grant of awards shall be separately approved by the Shareholders in general meeting with such selected participant and his close associates (or associates if such selected participant is a connected person) abstaining from voting.

The vesting of any awards under the 2023 Share Award Scheme shall be subject to a vesting period to be determined by the Board in its absolute discretion, which shall be specified in the grant notice.

Only in so far as and for so long as the Listing Rules require, the vesting period for an award under the 2023 Share Award Scheme shall not be less than 12 months, unless the Board determines in its sole discretion that the awards granted to employee participants may be less than 12 months under the following specific circumstances:

(i) grants of "make-whole" awards to an employee participant who is a new director or employee of the Group to replace the share awards such person forfeited when leaving his previous employer(s);

(ii) grants of awards to an employee participant whose employment is terminated due to death or disability or event of force majeure;

(iii) grants of awards which are subject to the fulfilment of performance targets as conditions of the awards;

(iv) grants of awards made in batches during a year for administrative and compliance reasons;

(v) grants of awards with a mixed or accelerated vesting schedule such as where the awards may vest evenly over a period of 12 months; and

(vi) grants of awards with a total vesting and holding period of more than 12 months.

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

In respect of a related entity participant or a service provider, unless otherwise determined by the Board and specified in the grant notice, there is no performance target which needs to be achieved by the Group and/or grantee before the awarded Shares can be vested. In respect of an employee participant, unless otherwise determined by the Board and specified in the grant notice, the Group and/or grantee shall achieve the performance targets set out in the grant notice before the awarded Shares can be vested. The performance targets of awarded Shares granted to the Directors and senior management of the Company, and any grants of awarded Shares to the Directors and senior management of the Company without performance targets, shall be further subject to the approval of the Remuneration Committee and any other requirements under the Listing Rules.

While the performance targets will be imposed on a case-by-case basis to ensure the awards vested would be beneficial to the Group, general factors to be taken into account include but not limited to (i) annual results and performance of the Group; (ii) key performance indicators of respective department(s) and/or business unit(s) that the grantee belongs; and (iii) individual position, annual appraisal result and other factors relevant to the grantee. However, the rules of the 2023 Share Award Scheme do not specify any performance targets.

Where there has been an occurrence of misconduct such as (i) any material misstatements or omissions in the Group's financial statements by a grantee; (ii) any violation by a grantee of confidentiality or non-competition obligations owed to the Group, or any leakage by such grantee of the Group's trade secrets, intellectual property or proprietary information; (iii) any termination of employment contracts by a grantee without notice or payment in lieu of notice; (iv) conviction of any criminal offence by a grantee involving integrity or honesty; or (v) any conduct of a grantee that has material adverse effect to the reputation or interests of the Group, the awarded Shares may be subject to clawback as determined by the Board from time to time. The clawback of awarded Shares granted to the Directors and senior management of the Company, and any grants of awarded Shares to the Directors and senior management of the Company without clawback, shall be further subject to the approval of the Remuneration Committee and any other requirements under the Listing Rules.

Subject to the provisions of the Listing Rules, the purchase price (if any) in respect of any particular awarded Shares under the 2023 Share Award Scheme shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant award (and shall be stated in the grant notice) and taking into consideration factors such as the prevailing closing price of the Shares, the purpose of the 2023 Share Award Scheme, the characteristics and profile of the relevant selected participant(s).

As at 31 December 2023, the remaining life of the 2023 Share Award Scheme is around 9 years.

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

As at 31 December 2023, no Shares were held by the trustee of the 2023 Share Award Scheme.

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

No awards were granted, vested, lapsed or cancelled under the 2023 Share Award Scheme during the financial year. As at 31 December 2023, there were no unvested awards under the 2023 Share Award Scheme.

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

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

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

Corporate Governance

For the year ended 31 December 2023, save as disclosed in the Corporate Governance Report on pages 94 to 137 of this annual report, all the code provisions set out in the CG Code were met by the Company.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and to the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

Tax Relief and Exemption

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

Auditor

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditor of the Company is to be proposed at the forthcoming AGM.

By order of the Board

Ding Shizhong
Chairman

Hong Kong SAR, 26 March 2024

CORPORATE GOVERNANCE REPORT

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

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

(A) Board and Board Committees

The Board is collectively responsible for the Company's management, operations and decisions.

The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, risk management and internal control systems, and monitoring of the performance of management team. All Directors are subject to the same legal duties under all applicable laws and the Listing Rules. They are required, in the performance of their duties as directors, to act honestly and in good faith in the interests of the Company as a whole, avoid actual and potential conflicts of interest and duty, apply reasonable care and diligence, and make decisions objectively in the best interests of the Company. Currently, the Board comprises 10 Directors, including 6 Executive Directors and 4 Independent Non-Executive Directors, and the composition of the Board and the Board Committees are as follows:

Executive Directors

Mr. Ding Shizhong *(Chairman)*
Mr. Ding Shijia *(Deputy Chairman)*
Mr. Lai Shixian *(Co-Chief Executive Officer)*
Mr. Wu Yonghua *(Co-Chief Executive Officer)*
Mr. Zheng Jie
Mr. Bi Mingwei *(Chief Financial Officer)*

Independent Non-Executive Directors

Mr. Yiu Kin Wah Stephen *JP*
Mr. Lai Hin Wing Henry Stephen
Ms. Wang Jiaqian
Ms. Xia Lian

Audit Committee

Mr. Yiu Kin Wah Stephen *(committee chairman) (Independent Non-Executive Director)*
Mr. Lai Hin Wing Henry Stephen *(Independent Non-Executive Director)*
Ms. Wang Jiaqian *(Independent Non-Executive Director)*
Ms. Xia Lian *(Independent Non-Executive Director)*

Remuneration Committee

Mr. Lai Hin Wing Henry Stephen *(committee chairman) (Independent Non-Executive Director)*
Ms. Wang Jiaqian *(Independent Non-Executive Director)*
Ms. Xia Lian *(Independent Non-Executive Director)*

Nomination Committee

Mr. Lai Hin Wing Henry Stephen *(committee chairman) (Independent Non-Executive Director)*
Mr. Yiu Kin Wah Stephen *(Independent Non-Executive Director)*
Ms. Wang Jiaqian *(Independent Non-Executive Director)*
Ms. Xia Lian *(Independent Non-Executive Director)*
Mr. Lai Shixian *(Executive Director)*

Risk Management Committee

Mr. Yiu Kin Wah Stephen *(committee chairman) (Independent Non-Executive Director)*
Ms. Wang Jiaqian *(Independent Non-Executive Director)*
Ms. Xia Lian *(Independent Non-Executive Director)*
Mr. Bi Mingwei *(Executive Director)*

Sustainability Committee

Mr. Lai Shixian *(committee chairman) (Executive Director)*
Mr. Yiu Kin Wah Stephen *(Independent Non-Executive Director)*
Mr. Lai Hin Wing Henry Stephen *(Independent Non-Executive Director)*
Ms. Wang Jiaqian *(Independent Non-Executive Director)*
Ms. Xia Lian *(Independent Non-Executive Director)*
Mr. Wu Yonghua *(Executive Director)*
Mr. Yiu Wai Hung*
Mr. Tsui Yeung*

* *non-Board member*

The Board contains a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business. The Board includes a balanced composition of Executive Directors and Non-Executive Directors (including Independent Non-Executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement. Board practice is in place so that any changes to the Board composition (if any) can be managed without undue disruption.

Directors' biographical details and relationships between the Directors (if any) are set out in the section entitled "Directors, Company Secretary and Senior Management" in this annual report.

The Board's Roles and Responsibilities

The Board is collectively responsible for long-term success of the Group and interests of Shareholders. Under the leadership of the Chairman, the Board actively promotes the success of the Group by directing and supervising its affairs in a responsible and effective manner. The principal responsibilities of the Board include, but are not limited to, the following:

- formulating the Group's mission, vision and core values;
- establishing and promoting the Group's corporate culture;
- formulating, updating and refining the Group's strategy and business objectives;
- reviewing and approving the Group's business plan;
- monitoring and evaluating the management in driving the Group's businesses against plan and budget;
- approving any major acquisitions and disposals, formation of joint ventures and capital transactions, and any other transactions in accordance with the Listing Rules and other regulations;
- overseeing the management of the Group's relationships with stakeholders;
- ensuring the effective communication with the shareholders of the Company;
- ensuring appropriate and adequate disclosure and reporting in corporate communication documents including announcements and annual reports;
- reviewing the policies and monitoring the implementations in relation to corporate governance, internal controls, risk management and sustainability practices;
- approving the Group's quarterly, interim and annual financial statements, applicable results announcements and any other related documents;
- considering the distributions of ordinary and special dividends (if any);
- providing all Board Committees with sufficient resources to discharge their duties, including access to management or professional advice if considered necessary; and
- evaluating the performances of the Board and the Board Committees annually.

Executive Directors and Management's Roles and Responsibilities

The Executive Directors are involved in the day-to-day operations of the Group's businesses. Being members of the Company's senior management, they ensure that the management is accountable to the Board, and ultimately to the Shareholders. The Executive Directors also seek advice from and work closely with the Non-Executive Director and the Independent Non-Executive Directors. The principal responsibilities of the Executive Directors and management include, but are not limited to, the following:

- implementing the Company's strategies and objectives including assessing and identifying trends and development, for the Company;
- analysing the global macro economy and local market situation;
- conducting day-to-day management of the Group's businesses operation;
- achieving budget, plan and targets set by the Board;
- designing, implementing and maintaining appropriate and effective risk management and internal control systems;
- monitoring risks and takes measures to mitigate risks in day-to-day operations;
- monitoring and assessing the performance of each brand and function under the Group;
- providing input to and reviewing the business planning and budget; and
- analysing various matters, such as products lines, sales channels and supply chain, in different dimensions for the Group's businesses operation.

Delegation by the Board

In addition to the individual Board Committees established to assist the full Board in specific areas as discussed below, the responsibilities for implementing the Company's strategies and objectives, and day-to-day management of the Group's business operations are delegated to the Executive Directors and management team. The Board does not delegate matters to Executive Directors or management team to an extent that would significantly hinder or reduce the ability of the Board as a whole to perform its functions. The Company formalises the functions reserved to the Board and those delegated to management, and management are aware of the matters needed to report back and obtain prior Board approval before making decisions or entering into any commitments on the Group's behalf. The Board would review those arrangements from time to time to ensure that they remain appropriate to the Group's needs.

Chairman and CEO

Chairman provides leadership for the Board and takes the lead to ensure the Board acts in the best interests of the Company. The responsibilities of Chairman comprise, but are not limited to, the following:

- leading the Board in determining the strategic direction of the Company;
- ensuring that the Board works effectively and performs its responsibilities;
- establishing and overseeing sound corporate governance practices and procedures;

- enhancing effective communication with Shareholders and ensure the views of Shareholders are communicated to the Board as a whole;
- encouraging all Directors to make full and active contributions to the Board's affairs;
- facilitating the effective contribution of Non-Executive Directors (including Independent Non-Executive Directors) in particular and ensuring constructive relations between Executive Directors and Non-Executive Directors (including Independent Non-Executive Directors);
- ensuring all Directors are properly briefed on issues arising at Board meetings and always receive timely, accurate, reliable and complete information;
- ensuring sufficient time for discussion of issues among Directors; and
- ensuring that Board decision fairly reflect Board consensus.

CEO takes the lead of the Group's entire management team and reports to the Board on behalf of the management. The responsibilities of CEO comprise, but are not limited to, the following:

- leading and supervising the management team in the Group's daily operations;
- executing the Company's strategic initiatives determined by the Board from time to time;
- reporting on business operation, financial performance and strategic matters and providing key updates to the Board regularly;
- enhancing the Group's existing brand portfolio;
- facilitating the integration of different functions among the Group to unlock the potential synergies; and
- seeking for potential acquisition and investment opportunities.

Under code provision C.2.1 of the CG Code, the roles of the Chairman and the CEO should be separated and should not be performed by the same individual. Up to and until 31 January 2023, the roles of the Chairman and the CEO were performed by Mr. Ding Shizhong.

Change in the Executive Directors' Management Responsibilities

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

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

- Mr. Zheng Jie remains as an Executive Director and retired from the roles as Group President and the chief executive officer of the Outdoor Sports Group. He continues with his role as the chief executive officer of Amer Sports and is primarily responsible for Amer Sports related business;

- Mr. Lai Shixian has been appointed as the Co-CEO, and retired from the role as the CFO. He is in charge of ANTA brand, all other brands except FILA brand, group procurement and a number of the Group's functions;

- Mr. Wu Yonghua has been appointed as the Co-CEO, and retired from the role as the chief executive officer of the Performance Sports Group. He is in charge of FILA brand, the Group's international businesses and a number of the Group's functions; and

- Mr. Bi Mingwei has been appointed as the CFO. He is primarily responsible for the Group's financial management functions and a number of middle-and-back-office functions including business process management and logistics management.

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

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

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

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

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

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

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

Directors' and Officers' Insurance

The Directors and officers are indemnified under a directors' and officers' liability insurance against any liability incurred by them in the discharge of their duties while holding offices as the Directors and officers of the Group. The Directors and officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

Appointments, Retirement and Re-election of Directors

A formal, considered and transparent procedure for the appointment of new Directors is in place. Appointment of Directors is recommended by the Nomination Committee for approval of the Board. Candidates should be aware that they must be able to contribute sufficient time and attention to the affairs of the Company before accepting their appointment. Each newly appointed Director would receive a formal, comprehensive and tailored orientation, which details the duties and responsibilities of Directors under the Listing Rules, the Company's constitutional documents and other related ordinances and relevant regulatory requirements. Presentations by internal management and external professionals (where necessary) would also be provided to ensure a proper understanding of the Company's business and operations and governance policies.

Each of the Executive Directors and Non-Executive Directors (including Independent Non-Executive Directors) has entered into a service contract with the Company for a specific term. The existing articles of association of the Company provides that any Director appointed by the Board to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office until the first AGM after his appointment and shall then be eligible for re-election. Also, at each AGM one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. When an Independent Non-Executive Director proposed for re-election has served for more than nine years, his re-election would be subject to a separate resolution to be approved at the AGM.

For details of re-election of Directors at the forthcoming AGM, please refer to the section entitled "Directors" in the Report of the Directors of this annual report.

Directorship Commitments

The Board is satisfied that the Directors had a strong commitment to the Company and positively contributed to the Board through their participation in the Company's affairs and the Board's discussions and decisions, as reflected in their high attendance record on the Board and its Committee meetings during the financial year. All of the Directors have provided annual confirmations and made disclosures about their other appointments, the number and nature of offices held in public companies or organisations and other significant commitments.

Non-Executive Directors

Non-Executive Directors (including Independent Non-Executive Directors) may be industry practitioners or experts in the Group's business, or have other skills and experience in other areas which enhancing the Board members' balance of skills, experience and diversity of perspectives. As Board members with equivalent role, Non-Executive Directors (including Independent Non-Executive Directors) give the Board and any Board Committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. Non-Executive Directors (including Independent Non-Executive Directors) can make a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments.

The responsibilities of Non-Executive Directors comprise, but are not limited to, the following:

- participating in Board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;
- taking the lead where potential conflicts of interests arise for other Directors;
- serving on the Board Committees, if invited; and
- scrutinising the Group's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

All Non-Executive Directors (including Independent Non-Executive Directors) are appointed for a term of three years and are subject to retirement by rotation and eligible for re-election in accordance with the articles of association of the Company.

Independent Non-Executive Directors

Independent Non-Executive Directors play a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. In particular, they bring an impartial view to bear on issues of the Company's strategy, performance and control. All Independent Non-Executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advice to the Board. The Board also considers that Independent Non-Executive Directors can provide independent advice on the Company's business strategy, results and management so that all interests of Shareholders can be taken into account, and the interests of the Company and the Shareholders can be protected.

Each Independent Non-Executive Director shall inform the Company as soon as practical if there is any change of circumstances which may affect his/her independence. None of the Independent Non-Executive Directors have informed the Company that there is any change of circumstances which have affect his/her independence during the financial year.

The Nomination Committee has assessed the independence of each Independent Non-Executive Director based on the criteria set out in Rule 3.13 of the Listing Rules, and the Board and the Nomination Committee consider that all the Independent Non-Executive Directors are independent.

Currently, none of the Independent Non-Executive Directors, individually, held directorships in seven or more listed public companies (including the Company) or has served for more than nine years.

During the financial year, the Chairman held a meeting with all the Independent Non-Executive Directors (without the presence of other Directors), matters to discuss including:

- competitiveness analysis on the Group's outlook and strategy;
- overall consumer sector's performance;
- Amer Sports' recent development;
- board member diversity;
- trends and development of ESG;
- brand strategy;
- enterprise risk management; and
- other matters that the Independent Non-Executive Directors may have concerned.

Mechanisms to Ensure Independent Views and Input are Available to the Board

The Company has put in place mechanisms to ensure independent views and input are available to the Board, including but not limited to the following:

- Board and Board Committees meetings:

  Non-Executive Directors (including Independent Non-Executive Directors) participate in the Board and/or Board Committee meetings (including meetings of the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Management Committee and the Sustainability Committee) to bring independent views, advice and judgment on important issues relating to the Company (including strategy, policy, performance, accountability, resources, key appointments and standards of conduct), and take the lead on matters where potential conflicts of interests arise;

- Board and Board Committees evaluation:

  The Board and Board Committees conduct annual evaluations of their respective effectiveness and performance in the form of questionnaire. Non-Executive Directors (including Independent Non-Executive Directors) have been providing objective and independent feedbacks to the Board by participating in the annual evaluations of the Board and Board Committees;

- Annual review of Independent Non-Executive Directors' independence:

  The Nomination Committee assesses the independence of all Independent Non-Executive Directors annually in accordance with the requirements of the Listing Rules; and

- Further review of long-serving Independent Non-Executive Directors:

  In respect of any Independent Non-Executive Directors having served for more than nine years (if any), the Nomination Committee further assesses his role as an Independent Non-Executive Director, taking into account factors including but not limited to his reputation for integrity, experience, ability to assist the Board, perspectives and skills, and commitment while having due regard to the board diversity policy of the Company.

The Board has reviewed the implementation and effectiveness of the above mechanisms on an annual basis and is of the view that such mechanisms was implemented effectively during the financial year.

Director Nomination Policy

The Company has adopted a director nomination policy to ensure that the Board has a balance of skills, experience and diversity of perspective relevant to the Group's business. the Nomination Committee shall nominate suitable candidates to the Board for it to (i) consider and make recommendations to the Shareholders for election of Directors at general meetings or (ii) appoint as Directors by the Board to fill casual vacancies or as additions to the existing Board.

The Nomination Committee may nominate such number of candidates as it considers appropriate to (i) be appointed or re-appointed as Directors at a general meeting, or (ii) fill the casual vacancies or otherwise serve as new members of the existing Board. However, the ultimate responsibility for selection, recommendation and appointment of Directors shall rest with the entire Board.

In assessing the suitability of a proposed candidate, the Nomination Committee would consider factors including:

- integrity;
- qualification and experience in sportswear industry and/or business strategy, management, legal and financial aspects;
- ability to assist the Board in effective performance of its responsibilities;
- the perspectives and skills that the proposed candidate is expected to bring to the Board;
- commitment in respect of available time and relevant interest;
- diversity in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; and
- in the case of selection for Independent Non-Executive Directors, the independence of the proposed candidate.

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

The secretary of the Nomination Committee shall call a meeting and invite nominations of candidates from Board members (if any) for consideration by the Nomination Committee prior to its meeting. Alternatively, such nomination may be approved by the Nomination Committee by way of written resolutions. For filling a casual vacancy or addition to the existing Board, the Nomination Committee shall recommend candidate(s) for the Board's consideration and approval. For proposing candidates to stand for election of Directors at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation. Subject to and pursuant to the existing articles of association of the Company, any one or more Shareholders can serve a notice of its intention to propose a resolution to elect certain person (other than the Shareholders serving such notice) as a Director, without the Board's recommendation or the Nomination Committee's nomination (details of which are set out in the section entitled "(F) Shareholders' Rights, Communications with Shareholders and Investor Relations" below).

The re-appointment of a long serving Independent Non-Executive Director (e.g. an Independent Non-Executive Director who has continuously served for more than nine years) at AGM of the Company shall be subject to any other requirements that may be required by the Listing Rules from time to time.

The Nomination Committee would regularly review the implementation and effectiveness of the director nomination policy to ensure that the policy remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice, and would also discuss and consider any revisions that may be required.

For further details of the policy, please refer to the full text of the policy which is published on the Company's website (ir.anta.com).

Board Diversity Policy

The Company adopted a board diversity policy in accordance with the requirement set out in the CG Code. The policy aims to set out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board to broaden its view and enhance the quality of its performance. All Board appointments will be based on meritocracy, and candidates shall be considered against objective criteria, having due regard for the benefits of diversity on the Board. Diversity on the Board can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. In designing the Board's composition, the Company will also take into account factors based on its own business model and specific needs from time to time.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Directors are from diverse and complementary backgrounds. Their valuable experience and expertise are critical for the long-term growth of the Company. The current Board's composition under diversified perspectives is summarised as follows:

Name		Mr. Ding Shizhong	Mr. Ding Shijia	Mr. Lai Shixian	Mr. Wu Yonghua	Mr. Zheng Jie	Mr. Bi Mingwei	Mr. Yiu Kin Wah Stephen	Mr. Lai Hin Wing Henry Stephen	Ms. Wang Jiaqian	Ms. Xia Lian
Gender		Male	Male	Male	Male	Male	Male	Male	Male	Female	Female
Age		53	59	49	53	55	51	63	67	45	45
Length of service of the Board (up to 31 December 2023)		16 years	16 years	16 years	16 years	14 years	2.5 year	5.5 years	3 years	2.5 year	1.5 year
Skills, knowledge & professional experience	(a) Accounting & finance			✓			✓	✓			
	(b) Business development	✓			✓	✓				✓	✓
	(c) Brand management	✓			✓	✓				✓	
	(d) Capital market			✓				✓	✓		
	(e) Corporate responsibility/ sustainability	✓		✓	✓	✓	✓	✓	✓	✓	✓
	(f) Corporate strategy and planning	✓				✓	✓			✓	✓
	(g) Executive management and leadership skills	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	(h) Informational management			✓			✓				
	(i) Investor relations			✓							
	(j) Legal			✓					✓		
	(k) Manufacturing		✓								
	(l) Other listed board experience/role			✓				✓	✓		✓
	(m) Operational management	✓	✓	✓	✓	✓	✓				
	(n) Risk management			✓			✓	✓		✓	✓
	(o) Sales and marketing	✓			✓	✓					
	(p) Supply chain management		✓	✓			✓				
	(q) Treasury management			✓							

The Nomination Committee would annually review the implementation and effectiveness of the board diversity policy to ensure that the policy remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice, and would also discuss and consider any revisions that may be required.

The Nomination Committee has conducted the annual review of the Board composition and the implementation and effectiveness of the board diversity policy. Based on different measurable objectives on board diversity, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, the Nomination Committee considered that board diversity has been achieved since 2021. In particular, after the appointment of each of Ms. Wang Jiaqian and Ms. Xia Lian as an Independent Non-Executive Director on 1 July 2021 and 1 July 2022, respectively, the Board is no longer a single gender board. The Nomination Committee (and the Board) recognises the importance and benefits of gender diversity at the Board level, and shall continue to take initiatives to identify more female candidate(s) to further enhance the gender diversity among the Board members with a target of 30% women in the Board by the end of 2030. The Nomination Committee concluded that the policy was implemented effectively during the financial year.

The Board also recognises the importance of diversity in the workforce (including senior management). The Group employs our staff based on meritocracy and we respect our staff's personal choices, regardless of gender, age, religion, nationality etc. Currently only the Executive Directors, the Co-CEOs and the CFO are regarded as members of the Group's senior management, which makes achieving gender diversity at senior management level more challenging. The Group will continue to make ways in achieving gender diversity in the workforce (including senior management) with a target of over 40% women in the director level and above by the end of 2030.

The gender ratio in the Group's workforce (including senior management) as at 31 December 2023 are as follows:

Overall male to female ratio	Male 24.8%; Female 75.2%
By rank and gender:	
Office staff:	
President level (including senior management)	Male 78.3%; Female 21.7%
Director level	Male 62.4%; Female 37.6%
Manager level	Male 46.4%; Female 53.6%
Officers and others	Male 20.3%; Female 79.7%
Production staff	Male 17.3%; Female 82.7%

For further details of the policy, please refer to the full text of the policy which is published on the Company's website (ir.anta.com).

Remuneration of Directors and Senior Management

The Company has adopted a directors and senior management remuneration policy to maintain fair and competitive packages of the Directors and senior management based on the business needs of the Group and industry practice. For determining the remuneration packages of each Director and senior management, market rates and factors such as individual workload, duties and required commitment are taken into account (including their individual performance or the performance of the respective department(s) and business unit(s) that they are in charge (including the aspect of sustainability)). In addition, factors comprising economic and market situations, individual contributions to the Group's results and development (including the aspect of sustainability) as well as individual's potential are considered when determining the remuneration packages of Directors and senior management. At the same time, remuneration levels shall be sufficient to attract and retain Directors and senior management to run the Group successfully without paying more than necessary.

The Company has adopted the model ascribed in code provision E.1.2(c)(i) of the CG Code, whereby the Remuneration Committee determines, with the delegation from the Board, the remuneration packages of individual Executive Directors and senior management. The Remuneration Committee is also responsible for making recommendations to the Board on the remuneration packages of Non-Executive Directors (including Independent Non-Executive Directors).

Annual discretionary bonus of Executive Directors and senior management shall be determined with reference to the performance of the respective department(s) and business unit(s) that they are in charge of (including but not limited to key performance indicators) and their individual performance, and shall be approved by the Remuneration Committee.

The Remuneration Committee shall approve equity-based remuneration on the individual performance and business objectives of Executive Directors and senior management with the goal of maximising long-term shareholder value, and grant stock options and share awards in accordance with the Company's share option schemes and share award schemes as appropriate.

No Director takes part in any discussion of his own remuneration. Directors would abstain from voting in the resolutions in relation to their individual remuneration in relevant Board or the Remuneration Committee meetings.

In respect of discretionary bonus and equity-share based remuneration of Executive Directors and senior management, to the extent permitted by applicable laws and regulations, the Company may recover and adjust the previous remuneration provided within three years. The committee would review the facts and circumstances that led to the clawback and the costs and benefits of seeking recovery and would determine, in its discretion, the amount to be sought for recovery from such Executive Director or senior management. The Company may offset the recovery amount against current or future remuneration and through cancellation of unvested or vested equity-based remuneration.

Currently only the Executive Directors, the Co-CEOs and the CFO are currently regarded as members of the Group's senior management.

The Remuneration Committee would regularly review the implementation and effectiveness of the directors and senior management remuneration policy to ensure that the policy remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice, and would also discuss and consider any revisions that may be required.

During the financial year, the Remuneration Committee has conducted the review of the implementation and effectiveness of the directors and senior management remuneration policy, and concluded that the policy was implemented effectively.

For further details of the policy, please refer to the full text of the policy which is published on the Company's website (ir.anta.com).

Particulars regarding Directors' remuneration and the five highest paid individuals as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in notes 6 and 7 to the financial statements.

Training and Support for Directors

Directors should keep abreast of the latest developments in various areas, including laws and regulations, the Listing Rules, as well as industry update to discharge their duties and responsibilities for the benefit of the Company. Each newly appointed Director would receive an induction covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company. The Company also provides briefings and other training to develop and refresh the Directors' knowledge and skills. The Company is responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of the Directors. The Company continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes are issued to Directors and senior management where appropriate, to ensure awareness of best corporate governance practices.

Directors have provided records of the training they received during the financial year, and they have participated in the following training:

Directors	Reading materials in relation to legal, regulatory & industry updates	Briefing and updates on business and operation	Training/ Seminars	Other professional developments
Executive Directors				
Mr. Ding Shizhong	✓	✓	✓	✓
Mr. Ding Shijia	✓	✓	✓	✓
Mr. Lai Shixian	✓	✓	✓	✓
Mr. Wu Yonghua	✓	✓	✓	✓
Mr. Zheng Jie	✓	✓	✓	✓
Mr. Bi Mingwei	✓	✓	✓	✓
Independent Non-Executive Directors				
Mr. Yiu Kin Wah Stephen	✓	✓	✓	✓
Mr. Lai Hin Wing Henry Stephen	✓	✓	✓	✓
Ms. Wang Jiaqian	✓	✓	✓	✓
Ms. Xia Lian	✓	✓	✓	✓

Board Committees

The Board has established the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Management Committee and the Sustainability Committee (collectively the "Board Committees") with defined terms of reference. The terms of reference of the Board Committees are posted on the website of the Company (ir.anta.com) and the HKEXnews website of Hong Kong Exchange and Clearing Limited (www.hkexnews.hk).

Before a committee meeting starts, all members of the committee shall declare their interests (including the interests of their associates) in respect of the matters to be discussed and/or the resolutions to be approved during the meeting in accordance with the articles of association of the Company and/or the Listing Rules. In case a member of the committee (or his associate) has a material interest in a matter to be discussed and/or a resolution to be approved during a meeting, other members of the committee, for the purpose of avoidance of conflict of interests, shall consider and decide if the member shall abstain from voting in the resolutions and/or be absent from the meeting.

The Board Committees are provided with sufficient resources to perform their duties and are able to seek, at the Company's expenses, independent professional advice as necessary. The committees are able to invite relevant personnel within the Group to attend meetings, and to obtain any information that they require from any other committees and/or departments, if they consider necessary, in order to perform their duties. The committees may invite external advisers with relevant experience and expertise to participate and attend committee meetings as and when necessary, and they can review and approve the advisory fees and other terms of engagement of the external advisers.

Full details of the committees' work are disclosed in the relevant sections for each of the Board Committees.

Audit Committee

The Audit Committee is responsible for monitoring the integrity of the Group's financial statements, annual and interim reports and focus on the Group's financial reporting integrity, ensuring the compliance with the applicable accounting principles and practices for a balanced, clear and comprehensible assessment of the Group's performance, position and prospects, and ensuring the compliance with any applicable laws and the listing rules of the stock exchange on which the shares of the Company are listed. The committee maintains an appropriate relationship with the Company's external auditor, and makes recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal.

The Audit Committee meets regularly with the Company's external auditor to discuss the audit process and accounting issues. The committee meets with the external auditor without management members present at least once a year to discuss any issues arising from the audit and any other matters the external auditor may wish to raise. The external auditor may request for holding of meetings if they consider it necessary.

Also, to comply with the requirements under the CG Code in respect of the responsibilities for performing the corporate governance duties, the Board has delegated its responsibilities (with relevant authorities) to the Audit Committee.

The terms of reference of the Audit Committee are in line with the code provisions of the CG Code. The responsibilities of the Audit Committee comprise, but are not limited to, the following:

- making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and on any questions of its resignation or dismissal;

- approving the remuneration and terms of engagement of the external auditor;

- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

- monitoring the engagements of external auditor to supply any non-audit services, and making recommendations on any related matters where action or improvement is needed;

- acting as the key representative body for overseeing the Company's relations with the external auditor;

- monitoring integrity of the Company's and the Group's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgements contained in them;

- considering any significant or unusual items that are, or may need to be, reflected in the report and accounts;

- giving due consideration to any matters that have been raised by the Group's staff responsible for the accounting and financial reporting function, compliance officer or external auditor;

- conducting an annual review of the effectiveness of the Group's processes for financial reporting and financial controls;
- ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function;
- reviewing the Group's financial and accounting policies and practices;
- reviewing the external auditor's management letter (if any), any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- ensuring the appropriate arrangements are in place so that employees of the Group can, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters, and ensuring the Company would make fair and independent investigation of these matters and appropriate follow-up action;
- developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;
- reviewing and monitoring the training and continuous professional development of Directors and senior management;
- reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors; and
- reviewing the Company's compliance with the CG Code and disclosure in its Corporate Governance Report.

During the financial year, the Audit Committee performed, considered and/or resolved the following matters:

- reviewing and considering the annual results of the Group for the year ended 31 December 2022 for the approval by the Board;
- reviewing and considering the interim results of the Group for the 6 months ended 30 June 2023 for the approval by the Board;
- approving the external auditor's scope, plan and fees of the annual audit and the interim review;
- meeting with the external auditor and discussing their major findings in the annual audit and the interim review;
- reviewing the reports prepared by the external auditor relating to the annual audit and the interim review;
- considering the effectiveness of the external auditor, giving due consideration to the quality and contents of their reports to the committee, feedback from management and compliance with relevant regulatory, professional requirements and their independence;
- considering the safeguard of external auditor's objectivity and independence in proposed engagement in respect of audit-related and permissible non-audit services;
- considering and approving non-audit services to be provided by the external auditor;
- considering recommendation of the re-appointment of external auditor for Shareholders' approval in AGM;

- meeting with external auditor in the absence of management to discuss matters relating to audit fees, issues arising from audit and other matters the auditor raised;

- reviewing the adequacy of the resources, staff qualification and experience, training programmes and budget of those relating to Group's accounting and financial reporting function for the financial year;

- determining and reviewing the Company's current corporate governance policy and practice;

- reviewing the Company's compliance with the CG Code and other legal and regulatory requirements; and

- reviewing the disclosure in the Corporate Governance Report.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on the policy and structure for remuneration of all Directors and senior management of the Group and other matters relating to remuneration, for the purpose of motivating, retaining and attracting the best talent for the Group in order to maximise shareholder value. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that their remuneration and compensation are reasonable.

In carrying out its duties, the committee would: (i) ensure the packages are sufficient to attract, retain and motivate Directors and senior management to run the Company successfully without paying more than necessary; (ii) be sensitive to the wider scene, including pay and employment conditions elsewhere, especially when determining annual salary increases; (iii) ensure that the remuneration package of Executive Directors and senior management are designed to align their interest with those of Shareholders and to give them keen incentives to perform at the highest levels; and (iv) ensure that share options and share awards (if any) are offered in accordance with the Listing Rules.

Also, the committee considers all aspects of remuneration, including: (i) salaries paid by comparable listed companies, time commitment and responsibilities and employment conditions of other positions in the Group; (ii) appointment and termination terms for the Directors and the senior management to ensure they are fair; (iii) compensation arrangements relating to dismissal or removal of the Directors for misconduct to ensure they are reasonable and appropriate; (iv) corporate culture and other non-financial key performance indicators; and (v) whether the remuneration package for an Independent Non-Executive Director may affect his objectivity and independence.

The Remuneration Committee consults the Chairman and/or the CEO (or Co-CEOs (as applicable)) about their remuneration proposals for other Executive Directors, and accesses to independent professional advice if necessary.

The terms of reference of the Remuneration Committee are in line with the code provisions of the CG Code. The responsibilities of the Remuneration Committee comprise, but are not limited to, the following:

- making recommendations to the Board on the Company's policy and structure for remuneration of all Directors and senior management of the Group and on the establishment of a formal and transparent procedure for developing remuneration policy;

- determining, with delegation from the Board, the remuneration packages of individual Executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

- making recommendations to the Board on the remuneration of Non-Executive Directors (including Independent Non-Executive Directors);

- reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and the Company's objectives approved by the Board from time to time;

- reviewing and approving compensation payable to Executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms;

- reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms;

- ensuring that no Director or any of his associates is involved in deciding his own remuneration; and

- reviewing and/or approving any remuneration matters relating to share schemes (including share option scheme and share award scheme) involving new or existing shares of the Company or its subsidiaries, and any other matters relating to share schemes under Chapter 17 of the Listing Rules.

During the financial year, the Remuneration Committee performed, considered and/or resolved the following matters:

- reviewing the existing policy and structure for remuneration of all Directors and senior management of the Group;

- assessing the performance and reviewing the remuneration packages of the Executive Directors and senior management for financial year 2022;

- approving the discretionary bonuses of Mr. Ding Shizhong, Mr. Zheng Jie and Mr. Bi Mingwei for financial year 2022;

- reviewing and approving the management's remuneration proposals for the financial year;

- reviewing and making recommendation to the Board on the remuneration of Non-Executive Directors (including Independent Non-Executive Directors);

- making recommendation on the remuneration packages of Mr. Lai Hin Wing Henry Stephen in respect of the renewal of his letter of appointment as an Independent Non-Executive Director to the Board for approval;

- considering the termination of the 2017 Share Option Scheme is in the interests of the Company and the Shareholders, and recommending the Board to approve;

- considering the 2018 Share Award Scheme (2023 Revision) is in the interests of the Company and the Shareholders, and recommending the Board to approve;

- considering the 2023 Share Option Scheme and 2023 Share Award Scheme is in the interests of the Company and the Shareholders, and recommending the Board to approve, in particular (in respect of grants of options or awards to the Directors and/or senior management):

    - the vesting period for options or awards granted to employee participants may be less than 12 months under specific circumstances as set out under the schemes is appropriate because such arrangement is in line with the requirements under the Listing Rules and market practice, and gives the Company flexibility to provide a competitive remuneration package to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified, which is in line with the purpose of the 2023 Share Option Scheme and the 2023 Share Award Scheme;

    - it is not practicable to expressly set out a generic set of performance targets in the rules of the 2023 Share Option Scheme and the 2023 Share Award Scheme, as each selected participant will play different roles and contribute in different ways to the Group;

  - the clawback mechanism in each of the 2023 Share Option Scheme and the 2023 Share Award Scheme provides a choice for the Company to clawback the equity incentives granted to selected participants culpable of misconduct and is in line with the purpose of the 2023 Share Option Scheme and the 2023 Share Award Scheme and the interests of Shareholders; and

- approving the grants of an aggregate of 401,665 awarded shares to the Group's employees under the 2018 Share Award Scheme (2023 Revision).

Nomination Committee

The Nomination Committee is responsible for recommending suitable candidates to the Board for directorship, after considering the independence and competence of the nominees, to ensure that all nominations are fair and transparent. The committee evaluates and assesses the optimal composition of the Board, taking into account the Company's culture, strategies and objectives. In identifying suitable candidates, the Nomination Committee considers candidates on merit and against the objective criteria, with due regard for the benefits of diversity on the Board (details of which are set out in the section entitled "Director Nomination Policy" above). The Nomination Committee also reviews the structure, size and composition of the Board (details of which are set out in the section entitled "Board Diversity Policy" above) and assesses the independence of the Independent Non-Executive Directors (details of which are set out in the section entitled "Independent Non-Executive Directors" above).

The terms of reference of the Nomination Committee are in line with the code provisions of the CG Code. The responsibilities of the Nomination Committee comprise, but are not limited to, the following:

- identifying and nominating individuals suitably qualified to become Board members and making recommendations to the Board on the selection of individuals nominated for directorships when it is necessary to increase the number of Directors or to fill the Board vacancy, and the assessment criteria is whether the candidate is able to assist the Board in effective performance of the responsibilities;

- reviewing the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- reviewing the implementation of the board diversity policy of the Company and the measurable objectives that the Board has set for implementing the policy, and the progress on achieving the objectives, regularly;

- making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular Chairman and the CEO; and

- assessing the independence of Independent Non-Executive Directors and reviewing the annual confirmations on their independence.

During the financial year, the Nomination Committee performed, considered and/or resolved the following matters:

- conducting the annual review on the structure, size and diversity of the Board;

- reviewing the existing director nomination policy and board diversity policy of the Company, and the implementations;

- assessing the independence of Independent Non-Executive Directors and review of the annual confirmations on their independence;

- reviewing the re-appointment of Directors who retired from office at the past AGM in accordance with the Company's articles of association and offered themselves for re-election; and

- approving the renewal of Mr. Lai Hin Wing Henry Stephen's letter of appointment as an Independent Non-Executive Director.

Risk Management Committee

The Risk Management Committee, being delegated (with relevant authorities) by the Board, is responsible for assisting the Board (i) to evaluate and determine the nature and extent of the risks the Board is willing to take in achieving the Group's strategic objectives; (ii) to ensure that the Group has established and maintained appropriate and effective risk management and internal control systems; and (iii) to oversee management in the design, implementation and monitoring of the risk management and internal control systems.

The responsibilities of the Risk Management Committee comprise, but are not limited to, the following:

- overseeing the Group's risk management and internal control systems on an ongoing basis;
- conducting an annual review of the effectiveness of the Group's risk management and internal control systems;
- ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's, internal audit function during the annual review;
- discussing the risk management and internal control systems with management to ensure that management has performed its duty of establishing effective systems;
- considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- ensuring co-ordination between the internal audit department and external auditor, and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Group, and reviewing and monitoring its effectiveness;
- reviewing the regular reports by the internal audit department, including any findings of substantial contract review and non-compliance or irregularity matters;
- advising the Board on the Group's risk management principle and other risk related matters (including corporate actions and suggested strategic transactions, such as business combinations, acquisitions and disposals, substantial investments, and notifiable transactions as defined under the Listing Rules);
- ensuring a whistleblowing policy and system for employees and those who deal with the Group (e.g. customers and suppliers) is in place to raise concerns, in confidence and under anonymity, with the committee about possible improprieties in any matter related to the Group; and
- ensuring that policy(ies) and system(s) are in place to (i) promote and support anti-corruption laws and regulations and to (ii) foster an anti-corruption culture within the Group.

During the financial year, the Risk Management Committee performed, considered and/or resolved the following matters:

- meeting regularly with the second line departments to oversee the Group's risk management and internal control systems;
- conducting the annual review of the effectiveness of the risk management and internal control systems for financial year 2022, including consideration of the adequacy of resources, staff qualifications and experience of the Group's internal audit function;
- approving the annual audit plan provided by the internal audit department;

- reviewing the quarterly reports from the internal audit department and assessing the findings of substantial contract review and non-compliance or irregularity matters (if any);

- reviewing the effectiveness of the Group's internal audit function;

- reviewing the results of the internal audit and internal control review by the internal audit department with regard to continuing connected transactions; and

- assessing the risks of certain transactions and making recommendation to the Board for approval.

The annual review of the effectiveness of the risk management and internal control systems for the financial year has been conducted, details of which are set out in the section entitled "(D) Risk Management and Internal Control" below.

Sustainability Committee

The Sustainability Committee, being delegated (with relevant authorities) by the Board, is responsible for assisting the Board (i) to conduct effective governance and oversight of ESG matters; (ii) to formulate and review the Group's strategic objectives for sustainable development; (iii) to lead and promote each department to improve its mindsets and operation initiatives in various business processes from the perspective of sustainability; (iv) to identify, assess and manage material ESG risks; and (v) to coordinate and standardise the collection of ESG related data and information to improve the quality of ESG information disclosure.

The responsibilities of the Sustainability Committee comprise, but are not limited to, the following:

- formulating the Group's vision, strategy and management approach on sustainable development;

- reviewing and overseeing ESG operation, governance structure and policy, and ensuring continuous compliance with legal and regulatory requirements;

- defining the Group's ESG objectives and relevant implementation rules and effectiveness, and regularly reviewing the progress of objectives accomplishment and reporting to the Board;

- identifying ESG risks and opportunities (including climate change related) and assessing their impacts on the Group, and reviewing whether the Group's ESG risks are effectively managed and controlled;

- reviewing and assessing the appropriateness and effectiveness of the Group's ESG governance and management structure, policies management approach, practices, procedures, strategies and measures, and updating and adjusting the same in a timely manner;

- reviewing the Group's climate change related work, overseeing the identification, assessment, management and reporting process of climate change related risks and opportunities, and determining the related strategies and measures addressing climate change, so as to reduce the negative impacts on the climate during the Group's business development;

- reviewing the Group's relevant ESG policies regularly, including but not limited to: supply chain management policies, chemical management policies, labour management policies, etc;

- overseeing the communication process between the Group and stakeholders, and if required, receiving feedback on ESG work from the Group's internal and external stakeholders, and providing improvement recommendations for the Group's future ESG work;

- ensuring that the Company prepares ESG reports in accordance with the Listing Rules and other relevant laws and regulations, reviewing annual ESG reports and reporting to the Board;
- making recommendation to the Board to maintain the completeness of ESG reports;
- ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget of those relating to the Group's ESG performance and reporting;
- monitoring and verifying ESG-related staff training, budget and expenditure of the Group;
- monitoring, reviewing, and if required, reporting to the Board on international trends in legislation, regulation, and recommended best practices as regards to ESG, sustainability development, and ethical standards of corporate behaviour; and
- advising the Board the sufficiency of resources dedicated to ESG issues.

During the financial year, the Sustainability Committee performed, considered and/or resolved the following matters:

- formulating and approving the Group's initial vision, core value and strategy on sustainability;
- reviewing and considering the ESG report for financial year 2022 for the approval by the Board;
- discussing the latest ESG development on policy, governance and capital markets, and trend in ESG reporting disclosure;
- discussing the latest ESG rating of the Company and considering any improvement measures; and
- discussing the latest ESG regulatory requirement impacts to the Group, including climate change related matters.

Changes in Composition of Board Committees

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

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

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

Other than the changes set out above, there were no other changes in the composition of the Board Committees during the financial year.

Annual Evaluation of the Board and the Board Committees

The Company undertakes an annual internal evaluation of the effectiveness and performance of the Board and the Board Committees to enhance Directors' accountability and to achieve good corporate governance and Board effectiveness. In March 2024, the Board and all Board Committees underwent an annual evaluation (in the form of questionnaires) of their respective effectiveness and performance for the financial year. The questionnaires cover a broad range of topics including the Board and the Board Committees' compositions, meeting dynamics and meeting materials, culture and ethics, role and responsibilities, and relationships with management and other relevant parties.

The results of the evaluation show that the Board and all Board Committees are found to be operating effectively, there is nothing significantly affecting the Board or the Board Committees' performance and there is no material issue that required further discussion. Reporting of matters by all Board Committees to the Board is found to be clear and adequate. All Directors are satisfied that the Board and the Board Committees have the right mix of expertise, experience and skills. A summary of the evaluation result has been provided to the Board and the Board Committees for discussion.

Meetings

The Board meets regularly to discuss the overall strategy as well as the operational and financial performance of the Group. Board meetings are held at least four times a year at approximately quarterly intervals. Directors may participate either in person or through electronic means of communications in accordance with the articles of association of the Company. Further, they have independent access to the senior management in respect of operational issues.

The attendance of individual Directors (and non-Board members) at the Board and the Board Committees meetings for the financial year is set out below:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Risk Management Committee Meeting	Sustainability Committee Meeting
No. of meetings held for the year ended 31 December 2023	4	4	2	2	4	4
Executive Directors						
Mr. Ding Shizhong	4/4	–	1/1 (1)	–	–	–
Mr. Ding Shijia	4/4	–	–	–	–	–
Mr. Lai Shixian	4/4	–	–	2/2	2/2 (3)	4/4
Mr. Wu Yonghua	4/4	–	–	–	–	4/4
Mr. Zheng Jie	4/4	–	–	–	–	3/3 (4)
Mr. Bi Mingwei	4/4	–	–	–	2/2 (3)	–
Independent Non-Executive Directors						
Mr. Yiu Kin Wah Stephen	4/4	4/4	–	2/2	4/4	4/4
Mr. Lai Hin Wing Henry Stephen	4/4	4/4	2/2	2/2	–	4/4
Ms. Wang Jiaqian	4/4	4/4	2/2	1/1 (2)	4/4	4/4
Ms. Xia Lian	4/4	4/4	2/2	1/1 (2)	4/4	4/4
Non-Board members						
Mr. Yiu Wai Hung	–	–	–	–	–	4/4
Mr. Tsui Yeung	–	–	–	–	–	1/1 (4)

Notes:

(1) Mr. Ding Shizhong ceased to be a member of the Remuneration Committee with effect from 1 July 2023.

(2) Ms. Wang Jiaqian and Ms. Xia Lian were appointed as members of the Nomination Committee with effect from 1 July 2023.

(3) Mr. Lai Shixian ceased to be a member of the Risk Management Committee, and Mr. Bi Mingwei was appointed as a member of the Risk Management Committee with effect from 1 July 2023.

(4) Mr. Zheng Jie ceased to be a member of the Sustainability Committee, and Mr. Tsui Yeung was appointed as a member of the Sustainability Committee with effect from 1 July 2023.

All Directors have the opportunity to include matters in the agenda for Board meetings. Sufficient notice of not less than 14 calendar days would be given for regular meetings to all Directors enabling them to attend, and reasonable notice would be given in case of other Board meetings.

Directors are required to have a thorough understanding of the issues being discussed at Board or committee meetings to enable them to contribute to discussions. The Company provides the Board and the Board Committees with adequate, complete and reliable information, in a timely manner, to enable them to make informed decisions. All Directors (and Board Committees members (if applicable)) are provided with relevant materials relating to the matters brought before the meetings at least three days in advance.

All Directors do not, in all circumstances, rely purely on information provided voluntarily by management. Where any Director requires more information than is volunteered by the Company, he can make further enquiries where necessary. The Board and individual Directors have separate and independent access to the Company's senior management. All Directors can retain independent professional advisors if necessary, at the Company's expenses. Where queries are raised by Directors, steps would be taken by the Company to respond as promptly and fully as possible.

The company secretary (or committee secretary (if applicable)) is responsible for preparing the agenda for each Board (and Board Committees) meeting and ensuring the procedures and all applicable laws, rules and regulations are followed. All Directors can seek assistance from the company secretary (or committee secretary (if applicable)). The company secretary (or committee secretary (if applicable)) is also responsible for preparing draft and final versions of Board and Board Committees meeting minutes, and would send to the Directors and the Board Committees members for comment (before sign-off) and for their records, within a reasonable time after the meetings. All Directors are entitled to have access to Board papers and related materials. These papers and related materials are in a form and quality sufficient to enable the Board to make informed decisions.

Conflict of Interest

If a Director (or a Board Committee member (if applicable)) has a conflict of interest in relation to a transaction or proposal to be considered by the Board or the Board Committees, such transaction or proposal would be dealt with by a physical meeting rather than a written resolution, and the individual is required to declare such interest and to abstain from voting. The matter would be considered at a Board or the Board Committees meeting attended by Directors (or the Board Committees members (if applicable)) who have no material interest in the transaction.

Company Secretary

The company secretary of the Company is the key adviser to the Board on corporate governance and other regulatory compliance matters, and plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policies and procedures are followed. Any selection, appointment or dismissal of the company secretary would be approved by the Board. The company secretary is responsible for advising the Board through the Chairman on governance matters and facilitating induction and professional development of Directors. The company secretary reports to the Chairman. All Directors have access to the advice and services of the company secretary. The principal responsibilities of the company secretary include, but are not limited to, the following:

- assisting the Company develop and maintain a sound and effective corporate governance framework to ensure compliance and good corporate governance practices;
- keeping abreast of the developments in laws, rules and regulations that may affect the Group's business and operations, and briefing the Board on these developments;
- ensuring that the Board members receive continuous training in relation to the Group's business developments and any applicable laws and regulations; and
- providing compliance advice to the Board in the decision-making process, and ensuring full compliance.

Mr. Tse Kin Chung is the company secretary of the Company. He is a full time employee of the Group and has good knowledge of the Company's affairs. During the financial year, Mr. Tse has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules. The biographical details of Mr. Tse are set out in the section entitled "Directors, Company Secretary and Senior Management" in this annual report.

(B) Corporate Purpose, Strategy and Culture

The Board has established the Company's purpose, values and strategy, and ensures that these and the Company's corporate culture are aligned. All Directors act with integrity, lead by example, and promote the desired corporate culture.

Mission

To Integrate the Sports Spirit of "Going Beyond Oneself" into Everyone's Daily Life.

- We keep pushing above our limits in pursuit of success in order to become better us and create value for the society.
- We never stop striving to build the world a better place and keep moving. The best part of sports is not winning but rather enjoying the benefits it has for our body and mind. Our staff exhibit this sportsmanship in both their personal and professional lives.
- As a multi-brand sportswear group, we understand the needs of consumers, provide products catering to those needs, and actively promote sports participation to help people live a wonderful life.

Vision

To Become a Leading Multi-brand Sportswear Group in the World.

- We keep moving and aspire to become a world leader in terms of market share, brand value, technological innovation, social responsibility, and staff development.

Three Cultural Values

Consumer-oriented

We create value for consumers. This is not only the purpose and meaning behind the existence of a corporation, but also the responsibility and mission for everyone at ANTA Group.

Benchmarking against High Standards

The concept of going beyond oneself should be reflected in the work attitude, job requirements and daily practices of everyone at ANTA Group.

Learning from Leaders

ANTA Group's entire management should serve as a role model to motivate and steer the team to victory.

Corporate Strategy

"Single-focus, Multi-brand, Globalisation"

- Single-focus:

  Produce quality footwear and apparel products with focus on the sportswear market and consumer value; each brand focuses on product categories that drive brand salience in order to establish leading positions in their respective market segments.

- Multi-brand:

  Leverage various brands to fulfill consumers' needs and create diversified values for consumers, as well as build a multi-brand matrix encompassing brand groups of Performance Sports, Fashion Sports and Outdoor Sports; strengthen group-level shared platforms to empower multi-brand development.

- Globalisation:

  Help Chinese brands to expand their reach globally and help global brands penetrate the China market; leverage on the extensive global network of ANTA Group and Amer Sports, to better meet the needs of global consumers; realise globalisation in terms of market position, brand portfolio, value chain composition and governance structure.

(C) Financial Reporting and External Auditor Related Matters

Financial Reporting

The Board aims to present a clear, balanced, comprehensible and understandable assessment of the Group's performance, position and prospects in the annual and interim reports to the Shareholders, and make appropriate disclosure and announcements in a timely manner. Before approval of any financial or other information, management would provide sufficient explanation and information to the Board to enable it to make an informed assessment. Also, management provides all Directors with regular updates giving a balanced and understandable assessment of the Group's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties.

The Board acknowledges that it is responsible for the preparation of the financial statements of the Group. In the preparation of financial statements, IFRS Accounting Standards, Hong Kong Financial Reporting Standards, the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of the Listing Rules have been adopted, the appropriate accounting policies have been consistently used and applied, and reasonable judgements and estimates are properly made. The Board was not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The Audit Committee reviewed this annual report, including the consolidated financial statements of the Group for the year ended 31 December 2023 and the annual results announcement with a recommendation to the Board for approval. The Audit Committee considered the following factors during the review:

- any changes in accounting policies and practices;
- major judgmental areas;
- significant adjustments resulting from audit;
- the going concern assumptions and any qualifications;
- compliance with accounting standards;
- compliance with the Listing Rules and legal requirements in relation to financial reporting; and
- fairness of the connected transactions and the continuing connected transactions, and making disclosure in accordance with the Listing Rules and the applicable financial reporting standards.

External Auditor and Audit Quality Evaluation

KPMG has been appointed as the Company's external auditor since 2004. KPMG has confirmed to the Audit Committee that they are independent with respect to acting as external auditor to the Company. The work scope and responsibilities of KPMG are stated in the section entitled "Independent Auditor's Report" in this annual report.

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor.

An effective audit not only provides independent assurance on whether an entity's financial statements are free from material misstatements (i.e. give a true and fair view), but may also identify weaknesses in internal controls of the audited entity. The purpose of an audit is to enhance users' confidence in the credibility of financial statements, which contain reliable and relevant information for investors and other stakeholders to make informed decisions. While the primary responsibility for audit quality rests with external auditor, the Audit Committees, in the interests of investors and other external stakeholders, plays a pivotal role in monitoring how auditor enhance and maintain audit quality.

The Audit Committee underwent the annual evaluation of the Company's external auditor, KPMG, from an audit quality perspective for the financial year. The following factors of have been taken into account by the committee:

- governance and leadership;
- compliance with relevant ethical requirements (including but not limited to independence);
- industry knowledge and technical competence;
- engagement performance and resources;
- communication and interaction with the Audit Committee; and
- monitoring process.

Based on the evaluation results, the Audit Committee considered KPMG, as the Company's incumbent auditor, maintained audit quality that was sufficient and appropriate for the Company's audit engagement.

Auditor's Non-Audit Services Policy

The Company has adopted an auditor's non-audit services policy to set parameters for the Group's non-audit services engagements consistent with applicable laws, regulations and the Company's corporate governance principles. The policy is applicable to the Company's external auditor, including (i) any entity that is under common control, ownership or management with the audit firm; or (ii) any entity that a reasonable and informed third party having knowledge of all relevant circumstances would reasonably consider as part of the audit firm nationally or internationally.

In order to maintain the independence of the Company's external auditor, the engagement of the auditor in relation to non-audit services shall be subject to the approval by the Audit Committee. The Audit Committee may approve exceptions when it determines that such an exception is in the best interests of the Company and it is determined that such an exception does not impair the independence of the auditor.

Notwithstanding the foregoing, the following non-audit services are generally prohibited and generally will not be considered for exception from the policy:

- bookkeeping or other services that would affect the accounting records or the financial statements;
- financial information systems design and implementation;
- appraisal or valuation services, providing fairness opinions or preparing contribution-in-kind reports;
- actuarial services;
- internal audit outsourcing services;
- management functions or human resources;
- broker or dealer, investment adviser or investment banking services;
- legal services; and
- any other services that Hong Kong Stock Exchange, Securities and Futures Commission of Hong Kong or applicable regulator determines impermissible.

For the purpose of the Audit Committee's approval of any non-audit services to be provided by the Company's external auditor, the auditor shall provide a written statement to the effect that such non-audit services do not impair its independence.

When accessing the auditor's independence or objectivity in relation to non-audit services, the Audit Committee would consider:

- whether the skills and experience of the auditor make it a suitable supplier of non-audit services;
- whether there are safeguards in place to ensure that there is no threat (or any such threat will be reduced to an acceptable level) to the objectivity and independence of the audit because the auditor provides non-audit services;
- the nature of the non-audit services, the related fee levels and fee levels individually and in total relative to the audit firm; and
- the criteria for the compensation of the individuals performing the non-audit services.

The Audit Committee is responsible for monitoring the independence of the Company's external auditor to ensure true objectivity in the financial statements, reviewing scope of non-audit services and approving fees payable to the auditor. The committee shall report to the Board on any matters where action or improvement is needed in relation to non-audit services provided by the auditor.

The Audit Committee has reviewed the nature and the service charges of non-audit services performed by KPMG during the financial year and considered that these non-audit services have no adverse effect on the independence of the auditor.

The Audit Committee would regularly review the implementation and effectiveness of the auditor's non-audit services policy to ensure that the policy remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice, and will also discuss and consider any revisions that may be required.

During the financial year, the Audit Committee has conducted the review of the implementation and effectiveness of the auditor's non-audit services policy, and concluded that the policy was implemented effectively.

For further details of the policy, please refer to the full text of the policy which is published on the Company's website (ir.anta.com).

Auditor's Remuneration

The Audit Committee plays a pivotal role in approving the remuneration of auditors. The Audit Committee ensures audit fees are not at a level that compromises audit quality and considers key factors including the nature, size, and complexity of the audit as well as market competition in assessing the reasonableness of audit fees.

The Audit Committee would award such fees, commensurate with the demands of the engagement, as would ensure that sufficient resources with appropriate expertise and experience will be allotted to enable the audit to be performed in accordance with professional standards and applicable legal and regulatory requirements.

During the financial year, the fee payable to KPMG in respect of its audit services provided to the Group was RMB13,356,000 (2022: RMB10,467,000). The Audit Committee has assessed the reasonableness of the audit fee in following aspects:

- size and structure of the Group in terms of: (i) total assets, revenue and net income; (ii) number and relative significance of subsidiaries and associated entities; (iii) number of geographical locations where the Group conducts business; and (iv) lines of business operated by the Group;

- nature and complexity of the Group's businesses in terms of: (i) nature of the Group's principal activities; (ii) effectiveness of the Group's financial reporting and internal control over financial reporting; (iii) whether computer-aided audit tools are expected to be used and technology specialists should be involved; and (iv) whether the Group's businesses are diversified in terms of number of business segments;

- breakdown of audit fees in terms of: (i) by seniority of staff members (i.e. the number of hours that the audit partner, audit managers, specialists, and other team members dedicated to the audit); (ii) by geographical locations of the Group's businesses (i.e. the amount of audit fees allocated by the audit firm to component auditors at each location); and (iii) by business segments of the Group (i.e. the amount of audit fees allocated by the audit firm to the audit of each business segment);

- other factors, in terms of: (i) audit fees charged by the audit firm for entities that operate in a similar industry; and (ii) fees paid by other listed entities of similar size and nature for audits of similar complexity.

The Audit Committee was aware that KPMG proposed the audit fees based on factors such as severity of responsibilities, complexity, work requirements, required working conditions and working hours, and professional knowledge and work experience of staff at all levels actually participating in the audit engagement.

The Audit Committee considered that, having taken into account the factors mentioned above, the audit fee of KPMG was reasonable, was within normal market level and not significantly lower than other firms, and was sufficient to enable the firm to perform the audit engagement in accordance with professional standards and applicable legal and regulatory requirements.

Fees for non-audit services for the financial year comprise service charges for the following:

	2023 **RMB'000**	2022 RMB'000
Review of interim results	**1,839**	1,601
Tax advisory and compliance (service rendered by other member firm(s))	**1,886**	831
Risk management and Internal control review (service rendered by other member firm(s))	**600**	600
Supply chain management advisory (service rendered by other member firm(s))	**1,850**	–
Treasury management advisory (service rendered by other member firm(s))	**–**	2,880
Other non-audit services	**596**	399
Total	**6,771**	6,311

Reappointment of Incumbent Auditor

The Audit Committee is responsible for evaluating the incumbent auditor for reappointment where appropriate. The committee would not recommend reappointment by default.

To discharge the duties of independent oversight of the external auditor effectively, the Audit Committee would evaluate the quality of the audit of the incumbent auditor on an ongoing basis by observing and interacting with the auditor during the past audit engagements.

The Audit Committee meets with the auditor regularly to discuss matters relating to financial reporting and other related issues of the Group. Through the meetings, the committee assesses the ongoing performance of the auditor against the quality commitment it made and the subsequent reappointments.

The Audit Committee underwent an annual assessment of the Company's incumbent auditor reappointment for the purpose of recommendation to the Board. The following factors have been taken into account by the committee:

- audit effectiveness – handling of key audit issues;
- audit effectiveness – timely completion of audit work;
- relationship between the auditor and management of the Group;
- interaction with the Audit Committee; and
- other considerations.

Based on the assessment results, the Audit Committee recommended the reappointment of KPMG to the Board, and the Board would propose a resolution of reappointment of the Company's incumbent auditor at the forthcoming AGM.

(D) Risk Management and Internal Control

Enterprise Risk Management

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness on an ongoing basis. Such risk management and internal control systems are designed for managing risks rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has delegated its responsibilities (with relevant authorities) of risk management and internal control to the Risk Management Committee. The Risk Management Committee (on behalf of the Board) oversees management in the design, implementation and monitoring of the risk management and internal control systems. For further details of enterprise risk management, please refer to the "Risk Management Report" set out on pages 138 to 146 of this annual report.

Internal Audit Function

The Group's internal audit function is performed by our internal audit department. The department plays an important part in the assessment of the effectiveness of the risk management and internal control systems of the Group and reports directly to the Risk Management Committee on a regular basis.

The internal audit department conducts audit on material controls, compliance with policies and procedures of the Group at both operational and corporate levels, and reviews and comments the related internal control effectiveness. Plans and tools for corrective actions and control improvements would be identified and communicated with operations management to address any issues, non-compliance or deficiencies identified. The department further monitors the implementation of its recommendations by the operations management and reports the outcome to the Risk Management Committee. The internal audit department is also responsible for substantial contract review to identify risk behind and provide recommendation to the operation management.

The internal audit department attends regular the Risk Management Committee meetings and reports their work. Significant findings (including any findings of substantial contract review and non-compliance or irregularity matters) can be reported directly and freely to the Risk Management Committee. The Risk Management Committee ensures sufficient resource (including annual budget and staffing) are allocated to the internal audit department for effective fulfilment of work objectives and responsibilities, and provides all necessary support.

During the financial year, the internal audit department completed various audit plans approved by the Risk Management Committee in advance and reported quarterly to the Risk Management Committee on the results, for which the performance was unanimously recognised, such that the Group could be further improved in terms of compliance, internal control, risk response and management.

The Risk Management Committee has conducted a review of the internal audit function of the Group for the financial year, and considered the internal audit function was effective.

Annual Review of Effectiveness of Risk Management and Internal Control Systems

The Board and the Risk Management Committee oversee the Group's risk management and internal control systems on an ongoing basis, and conduct annual review of the effectiveness of the Group's risk management and internal control systems. The annual review covers all material controls, including financial, operational and compliance controls for the financial year.

The Risk Management Committee conducted the annual review of effectiveness of risk management and internal control systems for the financial year and has considered the following:

- the changes, since the last annual review, in the nature and extent of significant risks, and the Group's ability to respond to changes in its business and the external environment;
- the scope and quality of management's ongoing monitoring of risks and internal control systems;
- the work of the internal audit function;

- the extent, frequency and effectiveness of communication of monitoring results to the Board (or the Board Committees);
- the adequacy of resource, staff qualification and experience, training programmes and budget of those relating to Group's internal audit function;
- significant control failures or weaknesses that have been identified during the financial year (if any);
- in respect of any failures or weaknesses identified, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Group's financial performance or condition; and
- the effectiveness of the Group's processes for Listing Rules compliance.

The Risk Management Committee (on behalf of the Board) has received a confirmation from management on the effectiveness of risk management and internal control systems for the financial year.

The Group also engaged KPMG Advisory (China) Limited as its risk management and internal control review adviser to assist the review of the effectiveness of the risk management and internal control systems for the financial year. The scope of review was determined and approved by the Risk Management Committee. KPMG Advisory (China) Limited has reported major findings and areas for improvement to the Risk Management Committee. All recommendations from KPMG Advisory (China) Limited would be properly followed up by the Group to ensure that they would be implemented within a reasonable period of time.

Based on the effectiveness confirmation provided by the management, the regular reports of the internal audit department and the assessment report of KPMG Advisory (China) Limited, the Risk Management Committee considered: (i) the Group was able to respond to the significant risks identified and any changes in its business and the external environment; (ii) the scope and quality of management's ongoing monitoring of risks and internal control systems were appropriate for the financial year; (iii) internal audit function for the financial year was effective with satisfactory performance and quality; (iv) the resource, staff qualification and experience, training programmes and budget of those relating to Group's internal audit function for the financial year were adequate; (v) there were no significant control failures or weaknesses identified during the financial year; and (vi) the Group's processes for Listing Rules compliance for the financial year were appropriate and effective; and therefore concluded that the risk management and internal control systems of the Group for the financial year were effective and adequate.

Whistleblowing Policy

The Group is committed to achieving and maintaining the high probity standards and ethical business practices and encouraging reporting of concerns of actual or suspected misconduct or malpractice by any employees and/or external parties in any matter related to the Group. The Company has adopted a whistleblowing policy to create a system for the employees and other persons or entities who deal with the Group (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the Risk Management Committee (designated by the Board with relevant authorities) about possible improprieties relating to the Group. The identity of the whistleblower would be treated with the strictest confidence.

The whistleblowing system established under the policy is intended:

- to cultivate a culture of openness and transparency in the Group;
- to maintain internal corporate justice;
- to encourage employees and other persons or entities dealing with the Group to raise concerns about possible improprieties relating to the Group and to provide them with reporting channels for such purposes; and
- to enable the Company to detect and deter or remedy a misconduct or malpractice in the Group before serious damage is caused.

The whistleblowing policy is applicable to all employees of the Group at all levels and to other persons or entities who deal with the Group (e.g. customers and suppliers). Whistleblowers may choose to report a misconduct to the designated ethics officers (being the Chairman and the chairman of the Risk Management Committee) or the Group's internal audit department.

When making a report, although the whistleblower may be unable to provide conclusive proof or evidence, the report of misconduct made under the whistleblowing policy shall include full disclosure of any relevant or material information to the extent possible.

The Company is committed to exerting its best effort to keep all reports by whistleblower confidential and privileged to the fullest extent permitted by law, and handle the reports in a timely manner. Any person making a genuine and appropriate report in good faith under the policy will be assured of fair treatment, and should not be subject to any unwarranted disciplinary action or unfair dismissal as a result of making such report. The Company strictly prohibits any retaliation and will make the best effort to take reasonable measures in order to protect whistleblowers from retaliation. Persons who victimise or retaliate against those who have genuinely raised concerns in good faith under the policy will be subject to disciplinary actions, and the identity of such person may be disclosed to internal or external investigators, or relevant law enforcement agencies or governmental, judicial or regulatory bodies for appropriate action without notifying such person to the extent permitted by law.

Should circumstances arise in which the Company is required to disclose the whistleblower's identity, the Company will, to the extent permitted by law, endeavour to inform the whistleblower that his identity is likely to be disclosed, and the Company will endeavour to protect the reasonable interest of the whistleblower.

All reports must be made in good faith. Persons making a report on any misconduct under the whistleblowing policy should exercise due care in ensuring accuracy of the information they report to the ethics officers or the internal audit department.

The Group reserves the right to take appropriate actions against any person who knowingly or irresponsibly makes false allegations or malicious allegations, including but not limited to disclosing the identity of such person to internal or external investigators, or relevant law enforcement agencies or governmental, judicial or regulatory bodies for appropriate action without notifying such person to the extent permissible by law. The Group also reserves its right to take any actions against such person to recover any loss or damages resulted from the false report. Employees who make a false report may be subject to disciplinary actions, including dismissal, where appropriate.

The Risk Management Committee would regularly review the implementation and effectiveness of the whistleblowing policy to ensure that the policy remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice, and will also discuss and consider any revisions that may be required.

During the financial year, the Risk Management Committee has conducted the review of the implementation and effectiveness of the whistleblowing policy, and concluded that the policy was implemented effectively.

For further details of the policy, please refer to the full text of the policy which is published on the Company's website (ir.anta.com).

Anti-corruption Policy

The Company is committed to pursuing ethical and anti-corruption business practices with a high standard of integrity and zero tolerance to corruption. To this end, the Company has adopted an anti-corruption policy to complement all applicable anti-corruption laws and regulations and to achieve the Company's desired anti-corruption culture.

The Group (including any Directors and employees) should comply with the relevant anti-corruption laws and regulations in the PRC (including the Supervision Law of the PRC), Hong Kong SAR and other countries or regions as applicable. The Group prohibits all forms of political contributions that contravene the legal requirements of the countries or regions as applicable. The Group strictly prohibits charitable donations from being used for bribery or corruption, and ensures that charitable donations and sponsorships are compliant, legal and ethical.

The anti-corruption policy is applicable to all Directors (including the Independent Non-Executive Directors), all employees of the Group at all levels, external parties having business dealings with the Group (including suppliers, services providers, business partners, etc.) and persons acting in an agency or fiduciary capacity on behalf of the Group (e.g. agents, consultants and contractors of the Group).

Directors and employees of the Group shall uphold at all times the Group's core value of integrity, honesty, fairness, impartiality and ethical business practices.

Directors and employees of the Group should not accept any advantage from any person, company or organisation having business dealings with the Group, whether or not any undue favour is involved. They may only accept (but not solicit) an advantage when such advantage is offered on a voluntary basis and such advantage is disclosed to and approved by the Group. If a Director or an employee is unsure as to whether the acceptance of an advantage could (i) affect the proper discharge of his duties or (ii) place such Director or employee under an obligation to act against the Group's interests, he should always decline to accept the advantage.

Directors and employees of the Group shall avoid any conflict of interest or potential conflict of interest with the Group, and should declare any conflict of interest or potential conflict of interest as appropriate.

Directors and employees of the Group shall not give any advantage to any person, company or organisation having business dealings with the Group for inappropriate advantage or any other illegitimate purpose.

Directors and employees of the Group shall not, in their personal capacity or acting in an agency or fiduciary capacity on behalf of the Group, provide any form of facilitation payments to any individual or entity.

Any breach of the anti-corruption policy should be reported to the Company through reporting channels under the whistleblowing policy of the Company, whether it is known who may be responsible for the breach or how it may have occurred. The Company takes reports of corruption seriously, and may conduct investigations pursuant to the whistleblowing policy of the Company if necessary. Material incidents relating to breaches of the anti-corruption policy shall be brought to the attention of the Board by the Risk Management Committee.

The Risk Management Committee would regularly review the implementation and effectiveness of the anti-corruption policy to ensure that the policy remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice, and would also discuss and consider any revisions that may be required.

During the financial year, the Risk Management Committee has conducted the review of the implementation and effectiveness of the anti-corruption policy, and concluded that the policy was implemented effectively.

For further details of the policy, please refer to the full text of the policy which is published on the Company's website (ir.anta.com).

For the review of our anti-corruption performance for the financial year, please refer to the Company's *Environmental, Social and Governance Report 2023*.

Inside Information Management Policy

With respect to inside information (as defined under the SFO), the Company has adopted an inside information management policy in accordance with Part XIVA of the SFO, the Listing Rules, the *Guidelines on Disclosure of Inside Information* promulgated by the Securities and Futures Commission of Hong Kong in June 2012 and other relevant laws and regulations and based on the actual situation of the Company, in order to strengthen the management of the Company's information disclosure and ensure an orderly market as well as the truthfulness, accuracy, completeness and timeliness of information disclosure of the Company, to protect the legitimate rights and interests of the Company, its shareholders, creditors and other stakeholders.

The Company complies with the following fundamental principles for information disclosure:

- Principle of truthfulness:

  The matters summarised in the information disclosed shall be consistent with the facts;

- Principle of accuracy:

  The contents of the information disclosed shall be consistent with the facts and shall be presented in a clear and balanced way, which requires equal disclosure of both positive and negative facts;

- Principle of completeness:

  The information disclosed shall not be misleading and contain any omissions;

- Principle of timeliness:

  Information shall be disclosed within the time specified by the relevant laws and regulations;

- Principle of fairness:

  Holders of the Company's securities shall be treated fairly and equally, and the Directors shall act in the interests of all the Shareholders. Inside information that has not been publicly available shall be kept strictly confidential, and shall be disclosed to the public at the time of announcement in the manner required by the relevant laws and regulations.

In accordance with the inside information management policy, except for the relevant personnel who are responsible for information disclosure according to the laws, all other personnel of the Group shall have the absolute duty to keep inside information (prior to the publication of the relevant announcement by the Company on the Hong Kong Stock Exchange) and the relevant Board meetings content and documents confidential. Directors, senior management and other persons of the Group are not allowed to disclose any inside information to the public without authorisation of the Board.

The Company would, as soon as reasonably practical after any inside information has come to its knowledge, disclose the information to the public, unless such information falls within any of the "Safe Harbours" as provided in the SFO.

When the Board is aware that it is difficult to keep undisclosed inside information confidential or it has already been leaked, or that there have been unusual fluctuations in the price or trading volume of the Company's securities, the Company would immediately contact the Hong Kong Stock Exchange and make disclosure of such inside information (either by a full announcement or a temporary announcement). In such case, the Company would make an application to suspend trading in securities until publication of announcement.

The Company would disclose inside information to the market as a whole through the publication-submission system of the Hong Kong Stock Exchange so that all market players have equal and simultaneous access to the same information. The Company may disclose inside information in the form of both an announcement and a press release (but not simply in the form of a press release), provided that the contents of both are consistent and that the press release does not contain inside information that is not covered in the announcement.

The Board would regularly review the implementation and effectiveness of the inside information management policy to ensure that the policy remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice, and will also discuss and consider any revisions that may be required.

During the financial year, the Board has conducted the review of the implementation and effectiveness the inside information management policy, and concluded that the policy was implemented effectively.

For further details of the policy, please refer to the full text of the policy which is published on the Company's website (ir.anta.com).

(E) Sustainability and ESG Related Matters

The Company appreciates the great importance of sustainability. By adhering to improving internal sustainability governance, and strengthening the management and control of corporate development's impact on the environment and society, the Company strive to continue to create value for our stakeholders. The Company established a top-down ESG governance structure to promote the Group's overall sustainability efforts from governance level. The Board has overall responsibility for the Company's ESG strategy and reporting, and oversees the overall ESG governance of the Company. The Board has established the Sustainability Committee and has delegated its responsibilities (with relevant authorities) of sustainability and ESG related matters. The committee is responsible for assisting the Board to (i) to conduct effective governance and oversight of ESG matters; (ii) to formulate and review the Group's strategic objectives for sustainable development; (iii) to lead and promote each department to improve its mindsets and operation initiatives in various business processes from the perspective of sustainability; (iv) to identify, assess and manage material ESG risks; and (v) to coordinate and standardise the collection of ESG related data and information to improve the quality of ESG information disclosure. The Sustainability Committee would identify the proper order of priority as to ESG issues to drive the Company's ESG governance efforts.

Sustainability Vision, Core Values and Strategies

The Sustainability Committee has formulated the Group's initial sustainability vision, core values and strategies. The details are as follows:

Sustainability Vision

To become a leading multi-brand sportswear group in the world

Sustainability Core Values

Mutualism with Consumers, Mutualism with Employees, Mutualism with Partners, Mutualism with the Society, Mutualism with the Environment

Sustainability Strategies

Mutualism with Consumers

- Establish a define and solid consumer ESG mindset, enabling consumers to realize circular consumption.

Mutualism with Employees

- Adhere to the three core cultural propositions – "Consumer-oriented, Benchmarking with High Standard, Leaders as Role Model" – and continue to maintain our industry-leading employment standards and work environment;
- Establish an industry-leading, efficient and attractive compensation system and invest more in the long-term employee incentive scheme;
- Step up the cultivation of young talents and attract young talents to work in the Company;
- Provide employees with a broad career platform and improve the multi-tiered structure of global talent pool;
- Increase the proportion of female executives (director level and above); and
- Offer employment opportunities to the disabled and the underprivileged.

Mutualism with Partners

- Empower suppliers and improve supplier governance capabilities;
- Enhance supply chain transparency; and
- Optimize the supplier management policies and system.

Mutualism with the Society

- One medical aid project;
- One China sports development project;
- One sports education project;
- One ecological protection project; and
- One poverty alleviation project.

Mutualism with the Environment

- One overall goal: to achieve carbon neutrality by 2050;
- Three “Zero” by 2030: to achieve net zero carbon emissions in self-owned operating facilities, zero use of virgin plastic in self-owned operating facilities, and zero-landfill of self-generated production waste;
- Five “50%” by 2030: to increase the proportion of sustainable products to 50%, apply 50% sustainable raw materials, replace 50% of strategic partners’ energy consumption with renewable energy, replace 50% of fuel used for transportation in our self-owned operating facilities with clean fuels, and use sustainable packaging for 50% of products.

Annual Review of Sustainability and ESG Matters

The Sustainability Committee conducted an annual review of the Group’s sustainability and ESG matters for the financial year and considered the following:

- the adequacy of resource, staff qualification and experience, training programmes and budget of those relating to Group’s ESG performance and reporting;
- the changes, since the last annual review, in the nature and extent of significant ESG risks (if any); and
- the scope and quality of management’s ongoing monitoring of ESG risks.

The Sustainability Committee concluded that: (i) the Group was able to respond to the significant ESG risks identified and any changes in its business and the external environment; (ii) the resource, staff qualification and experience, training programmes and budget of those relating to Group’s ESG performance and reporting for the financial year were adequate; and (iii) the scope and quality of management’s ongoing monitoring of ESG risks were appropriate for the financial year.

For further details of the Group’s sustainability and ESG matters, please refer to the Company’s *Environmental, Social and Governance Report 2023*.

(F) Shareholders' Rights, Communications with Shareholders and Investor Relations

Shareholders Information

The Company analyses its shareholding structure on a regular basis, including a review of the register of institutional and retail investors, to keep track of changes in shareholdings by type of investors. A shareholding register analysis conducted as at 31 December 2023 revealed the shareholding structure as follows:

Shareholders by Domicile

	% of Total Issued Shares
Hong Kong SAR	59.26
North America	10.44
Mainland China	10.12
United Kingdom	3.76
Europe (ex-United Kingdom)	2.23
Singapore	2.10
Rest of the World	12.09
Total	100.00

The public float capitalisation as at 31 December 2023 was RMB1,260 million, representing 44.24% of the market capitalisation of the Company.

Shareholders' Rights

Enquiries to the Board

The Company values feedback from Shareholders on its efforts to promote transparency and foster investor relationships. Shareholders are provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. In addition, Shareholders can contact Computershare Hong Kong Investor Services Limited, the Hong Kong SAR branch share registrar and transfer office of the Company, if they have any enquiries about their Shares and dividends. The contact details of the Company are set out in the section entitled "Investor Information" in this annual report.

General Meetings

General meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An AGM of the Company shall be held in each year and at the place as may be determined by the Board. An extraordinary general meeting may be convened for approval of a matter as required under the articles of association of the Company, the Listing Rules or other relevant rules and regulations.

For each substantially separate issue at a general meeting, a separate resolution would be proposed by the chairman of that meeting. "Bundling" resolutions would be avoided unless they are interdependent and linked forming one significant proposal. Where the resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting.

In respect of any AGM, the Chairman would attend the AGM and also invite the chairmen of the Board Committees to attend. In their absence, another member of the committee or failing this his duly appointed delegate will be invited to attend the AGM. These persons will be available to answer questions at the AGM. The chairman of the independent director committee (if any) would also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval. The Company's management would ensure the external auditor attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

General meeting proceedings are reviewed from time to time to ensure that the Company follows best corporate governance practices. In accordance with the articles of association of the Company, notice of AGM would be distributed to all Shareholders no less than twenty-one clear days prior to the AGM and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules. The notice of all other general meetings would be sent no less than fourteen clear days prior to the meeting. The chairman of a general meeting would exercise his power under the articles of association of the Company to put each proposed resolution to the vote by way of a poll.

The procedures for demanding and conducting a poll would be explained and questions from Shareholders on voting by poll would be answered at the meeting. Voting results would be posted on the websites of the Company and Hong Kong Stock Exchange on the day of the general meeting.

The 2023 AGM was a hybrid meeting. In addition to the traditional physical attendance at the AGM, Shareholders had the option of attending, participating and voting at the AGM through an online platform. Shareholders participating in the AGM using the online platform were also counted towards the quorum under the articles of association of the Company and they were able to cast their votes and submit questions through the online platform. Votes cast through the online platform were irrevocable once the voting session at the AGM ended.

The physical meeting of 2023 AGM was held at ANTA Operations Center, No. 99, Jiayi Road, Guanyinshan, Xiamen, Fujian Province, China on 10 May 2023. The Company reminded all Shareholders that physical attendance in person at the AGM was not necessary for the purpose of exercising voting rights. As an alternative, besides through the online platform, Shareholders might also appoint the chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM by using form of proxy with voting instructions inserted instead of attending the AGM in person.

All of the Directors attended the 2023 AGM to gain and develop a balanced understanding of the views of the Shareholders. The attendance record of the Directors at the AGM is set out below:

	AGM
Executive Directors	
Mr. Ding Shizhong	1/1
Mr. Ding Shijia	1/1
Mr. Lai Shixian	1/1
Mr. Wu Yonghua	1/1
Mr. Zheng Jie	1/1
Mr. Bi Mingwei	1/1
Independent Non-Executive Directors	
Mr. Yiu Kin Wah Stephen	1/1
Mr. Lai Hin Wing Henry Stephen	1/1
Ms. Wang Jiaqian	1/1
Ms. Xia Lian	1/1

The matters proposed to be passed by ordinary resolutions of the Company at the 2023 AGM were, including but not limited to, as follows:

- approval of audited consolidated financial statements of the Company for the year ended 31 December 2022;
- declaration of a final dividend of HK72 cents per ordinary shares of the Company in respect of the year ended 31 December 2022;
- re-election and re-appointment of Mr. Ding Shijia, Mr. Bi Mingwei, Mr. Yiu Kin Wah Stephen, Mr. Lai Hin Wing Henry Stephen, Ms. Wang Jiaqian and Ms. Xia Lian as Directors;
- re-appointment of KPMG as the Company's auditor;
- approval of Issue Mandate, Repurchase Mandate and Extension Mandate (as defined in the circular of the Company dated 31 March 2023);
- approval of the termination of the 2017 Share Option Scheme, and the adoption of the 2023 Share Option Scheme with the Scheme Mandate Limit (as defined in the 2023 Share Option Scheme) and Service Provider Sublimit (as defined in the 2023 Share Option Scheme); and
- approval of the adoption of the 2023 Share Award Scheme with the Scheme Mandate Limit (as defined in the 2023 Share Award Scheme) and Service Provider Sublimit (as defined in the 2023 Share Award Scheme).

At the AGM, all resolutions were voted by way of poll. Computershare Hong Kong Investor Services Limited, the Company's Hong Kong SAR branch share registrar and transfer office, acted as the scrutineer for the vote-taking at the AGM. For ordinary resolutions, more than 50% of the votes were cast in favour of each of the resolutions, the resolutions were duly passed as ordinary resolutions of the Company. The Company announced the results of the poll on the websites of the Hong Kong Stock Exchange and the Company in accordance with the Listing Rules on the same date.

No other general meeting was held during the financial year.

Convening Extraordinary General Meeting(s) and Putting Forward Proposals at General Meetings

Shareholders holding not less than one-tenth of the paid up capital of the Company can make a written requisition to the Board or the company secretary to convene an extraordinary general meeting and to add resolutions to the meeting agenda of such meeting pursuant to article 58 of the Company's articles of association. The written requisition must state the objects of the meeting and the resolutions proposed, and must be signed by the relevant Shareholders and deposited at the Hong Kong SAR principal office of the Company, which is presently situated at 16/F, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong SAR. The requisition may consist of several documents in like form and may include the text of a resolution that may properly be moved and is intended to be moved at the extraordinary general meeting.

Such extraordinary general meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may convene an extraordinary general meeting in form of a physical meeting, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board would be reimbursed to the requisitionists by the Company.

Procedure for Shareholders to Propose a Person for Election as Director

Pursuant to article 85 of the Company's articles of association, if a Shareholder wishes to propose a person (other than a retiring Director or a person recommended by the Board) for election as a Director at a general meeting and such Shareholder (other than the person to be proposed) is duly qualified to attend and vote at such general meeting, such Shareholder (other than the person to be proposed), should lodge a written notice signed by him to articulate his intention to propose such person for election and a written notice signed by the person to be proposed of his willingness to be elected at the Hong Kong SAR principal office of the Company, which is presently situated at 16/F, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong SAR, or at the Company's Hong Kong SAR branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–16, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong SAR. The notices should be given within the period commencing on the day after despatch of the notice of the general meeting appointed for such election and ending no later than seven days prior to the date of such general meeting and such period shall be at least seven days.

Constitutional Documents

During the financial year, there were no changes in any of the Company's constitutional documents. The constitutional documents of the Company were published on the website of the Company (ir.anta.com) and the HKEXnews website of Hong Kong Exchange and Clearing Limited (www.hkexnews.hk).

Dividend Policy

The Company has adopted a dividend policy to enable the Shareholders to participate in the Company's profit and allow the Company to retain adequate reserves for future growth. Through a sustainable dividend policy, the Board endeavours to strike a balance between meeting Shareholders' expectations and maintaining prudent capital management. Under the policy, if the Group records positive net profits and subject to the maintenance of the Group's normal operations, the Company may declare and pay dividends to the Shareholders.

In proposing any dividend pay-out, the Company would consider various factors including:

- the Group's actual and expected financial performance;
- retained earnings and distributable reserves of the Company and each of the members of the Group;
- the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- the Group's expected working capital requirement and investment demand, and future expansion plans and prospects;
- general economic and financial conditions, business cycle of the Group and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
- any other factors that the Board deems appropriate.

The dividend policy and the declaration and/or payment of future dividends under the policy are subject to the Board's continuing determination that the dividend policy and the declaration and/or payment of dividends would be in the best interests of the Group and Shareholders, and are in compliance with all applicable laws and regulations. Any declaration and payment of dividends shall be approved and paid in accordance with all applicable laws and regulations, and the memorandum and articles of association of the Company (as amended from time to time). Such declaration and payment of dividends shall remain to be determined at the sole discretion of the Board. There is no assurance that dividends will be paid in any particular amount for any given period. The dividend policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend at any time or from time to time.

The Board would regularly review the implementation and effectiveness of the dividend policy to ensure that the policy remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice, and will also discuss and consider any revisions that may be required.

For further details of the policy, please refer to the full text of the policy which is published on the Company's website (ir.anta.com).

Shareholders' Communication Policy

The Board has adopted a shareholders' communication policy which aims to set out the communication framework and channels available to the Shareholders and other stakeholders of the Company with the objective of ensuring that the Shareholders, both individual and institutional, and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and business plans, material business developments and corporate governance), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company.

The Board maintains an on-going dialogue with Shareholders and the investment community. Information is communicated to Shareholders and the investment community mainly through the following channels: Company's financial reports (interim and annual reports), ESG reports, annual general meetings and other general meetings that may be convened, publication of its announcements, corporate communication documents and other corporate publications on the Company's investor relations website and the website of the Hong Kong Stock Exchange. The head of investor relations department of the Company has access to the Board and at all times ensures effective and timely dissemination of information to Shareholders and the investment community to solicit and understand their views.

The Company also recognises the importance of safeguarding Shareholders' privacy and would not disclose Shareholders' information without their consent, unless required by the relevant laws and regulations.

The Company has also followed the communication methodologies under the shareholders' communication policy as follows:

Shareholders' Enquiries

- Shareholders may direct their questions about their shareholdings to the Company's share registrars;
- Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available; and
- Shareholders and the investment community are provided with designated contacts, email addresses and enquiry lines of the Company in order to enable them to make any query in respect of the Company.

Corporate Communications

- corporate communication documents (including but not limited to annual report, interim report, ESG report, notice of meeting, circular and proxy form) would be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding. Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the corporate communication documents (in hard copy or through electronic means); and
- Shareholders are encouraged to provide, amongst other things, in particular, their email addresses to the Company in order to facilitate timely and effective communications.

Corporate Website and Webcasts

- information on the Company's investor relations website (ir.anta.com) would be updated on a regular and timely basis;
- information released by the Company on the website of Hong Kong Stock Exchange would also be posted on the Company's investor relations website as soon as possible thereafter. Such information includes, but is not limited to, financial statements, results announcements, ESG reports, Shareholder circulars, notices of general meetings and related explanatory documents;
- presentation materials provided in conjunction with the Company's annual and interim results announcement and other investor relations activities would be made available on the Company's investor relations website as soon as practicable after their release;
- investor relations related press releases issued by the Company would be made available on the Company's investor relations website as soon as practicable after their releases; and
- replay of webcasts of the Company's annual and interim results briefings would be made available on the Company's investor relations website as soon as practicable after the event.

Shareholders' Meetings

- Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings;
- the process of the Company's general meeting would be monitored and reviewed on a regular basis, and, if necessary, changes would be made to ensure that Shareholders' needs are best served; and
- Board members, in particular, the chairmen of the Board Committees or their delegates and external auditor would, where appropriate, attend AGMs to answer Shareholders' questions.

Investment Market Communications

- investor/analyst briefings and group/one-on-one meetings, investor conferences, non-deal roadshows (both domestic and international), media interviews, investor days, marketing activities and specialist industry forums would be available when and if appropriate, in order to facilitate communication between the Company, Shareholders and the investment community; and
- The Company's directors and employees who have contacts or dialogues with investors, analysts, media or other external parties are required to comply with the disclosure obligations and requirements under the Company's information disclosure policy.

The Board would annually review the implementation and effectiveness of the shareholders' communication policy to ensure that the policy remains relevant to the Company's needs and reflects both the current regulatory requirements and good corporate governance practice, and would also discuss and consider any revisions that may be required.

Based on the Company's shareholders engagement works carried out during the financial year (details of which are set out in the part headed "Investor Relations" of this section), the Board has conducted the annual review of the implementation and effectiveness of the shareholders' communication policy, and concluded that the policy was implemented effectively during the financial year.

For further details of the policy, please refer to the full text of the policy which is published on the Company's website (ir.anta.com).

Investor Relations

The Company believes that it is essential to maintain effective communication with the investment community in a timely manner through various media. The Company's investor relations department attaches importance to the provision of relevant public information to investors and analysts to enable them to make appropriate valuation of the Company's shares or any securities issued by the Group. Through investor/analyst briefings, group/one-on-one meetings, investor conferences, non-deal roadshows and other events, institutional investors and analysts can interact with the Chairman and other senior executives for updates on the development of the Group's strategic initiatives and operations.

During the financial year, the following investor relations activities were conducted for the institutional investors and analysts in Mainland China, Hong Kong SAR and overseas countries:

- investor day;
- investor/analyst briefings;
- group/one-on-one meetings;
- investor conferences;
- non-deal roadshows; and
- store visits.

During the financial year, over 330 investor relations activities were conducted. Most of the investor relations activities were conducted via webcast/teleconferencing/videoconferencing. Investment community views are communicated regularly to the Board, including rating and target price of the Shares and summaries of questions and feedback from investors and analysts. During the financial year, investors' major areas of interest included:

- the Group's operational updates and risk management strategies;
- Amer Sports' recent performance;
- the Group's and Amer Sports' development strategies;
- the Group's sustainability development process and strategies;
- latest developments regarding ANTA and FILA business; and
- latest developments regarding online business of all the brands.

For share information, important shareholders' dates in the coming financial year and investor relation contact, please refer to the section entitled "Investors Information" in this annual report.

By order of the Board

Ding Shizhong
Chairman

Hong Kong SAR, 26 March 2024

RISK MANAGEMENT REPORT

This Risk Management Report summaries the enterprise risk management framework of the Group, and the major risks identified for the financial year with the countermeasures.

Enterprise Risk Management Framework

Enterprise risk management is a culture, competency and practice in the execution of corporate strategy to create, maintain and enhance the value and performance of the organisation. With reference to the globally recognised framework of the Committee of Sponsoring Organisations of the Treadway Commission ("COSO"), in conjunction with our development strategy, business operations, and corporate culture, the Group has developed its own enterprise risk management framework. The main features of the risk management and internal control systems and the process used to identify, evaluate and manage significant risks under the enterprise risk management framework are discussed below.

Risk Strategy and Culture

The Board is responsible for determining the nature and extent of risks that it is willing to take in achieving the Group's strategic objectives. By strengthening the risk identification in complex environments and the dynamic tracking and adjustment of strategic objectives, reasonable assurance is provided to the Group in achieving its goals.

Management has established a risk control mode applicable to the Group as the center of strategic decision-making. Each brand and business unit decodes its strategic objectives and measures based on the Group's corporate strategy of "single-focus, multi-brand, and globalisation" and finally implements the strategies.

Risk management and performance synergy

Strategic Planning	Business Planning	Budget Preparation	Tracking and Reporting	Performance Appraisal
The Group defines risk preferences based on the creation, protection and realisation of value and considers risk factors in formulating strategies.	Each brand and business unit under the Group sets business objectives that are consistent with and supportive to the corporate strategy.	Based on the business objectives and risk appetite, reasonably plan the required resources (market, network, equipment, staff, funding, etc.)	Monitor market changes and business plan implementation, identify and monitor implementation risks, timely adjust targets and plans.	Develop performance indicators based on strategy and risk.

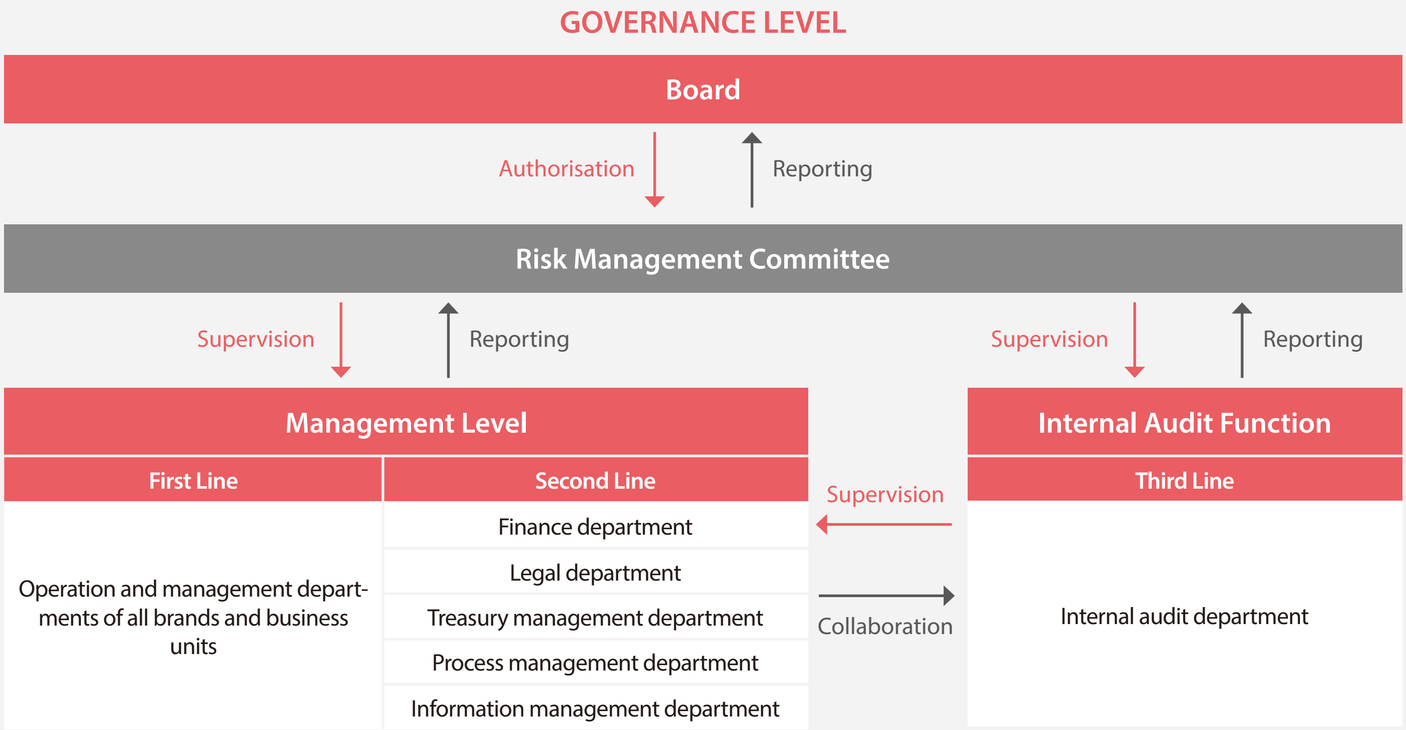
Strategic dynamic analysis and adjustment

Risk culture reflects the Group's understanding of values, codes of conduct and risks. Management has established a risk governance culture that matches the Group's corporate strategy, including the following aspects:

Realise risk supervision by governance level	Define the division of responsibilities for risk management between governance level (i.e. the Board and the Risk Management Committee) and management, and ensure members have sufficient experience and ability as well as appropriate knowledge and skills to guide and supervise management in critical aspects such as strategy implementation and operation management.
Demonstrate commitment to core values	Establish code of conduct for employees and business process systems reflecting risk control requirements, and behavior control systems including whistleblowing policy, anti-corruption policy, etc., so that each business process penetrates the requirements of risk management, and risk responses are duly considered.
Establish governance and operational modes	Specific and clear reporting system and communication channel provides positive and open attitude to risk dialogue.
Attract and retain talents	Management defines the skills and experience needed to execute the strategy, and establishes human resource management systems at different levels to attract, develop and retain talents.

Risk Governance

The Group has established a clear organisational structure for risk governance and defined risk management responsibilities at all levels. Through risk-based decision making and resource allocation, management takes actions (including risk management) to ensure the implementation of risk management and internal control systems and promote sustainable development of our businesses.



The major responsibilities of each level are summarised below:

GOVERNANCE LEVEL

Board

- determining the Group's business strategy and objectives, and evaluating and determining the nature and extent of the risks the Board is willing to take in achieving the Group's strategic objectives;
- ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems; and
- overseeing management in the design, implementation and monitoring of risk management and internal control systems.

Risk Management Committee

- assisting the Board in carrying out its responsibilities of risk management and internal control;
- overseeing the Group's risk management and internal control systems on an ongoing basis;
- reviewing the effectiveness of the Group's risk management and internal control systems at least once a year, and such review should cover all material controls including financial, operational and compliance control;

- ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's internal audit function; and

- considering major findings on risk management and internal control matters, and reporting and making recommendations to the Board.

MANAGEMENT LEVEL

First Line – Operation and management departments of all brands and business units

First Line contains operation and management departments of all brands and business units, which take direct and primary responsibility for risk management within the scope of their responsibilities. The departments carry out daily risk control works according to internal requirements, conduct regular self-inspection and report risk events to Second Line departments, to support and cooperate with those departments in risk monitoring and evaluation.

- designing, implementing and maintaining appropriate and effective risk management and internal control systems within the scope of their responsibilities;

- identifying, assessing and managing risks that may potentially impact major processes of operations within the scope of their responsibilities;

- Monitoring risks and taking measures to mitigate the risk impact in daily operational; and

- giving prompt responses to, and following up the findings on risk management and internal control matters raised by the internal audit department or the external risk management and internal control review adviser.

Second Line – Various functional departments led by finance department

Second Line, led by financial department, collaborating with legal department, treasury management department, process management department, information management department, and other functional departments, focuses on risk control in relevant professional aspects, provides support to First Line based on the actual operating conditions of the Group, organises, coordinates, and supervises the risk management work of each department.

- designing, implementing and maintaining appropriate and effective risk management and internal control systems at higher level, including establishment and management of internal systems and processes;

- identifying, assessing and managing risks that may potentially impact major processes of operations at higher level, and assisting First Line departments to take mitigation measures;

- developing risk management standards and risk management tools;

- supervising and promoting effective risk management of operating activities; and

- establishing and promoting risk culture of the group.

INTERNAL AUDIT FUNCTION

Third Line – Internal Audit Department

The internal audit department is independent of management and responsible to the governance level (the Risk Management Committee). It supervises and evaluates the risk management system, control procedures and activities of various risks and their effects, provides independent and objective confirmation and recommendations for the adequacy and effectiveness of risk management, and promotes and facilitates the continuous improvements of the risk management and internal control systems.

- reviewing the adequacy and effectiveness of the Group's risk management and internal control systems; and

- reporting to the Risk Management Committee the findings of the review and making recommendations to improve any material system deficiencies or control weaknesses identified.

Risk Identification

Management fully identifies the risks that may have potential impact on the business and operations, and then governance level, first line departments, second line departments and the internal audit department review and screen those risks. Focusing on the Group's long-term strategic objectives and actual business conditions, management builds a comprehensive risk inventory for further risk assessment and core risks screening.

RISK IDENTIFICATION METHODOLOGY

Comprehensive Risk Prioritisation

Prioritisation Focuses
- Political and economic environment
- Sports footwear and apparel industry characteristics
- Key industry regulations
- Current status of management and control
- Medium and long-term strategic planning

→

Review and Screening

Governance level
- First line departments
- Second line departments
- Internal audit department

→ Output

Risk Inventory
Tier 1 risk categories
- Strategic risk
- Organisational structure risk
- Sustainability risk
- Market risk
- Financial risk
- Legal risk
- Operation risk

Risk Assessment

Management has established risk assessment methods and standards, and conducts a comprehensive risk assessment at least once a year. Considering the business impact and the occurrence possibility of risks, management assesses the risk inventory identified and focuses on medium and high level risks, followed by dynamic analysis on major risks and effective measures. Specific studies will be carried out when necessary for root cause analysis on specific risks. Management devotes resources to risk response, mitigation and avoidance. Finally a risk assessment report is formulated and submitted to the Risk Management Committee for review.

RISK ASSESSMENT METHODOLOGY

Risk Inventory

↓

Qualitative Assessment
- Questionnaire evaluation
- Interviews
- Industry researches

Quantitative Assessment
- Analysis of various indicators
- Sensitivity analysis
- Cost-benefit analysis
- Industry benchmarking

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Core Risks Identification
- Enterprise Strategy
- Management Review

↓

Risk Assessment Report

Risk Control and Response

Based on the risk assessment results, management assesses the risk response and prioritises the mitigation. Considering the prioritisation assessment and balancing the benefits and costs of risk management, management determines risk management measures and internal control procedures to prevent, avoid or reduce risks.

Major risks for the financial year

Risk category	Risk topic	Description	Countermeasures
Strategic risk	Economic environment risk	• The sportswear industry is vulnerable to volatile economic cycles. In the past, the downturn in the domestic and international economies weakened the retail market environment and forced consumers to spend less, which led the traditional sportswear industry to be generally weaker with lower sales. If volatile economic cycle persists and leads to continued sluggish consumer demand, it would have an adverse impact on the Group's operations.	• The Group conducts researches from time to time to reasonably determine appropriate development objectives and strategies, coping with volatile economic cycles; • Management adopts "dynamic management" approach in response to unexpected negative factors; • The Group pursuits insights into changes in consumer needs and provides personalised products, in order to enhance consumer's satisfaction.
Strategic risk	Globalisation risk	• When expanding overseas, enterprises should comply with the laws and regulations, technical standards, and other policies of the import and export countries; and any breach may cause an adverse impact on the Group's operations. • There are significant differences among countries in terms of population, culture, religion, laws and regulations, and consumer habits. In the process of global expansion, the Group may be hindered by its failure to obtain sufficient and accurate understanding of the local characteristics.	• The Group strictly abides by all applicable regulations and standards, in order to ensure legal compliance of our operations and all of our products; • The Group will obtain sufficient and accurate understanding through conducting researches on the culture and characteristics of new local markets, and build a team comprising local talents and headquarters talents which could complement and learn from each other, supporting the globalisation strategy on the basis of full integration of the team.

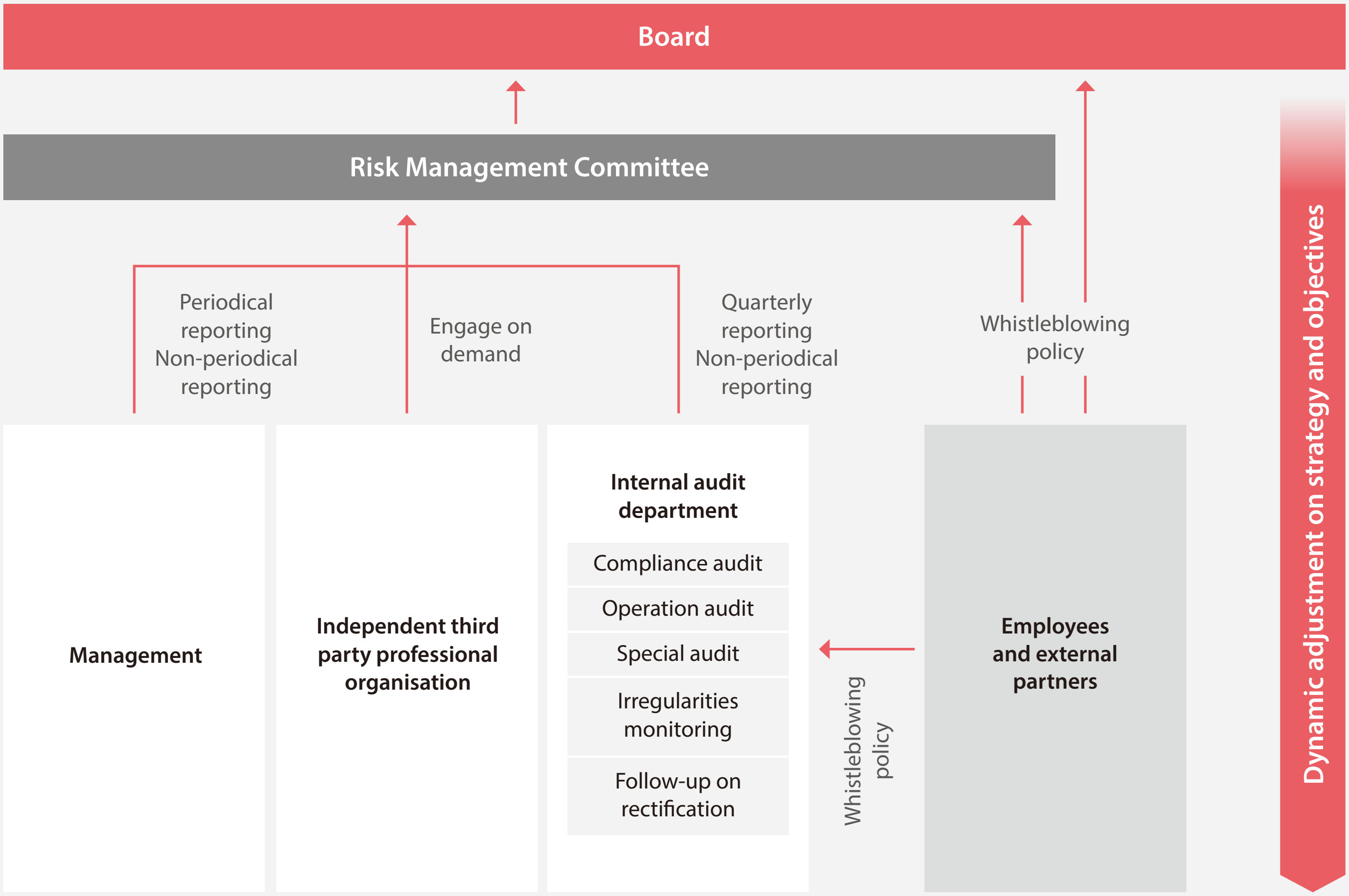
Risk category	Risk topic	Description	Countermeasures
Strategic risk	Technical environment risk	• The rapid development of technologies, materials, and craftsmanship is having a significant impact on product technique upgrade, supply chain management and sales model for sportswear. It would result in an adverse impact on the operations if the Group fails to adapt with the uncertainties arising from technical progress, product innovation and other relevant factors.	• The Group adopts an open innovation model, whereby it develops new technologies and craftsmanship through its own laboratories or through joint scientific research projects conducted with various universities, research institutes, and strategic suppliers; • The Group continuously identifies and analyses key technology trends in the industry to design forward-looking products that meet consumer needs; also the Group leverages new craftsmanship and technologies, in order to reduce production costs and to improve production efficiency and quality.
Strategic risk	Distribution channel risk	• In the omni-channel era, consumers and enterprises will have different touchpoints. "Channel" is no longer a concept that refers merely to retail stores. It also covers various social media, application scenarios, and after-sales services that can offer different consumer experiences. If the Group fails to fulfil consumer needs and determine the functions of different channels appropriately, it would have an adverse impact on the operations.	• The Group dives into the details about consumer experience at each touchpoint/channel, and considers and reflects the above factors in subsequent channel settings in order to enhance the consumer experience; • The Group reviews the positioning, purpose, and value of different channels from time to time and conducts integration, coordinating the operations and benefits among channels.
Market risk	Risk of changes in consumer structure and consumption behaviour	• In terms of current consumption trend, 90s-95s become major consumer groups; the potential of female market is being unleashed; the demand for outdoor sports products is growing rapidly; and changes in the consumer structure and consumption behaviour are having a significant impact on enterprises. If the Group fails to fully consider changes in market demand and adjust its marketing layout in a timely manner, it would have an adverse impact on the operations.	• The Group has established a consumer management team and mechanism to continuously understand consumer needs, and empower the business development of the branding, marketing, product departments, enabling the Group to fulfil consumer needs in all aspects.

Risk category	Risk topic	Description	Countermeasures
Market risk	Competition risk	• Increasingly tensed competition in the domestic sportswear industry could be reflected by the expanding scale and continuous concentration of the industry, and the rapid expansion of international clothing brands across China. The nature of this competition has shifted from a focus on quantity and price to new attributes such as state-of-the-art technology and value-added products. Although the Group has maintained the leading position in the China sportswear market, it is acknowledged that further intensified market competition may impact future revenue and profitability to a certain degree.	• The Group has established a strategy management team at headquarters level to dynamically analyse industry competition and provide strategy support for various brands and business units; • The Group has formulated innovation strategy, and its brands will further invest in various business areas, build various technology and supporting platforms, and provide high value-added products and high-quality services and experiences to the markets and consumers, enabling the Group to maintain its leading position and competitive advantages in terms of branding, products and retailing, etc..
Operational risk	Consumer experience enhancement risk	• The market has entered an era of experience economy, and personalisation of consumer needs and diversification of retail scenarios make consumer experience a key factor on brand and product selection. Consumer experience enhancement is conducive to better strengthening brand loyalty. If the Group fails to deliver an all-rounded consumer experience through various touchpoints, it would have an adverse impact on brand development.	• The Group has established a consumer management team and mechanism to understand consumer needs, analyse and integrate the consumer big data obtained from its business processes, so as to empower business development; • The Group's high-end brands focus on consumer experience enhancement projects, strive to strengthen their connections with consumers and the brand salience.
Operational risk	Product innovation and R&D risks	• The Group focuses on the branded sportswear business, and consumers have certain level of demand on product function and style. Consumer preferences for fabrics and clothing styles change at a rapid pace, and our product development ability to adapt to these preferences would affect the sales performance of our products.	• The Group continuously increases its investments in R&D, expands the product development team of various brands, establishes various overseas design centres, and attracts outstanding talents in related fields. Meanwhile, the Group provides appropriate regular trainings to the teams, so as to continuously improve the team's awareness and capability in product innovation and R&D.

Risk Monitoring and Reporting

The Group conducts risk control to achieve its strategic objectives. In the course of operation, governance level and all departments continuously monitor the implementation of strategies, and regularly oversee the related risk development and assess the Group's risk-bearing ability. In case of significant development, timely reporting would be made and risk management policies and internal control procedures would be updated.

Under the organisational structure of risk governance, the Group has established a good communication and feedback channel in which all departments and staff could report the risk monitoring results to the Board and the Risk Management Committee, ensuring appropriate internal control procedures are in place. In particular, the Risk Management Committee, on behalf of the Board, reviews the effectiveness of the Group's risk management and internal control systems annually, and follows up the risks identified in previous years.



DIRECTORS, COMPANY SECRETARY AND SENIOR MANAGEMENT

Executive Directors

Mr. Ding Shizhong (丁世忠), aged 53, is the Board Chairman and an Executive Director of the Company. He plays a core leadership role in the Group's corporate strategy, talent build-up, corporate culture and operational supervision, and directly oversees the Group's mergers and acquisitions initiatives. He is the co-founder of the Group and has dedicated to leading the Group to expand and promote the domestic and overseas businesses. Mr. Ding is the chair of the board of directors of Amer Sports, Inc. (NYSE: AS), which is listed on the New York Stock Exchange and is an associated corporation (as defined under the SFO) of the Company. In recent years, he has been awarded honors by various sectors of society, including China's Top 50 Most Influential Business Leaders in 2023 by Fortune China, 100 Best-Performing CEOs in China by Harvard Business Review, and the Philanthropist of the Year in 2022 by China Charity Ranking. He is currently a vice chairman of All-China Federation of Industry and Commerce, a vice chairman of China Sporting Goods Federation, a board member of Samaranch Foundation, an adviser of the Chinese Basketball Association and a member of the Chinese Olympic Committee. Mr. Ding is the younger brother of Mr. Ding Shijia and the brother-in-law of Mr. Lai Shixian, both being the Company's Executive Directors. He is also a director of Anta International Group Holdings Limited, a substantial shareholder of the Company.

Mr. Ding Shijia (丁世家), aged 59, is the Board Deputy Chairman and an Executive Director of the Company. He oversees the Group's manufacturing operation. He is the co-founder of the Group and has over 30 years of experience in the sporting goods industry in China. In 2002 and 2004, he was awarded the title of Eminent Young Entrepreneur of Quanzhou. Mr. Ding is the elder brother of Mr. Ding Shizhong and the brother-in-law of Mr. Lai Shixian, both being the Company's Executive Directors. He is also a director of Anta International Group Holdings Limited, a substantial shareholder of the Company.

Mr. Lai Shixian (賴世賢), aged 49, is an Executive Director and one of the Co-CEOs of the Company. He is in charge of ANTA brand, all other brands except FILA brand, group procurement and a number of the Group's functions including human resources, legal, investor relations and administration. He joined the Group in March 2003 and has over 20 years of experience in administrative and financial management. Mr. Lai holds an EMBA degree from China Europe International Business School. Mr. Lai is the brother-in law of Mr. Ding Shizhong and Mr. Ding Shijia, both being the Company's Executive Directors. He is also a director of Anta International Group Holdings Limited, a substantial shareholder of the Company. Mr. Lai is an independent non-executive director of China Lilang Limited (stock code: 1234), a company listed on the Hong Kong Stock Exchange.

Mr. Wu Yonghua (吳永華), aged 53, is an Executive Director and one of the Co-CEOs of the Company. He is in charge of FILA brand, the Group's overseas businesses, including Southeast Asia international business, and a number of the Group's functions, including strategy, digitalisation, technological innovation, product quality control, corporate culture and public relations. He joined the Group in October 2003 and has over 20 years of experience in sales and marketing in China market.

Mr. Zheng Jie (鄭捷), aged 55, is an Executive Director of the Company. He is primarily responsible for Amer Sports related business. Mr. Zheng is the chief executive officer and a director of Amer Sports, Inc. (NYSE: AS), which is listed on the New York Stock Exchange and is an associated corporation (as defined under the SFO) of the Company. He joined the Group in October 2008 and has over 20 years of experience in the field of marketing management, including over 8 years in the China division of an international sportswear brand as the sales vice president and the general manager. Mr. Zheng holds a bachelor's degree in management science from Fudan University in Shanghai. He is also a past co-chair and a current vice chair of the World Federation of The Sporting Goods Industry (WFSGI).

Mr. Bi Mingwei (畢明偉), aged 51, is an Executive Director and the CFO of the Company. He is primarily responsible for the Group's financial management functions and a number of middle-and-back-office functions including business process management and logistics management. He joined the Group in May 2007 and has over 20 years of experience in financial management and the sportswear industry. Mr. Bi is a director of Amer Sports, Inc. (NYSE: AS), which is listed on the New York Stock Exchange and is an associated corporation (as defined under the SFO) of the Company. Mr. Bi holds a bachelor's degree of accounting from the University of International Business and Economics in China and is a non-practicing member of the Chinese Institute of Certified Public Accountants.

DIRECTORS, COMPANY SECRETARY AND SENIOR MANAGEMENT

Independent Non-Executive Directors

Mr. Yiu Kin Wah Stephen *JP* (姚建華), aged 63, is an Independent Non-Executive Director of the Company and joined the Board in June 2018. He received a professional diploma in accountancy from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1983, and holds a master's degree in business administration from the University of Warwick in the United Kingdom. Mr. Yiu is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is currently a board member of the Airport Authority Hong Kong, the chairman and a non-executive director of the Insurance Authority, a member of the Exchange Fund Advisory Committee, a director of Hong Kong Academy of Finance, a member of the Independent Commission Against Corruption Complaints Committee and the treasurer and a council member of The Hong Kong University of Science and Technology. Mr. Yiu is an independent non-executive director of China Mobile Limited (stock code: 941), which is listed on the Hong Kong Stock Exchange, and an independent director of Amer Sports, Inc. (NYSE: AS), which is listed on the New York Stock Exchange and is an associated corporation (as defined under the SFO) of the Company. Mr. Yiu joined the global accounting firm KPMG in Hong Kong in 1983 and was seconded to KPMG London, the United Kingdom from 1987 to 1989. Mr. Yiu became a partner of KPMG in 1994, served as the partner in charge of audit of KPMG from 2007 to 2010, and served as the chairman and chief executive officer of KPMG China and Hong Kong as well as a member of the executive committee and the board of KPMG International and KPMG Asia Pacific from April 2011 to March 2015. Mr. Yiu formerly also served as a member of the Audit Profession Reform Advisory Committee and the Mainland Affairs Committee of the Hong Kong Institute of Certified Public Accountants. He was an independent non-executive director of Hong Kong Exchanges and Clearing Limited (stock code: 388), which is listed on the Hong Kong Stock Exchange, from April 2017 to April 2023.

Mr. Lai Hin Wing Henry Stephen (賴顯榮), aged 67, is an Independent Non-Executive Director of the Company and joined the Board in November 2020. He received a bachelor's degree in law from The University of Hong Kong and was admitted as a solicitor in Hong Kong SAR, England and Wales and the State of Victoria, Australia. He is currently a partner and co-chairman of Messrs. P. C. Woo & Co., a firm of solicitors and notaries in Hong Kong SAR, and has been practicing in the legal field for more than 40 years. Mr. Lai is a Notary Public and a China Appointed Attesting Officer in Hong Kong SAR. He is currently the past chairman, and an honorary council member, fellow member and the Corporate Governance Policies Committee chairman of The Hong Kong Institute of Directors, a member of the Process Review Panel for the Securities and Futures Commission of Hong Kong and a member of the Resolution Compensation Tribunal, a member of the Consents Committee of the Law Society of Hong Kong, a member of the Association of China-Appointed Attesting Officers Limited Disciplinary Tribunal Panel and a member of the Board of Governors of The Hang Seng University of Hong Kong. Mr. Lai is a non-executive director of Winfull Group Holdings Limited (stock code: 183), and an independent non-executive director of China Resources Beer (Holdings) Company Limited (stock code: 291), which all are listed on the Hong Kong Stock Exchange. He was a non-executive director of China Medical & HealthCare Group Limited (stock code: 383), which is listed on the Hong Kong Stock Exchange, from November 2020 to October 2023.

Ms. Wang Jiaqian (王佳茜), aged 45, is an Independent Non-Executive Director of the Company and joined the Board in July 2021. She holds a bachelor's degree in English from the Nanjing University and a master's degree in finance from the Peking University in China. She is currently Director of Planning and Governance of Chanel Asia Pacific, APAC Transformation Team Lead, and a member of Executive Leadership Committee of Chanel Mainland China of Chanel Limited, leading strategic planning cycle and client-centric data transformation businesses. Ms. Wang was employed by Boston Consulting Group, a global management consulting firm, from September 2010 to June 2019 with her last position as Managing Director and Global Partner. She has over 15 years of experience in strategy and business consulting in retail and consumer products sector.

Ms. Xia Lian (夏蓮), aged 45, is an Independent Non-Executive Director of the Company and joined the Board in July 2022. She holds a bachelor's degree in marketing from the Peking University in China and a master's degree in executive master in change from European Institute of Business Administration (INSEAD). She is currently an executive director and the general manager of Vista Education Technology (Shenzhen) Co., Ltd.* (遠見教育科技(深圳)有限公司), and has over 20 years of experience in business administration and business consultancy. Ms. Xia was employed by Cheung Kong Graduate School of Business from April 2007 to August 2020 with her last position as an assistant dean. Ms. Xia is an independent non-executive director of Luye Pharma Group Ltd. (stock code: 2186), a company listed on the Hong Kong Stock Exchange, and an independent director of Shanying International Holding Co., Ltd.* (山鷹國際控股股份公司) (stock code: 600567), a company listed on the Shanghai Stock Exchange.

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

Company Secretary

Mr. Tse Kin Chung (謝建聰), aged 43, is the company secretary of the Company. He has over 15 years of experience in the field of auditing and financial management. He joined the Group in 2007 and is currently the financial controller of the Group, responsible for financial management, risk management, internal control and compliance matters. He holds a bachelor's degree in accountancy from The Hong Kong Polytechnic University. He is also a member of the Hong Kong Institute of Certified Public Accountants.

Senior Management

Various businesses of the Group are respectively under the direct responsibility of the Executive Directors, as named above.

Only the Executive Directors, the Co-CEOs and the CFO are regarded as members of the Group's senior management.

INDEPENDENT AUDITOR'S REPORT

KPMG

to the shareholders of ANTA Sports Products Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of ANTA Sports Products Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 154 to 235, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and Hong Kong Financial Reporting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Valuation of inventories

Refer to note 18 to the consolidated financial statements on page 176 and the accounting policy (L) on page 217.

The key audit matter

The Group adopts direct to consumer business model for the ANTA brand for certain regions in Mainland China. Together with direct retail business model for FILA and other brands in Mainland China and other territories, a significant level of inventory is maintained to support the Group's overall operations.

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.

Management applies judgement in determining the net realisable value of inventories. Net realisable value is determined by management based upon a detailed analysis of the ageing profile of the inventories, with reference to the current marketability and latest selling prices of the respective inventories and the current retail market conditions existing at the end of the reporting period.

We identified the valuation of inventories as a key audit matter as significant management judgement is involved in determining the net realisable value of inventories.

How the matter was addressed in our audit

Our audit procedures to assess the valuation of inventories included the following:

- performing a retrospective review by comparing the carrying values of inventories as at 31 December 2022 with sales prices achieved during the reporting period to assess the reliability of management's judgement and whether there is any indication of management bias;
- evaluating the historical accuracy of management's assessment of net realisable value of inventories by examining, on a sample basis, the sales and utilisation during the current reporting period;
- enquiring of the management about any expected changes in plans for markdowns or disposals of off-season inventories and comparing, on a sample basis, the carrying value of inventories to actual prices for sales transactions subsequent to the end of reporting period;
- evaluating the reasonableness of the percentages and other parameters adopted in the Group's policy on the net realisable value calculation by comparing the net realisable value with selling price achieved subsequent to the end of reporting period;
- assessing, on a sample basis, whether items in the inventory ageing report were classified within the appropriate ageing bracket by comparing the individual items selected with the underlying records which indicated the product season of the item; and
- assessing whether the net realisable value of inventories and the subsequent write-down of inventories (if any) at the end of reporting period were calculated in a manner consistent with the Group's policy by recalculating based on percentages and other parameters adopted and considering the application of the Group's policy with reference to the requirements of the prevailing accounting standards.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB, Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the audit committee of the Company in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the Company with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee of the Company, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Yu Hei.

KPMG

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

26 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	**2023 RMB'million**	2022 RMB'million
Revenue	1(a)	**62,356**	53,651
Cost of sales		**(23,328)**	(21,333)
Gross profit		**39,028**	32,318
Other net income	2	**1,705**	2,128
Selling and distribution expenses		**(21,673)**	(19,629)
Administrative expenses		**(3,693)**	(3,587)
Profit from operations		**15,367**	11,230
Net finance income	3	**991**	97
Share of (loss)/profit of a joint venture	16	**(718)**	28
Profit before taxation	4	**15,640**	11,355
Taxation	5	**(4,363)**	(3,110)
PROFIT FOR THE YEAR		**11,277**	8,245
Other comprehensive income/(loss) for the year			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**531**	741
Share of other comprehensive loss of a joint venture	16	**(63)**	(21)
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)		**20**	(63)
Share of other comprehensive (loss)/income of a joint venture	16	**(28)**	35
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**11,737**	8,937
PROFIT ATTRIBUTABLE TO:			
Equity shareholders of the Company		**10,236**	7,590
Non-controlling interests		**1,041**	655
PROFIT FOR THE YEAR		**11,277**	8,245
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity shareholders of the Company		**10,694**	8,282
Non-controlling interests		**1,043**	655
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**11,737**	8,937
		RMB	RMB
Earnings per share	8		
– Basic		**3.69**	2.82
– Diluted		**3.60**	2.76

The notes, material accounting policy information and principal subsidiaries on pages 160 to 235 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 28.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	**2023 RMB'million**	2022 RMB'million
Non-current assets			
Property, plant and equipment	10	**4,143**	3,716
Right-of-use assets	11	**8,085**	8,015
Construction in progress	12	**822**	1,058
Other non-current assets	13	**567**	544
Intangible assets	14	**2,089**	1,480
Investment in a joint venture	16	**9,283**	9,343
Other investments	17	**1,896**	1,065
Fixed deposits held at banks with maturity over three months	20	**11,836**	–
Deferred tax assets	25(b)	**1,367**	1,378
Total non-current assets		**40,088**	26,599
Current assets			
Inventories	18	**7,210**	8,490
Trade receivables	19	**3,732**	2,978
Other current assets	19	**3,135**	2,822
Amounts due from related parties	31(b)	**49**	–
Other investments	17	**1,333**	618
Pledged deposits	20	**5**	5
Fixed deposits held at banks with maturity over three months	20	**21,448**	10,305
Cash and cash equivalents	20	**15,228**	17,378
Total current assets		**52,140**	42,596
Total assets		**92,228**	69,195

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2023

	Note	**2023 RMB'million**	2022 RMB'million
Current liabilities			
Borrowings	21	**3,996**	12,198
Trade payables	22	**3,195**	2,750
Other current liabilities	22	**7,813**	6,145
Payable to non-controlling interests		**29**	53
Lease liabilities		**2,701**	2,867
Amounts due to related parties	31(b)	**32**	25
Current taxation	25(a)	**2,825**	2,169
Total current liabilities		**20,591**	26,207
Net current assets		**31,549**	16,389
Total assets less current liabilities		**71,637**	42,988
Non-current liabilities			
Borrowings	21	**10,948**	492
Payable to non-controlling interests		**–**	28
Lease liabilities		**3,824**	3,938
Deferred tax liabilities	25(b)	**855**	691
Total non-current liabilities		**15,627**	5,149
Total liabilities		**36,218**	31,356
Net assets		**56,010**	37,839
Equity			
Share capital	26	**272**	262
Reserves	27	**51,188**	34,138
Total equity attributable to equity shareholders of the Company		**51,460**	34,400
Non-controlling interests		**4,550**	3,439
Total liabilities and equity		**92,228**	69,195

The notes, material accounting policy information and principal subsidiaries on pages 160 to 235 form part of these financial statements.

Ding Shizhong
Chairman and Executive Director

Lai Shixian
Executive Director and Co-Chief Executive Officer

Hong Kong SAR, 26 March 2024

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Note	Attributable to equity shareholders of the Company				
		Share capital RMB'million	Reserves RMB'million	Total RMB'million	Non-controlling interests RMB'million	Total equity RMB'million
Balances as at 1 January 2022		261	28,662	28,923	2,740	31,663
Changes in equity for 2022:						
– Profit for the year		–	7,590	7,590	655	8,245
– Other comprehensive income for the year		–	692	692	–	692
Total comprehensive income for the year		–	8,282	8,282	655	8,937
Dividends approved in respect of the previous year	28(b)	–	(1,578)	(1,578)	–	(1,578)
Dividends declared in respect of the current year	28(a)	–	(1,508)	(1,508)	–	(1,508)
Shares allotted and issued for share award scheme		1	(1)	–	–	–
Equity-settled share-based payment transactions	27(f)	–	250	250	–	250
Share of other reserves of a joint venture	16	–	31	31	–	31
Capital contribution by non-controlling interests of subsidiaries		–	–	–	242	242
Dividends to non-controlling interests of subsidiaries		–	–	–	(198)	(198)
Balances as at 31 December 2022 and 1 January 2023		**262**	**34,138**	**34,400**	**3,439**	**37,839**
Changes in equity for 2023:						
– Profit for the year		**–**	**10,236**	**10,236**	**1,041**	**11,277**
– Other comprehensive income for the year		**–**	**458**	**458**	**2**	**460**
Total comprehensive income for the year		**–**	**10,694**	**10,694**	**1,043**	**11,737**
Dividends approved in respect of the previous year	28(b)	**–**	**(1,852)**	**(1,852)**	**–**	**(1,852)**
Dividends declared in respect of the current year	28(a)	**–**	**(2,170)**	**(2,170)**	**–**	**(2,170)**
Shares allotted and issued under a placing and subscription agreement	26	**10**	**10,487**	**10,497**	**–**	**10,497**
Shares purchased under share award scheme	24(b)	**–**	**(113)**	**(113)**	**–**	**(113)**
Equity-settled share-based payment transactions	27(f)	**–**	**215**	**215**	**–**	**215**
Share of other reserves of a joint venture	16	**–**	**(37)**	**(37)**	**–**	**(37)**
Acquisition of a subsidiary		**–**	**(174)**	**(174)**	**37**	**(137)**
Capital contribution by non-controlling interests of subsidiaries		**–**	**–**	**–**	**259**	**259**
Dividends to non-controlling interests of subsidiaries		**–**	**–**	**–**	**(228)**	**(228)**
Balances as at 31 December 2023		**272**	**51,188**	**51,460**	**4,550**	**56,010**

The notes, material accounting policy information and principal subsidiaries on pages 160 to 235 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	**2023 RMB'million**	2022 RMB'million
Operating activities			
Profit before taxation		**15,640**	11,355
Adjustments for:			
– Depreciation of property, plant and equipment	10	**1,018**	860
– Depreciation of right-of-use assets	11	**3,844**	3,481
– Amortisation of intangible assets	14	**125**	123
– Dividend income	2	**(3)**	(2)
– Interest expenses	3	**521**	511
– Interest income	3	**(1,470)**	(609)
– Net loss on disposal of property, plant and equipment	2	**1**	2
– Net gain on disposal of right-of-use assets	2	**(34)**	(29)
– Impairment loss/(reversal of impairment loss) of trade receivables	4(b)	**5**	(4)
– (Reversal of write-down)/write-down of inventories	18(b)	**(20)**	414
– Share of loss/(profit) of a joint venture	16	**718**	(28)
– COVID-19-related rent concessions received		**–**	(59)
– Equity-settled share-based payment transactions	4(a)	**215**	250
– Net foreign exchange (gain)/loss		**(42)**	1
Changes in working capital			
– Decrease/(increase) in inventories		**1,339**	(1,260)
– (Increase)/decrease in trade receivables and other current assets		**(1,189)**	1,196
– Increase in amounts due from related parties		**(49)**	–
– Increase in other non-current assets		**(31)**	(494)
– Increase/(decrease) in trade payables and other current liabilities		**1,582**	(1,038)
– Increase/(decrease) in amounts due to related parties		**7**	(2)
Cash generated from operations		**22,177**	14,668
Income tax paid		**(3,584)**	(3,046)
Interest received		**1,041**	525
Net cash generated from operating activities		**19,634**	12,147
Investing activities			
Payments for purchase of property, plant and equipment		**(744)**	(974)
Payments for construction in progress		**(417)**	(647)
Payments for purchase of intangible assets		**(160)**	(115)
Net payments of other investments		**(1,497)**	(206)
Placements of pledged deposits		**–**	(1)
Placements of fixed deposits held at banks with maturity over three months		**(42,801)**	(21,574)
Uplift of fixed deposits held at banks with maturity over three months		**20,313**	18,737
Payments for acquisition of a subsidiary, net of cash acquired	32	**(481)**	–
Other cash flows derived from investing activities		**(6)**	6
Net cash used in investing activities		**(25,793)**	(4,774)

	Note	**2023 RMB'million**	2022 RMB'million
Financing activities			
Drawdowns of new bank loans	20(b)	**2,500**	2,805
Repayments of bank loans	20(b)	**(2,058)**	(4,208)
Payments of interest expense on bank loans	20(b)	**(59)**	(33)
Net proceeds from bills payable (finance in nature)	20(b)	**1,900**	–
Net proceeds from issuance of medium term notes	20(b)	**–**	500
Repayments of medium term notes	20(b)	**(1,000)**	–
Payments of interest expense on medium term notes	20(b)	**(54)**	(40)
Payments of lease liabilities	20(b)	**(4,151)**	(3,138)
Payments for shares purchased under share award scheme	24(b)	**(113)**	–
Dividends paid to equity shareholders of the Company	28	**(4,022)**	(3,752)
Capital contribution by non-controlling interests of subsidiaries		**259**	242
Dividends paid to non-controlling interests of subsidiaries		**(228)**	(198)
Net proceeds from shares allotted and issued under a placing and subscription agreement	26	**10,497**	–
Other cash flows derived from financing activities		**–**	(19)
Net cash received from/(used in) financing activities		**3,471**	(7,841)
Net decrease in cash and cash equivalents		**(2,688)**	(468)
Cash and cash equivalents as at 1 January		**17,378**	17,592
Effect of foreign exchange rate changes		**538**	254
Cash and cash equivalents as at 31 December	20(a)	**15,228**	17,378

The notes, material accounting policy information and principal subsidiaries on pages 160 to 235 form part of these financial statements.

(Expressed in Renminbi unless otherwise indicated)

1. Revenue and Segment Reporting

(a) Revenue

The principal activities of the Group are branding, production, design, procurement, supply chain management, wholesale and retail of branded sporting goods including footwear, apparel and accessories. The Group also has an investment in a joint venture, the principal activity of which is operating Amer Sports business, as detailed in note 16.

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

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:

	2023 **RMB'million**	2022 RMB'million
Footwear	**25,332**	22,471
Apparel	**35,067**	29,523
Accessories	**1,957**	1,657
	62,356	53,651

For the year ended 31 December 2023, there was no customer with whom transactions have exceeded 10% of the Group's revenue (2022: Nil).

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

1. Revenue and Segment Reporting (Continued)

(b) Segment reporting

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

	ANTA brand RMB'million	FILA brand RMB'million	All other brands RMB'million	Headquarters and unallocated items RMB'million	Total RMB'million
For the year ended 31 December 2023					
Revenue					
– Revenue from external customers	30,306	25,103	6,947	–	62,356
Gross profit	16,648	17,315	5,065	–	39,028
Results	6,731	6,916	1,886	(166)	15,367
– Net finance income	–	–	–	991	991
– Share of loss of a joint venture	–	–	–	(718)	(718)
Profit before taxation	6,731	6,916	1,886	107	15,640
As at 31 December 2023					
Assets					
– Investment in a joint venture	–	–	–	9,283	9,283
– Other investments	–	–	–	3,229	3,229
– Deferred tax assets	–	–	–	1,367	1,367
– Other assets (including bank balances)	26,293	12,899	7,000	32,348	78,540
Reconciliation:					
– Elimination of internal borrowings	–	–	–	(191)	(191)
Total assets	26,293	12,899	7,000	46,036	92,228
Liabilities					
– Borrowings	–	–	–	14,944	14,944
– Current taxation	–	–	–	2,825	2,825
– Deferred tax liabilities	–	–	–	855	855
– Other liabilities	8,117	6,284	2,286	1,098	17,785
Reconciliation:					
– Elimination of internal borrowings	(23)	–	(168)	–	(191)
Total liabilities	8,094	6,284	2,118	19,722	36,218

(Expressed in Renminbi unless otherwise indicated)

1. Revenue and Segment Reporting (Continued)

(b) Segment reporting (Continued)

	ANTA brand RMB'million	FILA brand RMB'million	All other brands RMB'million	Headquarters and unallocated items RMB'million	Total RMB'million
For the year ended 31 December 2022					
Revenue					
– Revenue from external customers	27,723	21,523	4,405	–	53,651
Gross profit	14,872	14,283	3,163	–	32,318
Results	5,925	4,301	907	97	11,230
– Net finance income	–	–	–	97	97
– Share of profit of a joint venture	–	–	–	28	28
Profit before taxation	5,925	4,301	907	222	11,355
As at 31 December 2022					
Assets					
– Investment in a joint venture	–	–	–	9,343	9,343
– Other investments	–	–	–	1,683	1,683
– Deferred tax assets	–	–	–	1,378	1,378
– Other assets (including bank balances)	26,649	11,326	4,774	14,231	56,980
Reconciliation:					
– Elimination of internal borrowings	–	–	–	(189)	(189)
Total assets	26,649	11,326	4,774	26,446	69,195
Liabilities					
– Borrowings	–	–	–	12,690	12,690
– Current taxation	–	–	–	2,169	2,169
– Deferred tax liabilities	–	–	–	691	691
– Other liabilities	7,734	5,722	1,721	818	15,995
Reconciliation:					
– Elimination of internal borrowings	(23)	–	(166)	–	(189)
Total liabilities	7,711	5,722	1,555	16,368	31,356

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

2. Other Net Income

	2023 RMB'million	2022 RMB'million
Government grants[(i)]	**1,493**	1,903
Net loss on disposal of property, plant and equipment	**(1)**	(2)
Net gain on disposal of right-of-use assets	**34**	29
Dividend income from equity investments	**3**	2
Income on original equipment manufacturer ("OEM") business	**165**	–
Costs on OEM business	**(129)**	–
Others	**140**	196
	1,705	2,128

(i) Government grants were received or receivable from several local government authorities as a recognition of the Group's contribution towards the local economic development, of which the entitlement was unconditional and at the discretion of the relevant authorities.

3. Net Finance Income

	2023 RMB'million	2022 RMB'million
Total interest income on financial assets measured at amortised cost	**1,470**	609
Net gain on forward foreign exchange contracts	**–**	38
Other net foreign exchange gain	**72**	–
	1,542	647
Interest expense on lease liabilities	**(305)**	(303)
Total interest expense on other financial liabilities measured at amortised cost	**(222)**	(210)
Less: interest expenses capitalised into properties under development[(i)]	**6**	2
Net loss on forward foreign exchange contracts	**(30)**	–
Other net foreign exchange loss	**–**	(39)
	(551)	(550)
Net finance income	**991**	97

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

(Expressed in Renminbi unless otherwise indicated)

4. Profit Before Taxation

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

		2023 RMB'million	2022 RMB'million
(a)	**Staff costs[(i) & (ii)]:**		
	Salaries, wages and other benefits	**8,002**	6,819
	Contributions to defined contribution retirement plans	**1,087**	1,051
	Equity-settled share-based payment transactions (note 27(f))	**215**	250
		9,304	8,120
(b)	**Other items:**		
	Cost of inventories[(i)] (note 18(b))	**23,328**	21,333
	Research and development costs[(i) & (ii)]	**1,614**	1,279
	Subcontracting charges[(i)]	**303**	950
	Depreciation[(i)]		
	– Property, plant and equipment (note 10)	**1,018**	860
	– Right-of-use assets (note 11)	**3,844**	3,481
	Amortisation of intangible assets (note 14)	**125**	123
	Impairment loss/(reversal of impairment loss) of trade receivables (note 19)	**5**	(4)
	Variable lease payments not included in the measurement of lease liabilities	**3,023**	2,689
	Auditor's remuneration	**15**	12

(i) Cost of inventories includes research and development costs, subcontracting charges, staff costs and depreciation, total amounting to RMB3,024 million (2022: RMB3,291 million).

(ii) Research and development costs include staff costs of employees in the research and development department, of which RMB620 million (2022: RMB555 million) are included in the staff costs as disclosed above.

5. Taxation in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2023 RMB'million	2022 RMB'million
Current tax		
PRC Corporate Income Tax and income taxes of other tax jurisdictions	**3,735**	3,138
Dividends withholding tax	**505**	261
Deferred tax (note 25(b))		
Dividends withholding tax	**(505)**	(261)
Origination and reversal of other temporary differences	**628**	(28)
	4,363	3,110

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

(ii) Taxation for subsidiaries in other tax jurisdictions amounting to RMB14 million (2022: RMB3 million) was charged at the appropriate current rates under the relevant taxation rulings.

(iii) According to the PRC Corporate Income Tax Law and its implementation regulations, dividends receivable by non-Mainland China corporate residents from Mainland China enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. In addition, under the Arrangement between the Mainland 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 reporting period.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2023 RMB'million	2022 RMB'million
Profit before taxation	**15,640**	11,355
Notional tax on profit before taxation, calculated at the applicable rates in the tax jurisdictions concerned	**4,056**	2,847
Tax effect of non-deductible expenses	**15**	14
Tax effect of non-taxable income	**(165)**	(36)
Tax effect of unused tax losses not recognised	**49**	115
Withholding tax on profits retained by Mainland China subsidiaries (note 5(a)(iii))	**597**	331
Effect of tax concessions (note 5(a)(i))	**(189)**	(161)
Actual tax expense	**4,363**	3,110

6. Directors' Emoluments

Details of directors' emoluments of the Company are set out below:

	Fees RMB'000	Basic salaries, allowances and other benefits RMB'000	Contributions to retirement benefit scheme RMB'000	Discretionary bonuses RMB'000	Equity-settled share-based payment transaction[iii] RMB'000	Total RMB'000
Year ended 31 December 2023						
Executive Directors						
Mr. Ding Shizhong	**–**	**1,080**	**92**	**532**	**–**	**1,704**
Mr. Ding Shijia	**–**	**1,000**	**92**	**–**	**–**	**1,092**
Mr. Lai Shixian	**–**	**1,500**	**92**	**–**	**5,215**	**6,807**
Mr. Wu Yonghua	**–**	**2,000**	**92**	**–**	**–**	**2,092**
Mr. Zheng Jie	**–**	**6,200**	**143**	**1,800**	**–**	**8,143**
Mr. Bi Mingwei	**–**	**4,638**	**104**	**2,455**	**1,564**	**8,761**
	–	**16,418**	**615**	**4,787**	**6,779**	**28,599**
Independent Non-Executive Directors						
Mr. Yiu Kin Wah Stephen	**1,100**	**–**	**–**	**–**	**–**	**1,100**
Mr. Lai Hin Wing Henry Stephen	**550**	**–**	**–**	**–**	**–**	**550**
Ms. Wang Jiaqian	**550**	**–**	**–**	**–**	**–**	**550**
Ms. Xia Lian[i]	**536**	**–**	**–**	**–**	**–**	**536**
	2,736	**–**	**–**	**–**	**–**	**2,736**
Total	**2,736**	**16,418**	**615**	**4,787**	**6,779**	**31,335**
Year ended 31 December 2022						
Executive Directors						
Mr. Ding Shizhong	–	1,080	85	532	–	1,697
Mr. Ding Shijia	–	1,000	85	–	–	1,085
Mr. Lai Shixian	–	1,500	85	–	9,083	10,668
Mr. Wu Yonghua	–	2,000	85	–	–	2,085
Mr. Zheng Jie	–	11,231	133	3,600	–	14,964
Mr. Bi Mingwei	–	2,391	98	555	2,725	5,769
	–	19,202	571	4,687	11,808	36,268
Non-Executive Director						
Mr. Wang Wenmo[ii]	500	–	–	–	–	500
Independent Non-Executive Directors						
Mr. Dai Zhongchuan[ii]	60	–	–	–	–	60
Mr. Yiu Kin Wah Stephen	1,046	–	–	–	–	1,046
Mr. Lai Hin Wing Henry Stephen	523	–	–	–	–	523
Ms. Wang Jiaqian	523	–	–	–	–	523
Ms. Xia Lian[i]	255	–	–	–	–	255
	2,407	–	–	–	–	2,407
Total	2,907	19,202	571	4,687	11,808	39,175

(i) Appointed as an independent non-executive director of the Company on 1 July 2022.

(ii) Resigned on 1 July 2022.

(iii) These amounts represent the estimated value of awarded shares granted to the director(s) under a share award scheme of the Company (note 24(b)). The value of these awarded shares is measured according to the Group's accounting policy (U)(ii) for share-based payment transactions.

6. Directors' Emoluments (Continued)

During the reporting period, no amount was paid or payable by the Company to the directors or any of the 5 highest paid individuals set out in note 7 as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the reporting period.

7. Individuals with Highest Emoluments

Of the 5 individuals with the highest emoluments, 3 individuals (2022: 2 individuals) are also directors of the Company whose emoluments are disclosed in note 6. The aggregate of the emoluments in respect of the remaining 2 individuals (2022: 3 individuals) are as follows:

	2023 RMB'000	2022 RMB'000
Salaries and other emoluments	**7,109**	8,508
Discretionary bonuses	**3,430**	2,212
Equity-settled share-based payment transactions (note 27(f))	**5,768**	14,330
Contributions to retirement benefit scheme	**204**	373
	16,511	25,423

The 2 individuals (2022: 3 individuals) are neither senior management nor director of the Company. The emoluments of the 2 individuals (2022: 3 individuals) with the highest emoluments are within the following bands:

	Number of individuals	
	2023	2022
RMB6,000,001 to RMB6,500,000	**–**	1
RMB6,500,001 to RMB7,000,000	**1**	–
RMB7,000,001 to RMB7,500,000	**–**	1
RMB9,500,001 to RMB10,000,000	**1**	–
RMB11,500,001 to RMB12,000,000	**–**	1

8. Earnings Per Share

(a) Basic earnings per share

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

Profit attributable to equity shareholders of the Company

	2023 RMB'million	2022 RMB'million
Profit attributable to equity shareholders of the Company	**10,236**	7,590

Weighted average number of ordinary shares

	2023 '000 Shares	2022 '000 Shares
Issued ordinary shares as at 1 January	**2,713,624**	2,703,329
Effect of shares held under share award scheme	**(20,849)**	(19,784)
Effect of shares vested under share award scheme	**789**	1,257
Effect of shares allotted and issued for share award scheme	**–**	7,446
Effect of shares allotted and issued under a placing and subscription agreement	**81,181**	–
Weighted average number of ordinary shares as at 31 December	**2,774,745**	2,692,248

(b) Diluted earnings per share

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

Profit attributable to equity shareholders of the Company (diluted)

	2023 RMB'million	2022 RMB'million
Profit attributable to equity shareholders of the Company	**10,236**	7,590
Adjustment for interest on convertible bonds, net of tax	**91**	82
Profit attributable to equity shareholders of the Company (diluted)	**10,327**	7,672

Weighted average number of ordinary shares (diluted)

	2023 '000 Shares	2022 '000 Shares
Weighted average number of ordinary shares as at 31 December	**2,774,745**	2,692,248
Effect of awarded shares under share award scheme	**6,551**	4,569
Effect of conversion of convertible bonds	**85,760**	84,191
Weighted average number of ordinary shares (diluted) as at 31 December	**2,867,056**	2,781,008

9. Company-level Statement of Financial Position

	Note	2023 RMB'million	2022 RMB'million
Non-current assets			
Investments in subsidiaries	15	**8,638**	7,393
Total non-current assets		**8,638**	7,393
Current assets			
Other receivables		**1**	4
Amounts due from subsidiaries		**27,639**	12,721
Cash and cash equivalents		**470**	465
Total current assets		**28,110**	13,190
Total assets		**36,748**	20,583
Current liabilities			
Borrowings		**14**	1,027
Amounts due to subsidiaries		**33**	33
Other payables		**1**	–
Total current liabilities		**48**	1,060
Net current assets		**28,062**	12,130
Total assets less current liabilities		**36,700**	19,523
Non-current liabilities			
Borrowings		**492**	492
Total liabilities		**540**	1,552
Net assets		**36,208**	19,031
Equity			
Share capital	26	**272**	262
Reserves	27	**35,936**	18,769
Total equity		**36,208**	19,031
Total liabilities and equity		**36,748**	20,583

(Expressed in Renminbi unless otherwise indicated)

10. Property, Plant and Equipment

	Buildings RMB'million	Plant and machinery RMB'million	Furniture and fixtures RMB'million	Retail outlets leasehold improvements RMB'million	Motor vehicles RMB'million	Total RMB'million
Cost:						
As at 1 January 2022	2,384	492	658	967	64	4,565
Additions	63	64	109	752	5	993
Transfer from construction in progress (note 12)	651	30	50	3	2	736
Disposals	–	(18)	(10)	(76)	(3)	(107)
As at 31 December 2022 and 1 January 2023	**3,098**	**568**	**807**	**1,646**	**68**	**6,187**
Additions	**38**	**28**	**104**	**538**	**10**	**718**
Acquisition of a subsidiary (note 32)	**–**	**–**	**1**	**20**	**–**	**21**
Transfer from construction in progress (note 12)	**667**	**21**	**64**	**–**	**3**	**755**
Disposals	**(3)**	**(6)**	**(29)**	**(158)**	**(5)**	**(201)**
As at 31 December 2023	**3,800**	**611**	**947**	**2,046**	**76**	**7,480**
Accumulated depreciation:						
As at 1 January 2022	669	200	390	414	39	1,712
Charge for the year (note 4)	121	42	98	591	8	860
Written back on disposals	–	(15)	(7)	(76)	(3)	(101)
As at 31 December 2022 and 1 January 2023	**790**	**227**	**481**	**929**	**44**	**2,471**
Charge for the year (note 4)	**163**	**45**	**115**	**687**	**8**	**1,018**
Written back on disposals	**–**	**(1)**	**(8)**	**(138)**	**(5)**	**(152)**
As at 31 December 2023	**953**	**271**	**588**	**1,478**	**47**	**3,337**
Net book value:						
As at 31 December 2023	**2,847**	**340**	**359**	**568**	**29**	**4,143**
As at 31 December 2022	2,308	341	326	717	24	3,716

All of the Group's buildings and plant and machinery are located in Mainland China.

11. Right-of-use Assets

	Leasehold land RMB'million	Properties leased for own use RMB'million	Total RMB'million
Net book value:			
As at 1 January 2022	1,412	5,199	6,611
Additions	–	5,133	5,133
Depreciation charge for the year (note 4)	(31)	(3,450)	(3,481)
Disposals	–	(248)	(248)
As at 31 December 2022 and 1 January 2023	**1,381**	**6,634**	**8,015**
Additions	**73**	**4,111**	**4,184**
Acquisition of a subsidiary (note 32)	**–**	**80**	**80**
Depreciation charge for the year (note 4)	**(33)**	**(3,811)**	**(3,844)**
Disposals	**(18)**	**(332)**	**(350)**
As at 31 December 2023	**1,403**	**6,682**	**8,085**

Details of the maturity analysis of lease liabilities is set out in note 29(b).

(a) Leasehold land

The Group has obtained land use rights of leasehold land for properties held for own use in Mainland China.

(b) Properties leased for own use

The Group has obtained the right to use properties as its offices, warehouses and retail stores through tenancy agreements. The leases typically run for an initial period of 1 to 5 years. Total cash outflow for the leases in the reporting period was RMB7,076 million (2022: RMB5,910 million).

12. Construction in Progress

	2023 RMB'million	2022 RMB'million
As at 1 January	**1,058**	926
Additions	**519**	868
Transfer to property, plant and equipment (note 10)	**(755)**	(736)
As at 31 December	**822**	1,058

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

(Expressed in Renminbi unless otherwise indicated)

13. Other Non-current Assets

	2023 RMB'million	2022 RMB'million
Long-term rental deposits	**525**	494
Prepayments for acquisition of land use rights	**3**	3
Prepayments for acquisition of other non-current assets	**39**	47
	567	544

14. Intangible Assets

	Patents and trademarks RMB'million	Computer software RMB'million	Goodwill RMB'million	Total RMB'million
Cost:				
As at 1 January 2022	1,646	387	–	2,033
Additions	–	72	–	72
As at 31 December 2022 and 1 January 2023	**1,646**	**459**	**–**	**2,105**
Additions	**–**	**121**	**–**	**121**
Acquisition of a subsidiary (note 32)	**207**	**2**	**405**	**614**
Disposal	**–**	**(138)**	**–**	**(138)**
As at 31 December 2023	**1,853**	**444**	**405**	**2,702**
Accumulated amortisation:				
As at 1 January 2022	233	269	–	502
Charge for the year (note 4)	42	81	–	123
As at 31 December 2022 and 1 January 2023	**275**	**350**	**–**	**625**
Charge for the year (note 4)	**41**	**84**	**–**	**125**
Disposal	**–**	**(137)**	**–**	**(137)**
As at 31 December 2023	**316**	**297**	**–**	**613**
Net book value:				
As at 31 December 2023	**1,537**	**147**	**405**	**2,089**
As at 31 December 2022	1,371	109	–	1,480

The amortisation charge for the year is included in administrative expenses of profit or loss.

15. Investments in Subsidiaries

The investments in subsidiaries represent cost of unlisted shares of the subsidiaries. Details of principal subsidiaries as at 31 December 2023 are shown on pages 225 to 235.

16. Investment in a Joint Venture

	2023 RMB'million	2022 RMB'million
As at 1 January	**9,343**	9,027
Share of (loss)/profit	**(718)**	28
Share of other comprehensive (loss)/income	**(91)**	14
Share of other reserves	**(37)**	31
Foreign currency translation differences	**786**	243
As at 31 December	**9,283**	9,343

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

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

During the reporting period, Amer Sports Oy ("Amer Sports") was a wholly-owned subsidiary of Amer Sports, Inc., which was a subsidiary owned by AS Holding. Amer Sports is a sporting goods company with internationally recognised brands including Arc'teryx, Salomon, Wilson, Peak Performance, Atomic, etc.

Before the completion of the Amer Sports Listing (as defined below) and the post-listing reorganization at the shareholders level of Amer Sports, Inc. on 9 February 2024, the Group accounted for AS Holding as an investment in a joint venture using the equity method in the consolidated financial statements of the Group under applicable financial reporting standards, as decisions about certain key activities of AS Holding required the consent of directors nominated by other shareholders.

Please refer to note 35(b) to these financial statements for details of the Amer Sports Listing after the end of the reporting period.

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

(Expressed in Renminbi unless otherwise indicated)

16. Investment in a Joint Venture (Continued)

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

	2023 RMB'million	2022 RMB'million
Non-current assets	**42,842**	39,470
Current assets	**17,181**	15,044
Current liabilities	**(21,653)**	(9,023)
Non-current liabilities	**(20,722)**	(27,753)
Non-controlling interests	**(32)**	(9)
Equity attributable to equity shareholders	**17,616**	17,729
Included in the above assets and liabilities:		
Cash and cash equivalents	**3,558**	2,976
Current financial liabilities (excluding trade and other payables and provisions)	**(13,067)**	(1,445)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(13,406)**	(22,004)

	2023 RMB'million	2022 RMB'million
Revenue	**31,248**	24,026
Post-tax (loss)/profit from continuing operations	**(1,367)**	175
Post-tax loss from discontinued operations	**–**	(125)
Other comprehensive (loss)/income	**(172)**	24
Total comprehensive (loss)/income	**(1,539)**	74
Included in the above profit or loss:		
Depreciation and amortisation	**(1,580)**	(1,311)
Impairment	**(1,131)**	–
Interest income	**49**	21
Interest expense	**(1,724)**	(877)
Income tax expense	**(726)**	(358)

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

Reconciliation to the Group's investment in a joint venture	**2023 RMB'million**	2022 RMB'million
AS Holding's net assets	**17,648**	17,738
Less: non-controlling interest	**(32)**	(9)
AS Holding's net assets attributable to equity shareholders	**17,616**	17,729
Group's effective interest	**52.70%**	52.70%
Group's share of AS Holding's net assets attributable to equity shareholders	**9,283**	9,343
Carrying amount of the Group's investment	**9,283**	9,343

16. Investment in a Joint Venture (Continued)

A five-year EUR1,300 million (equivalent to RMB10,492 million) term loan facility ("Facility A") is provided by independent third party bank lenders to AS Holding 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) refinancing of any indebtedness of Amer Sports in connection with the acquisition of shares of Amer Sports. The Company has guaranteed the full and punctual performance of any and all obligations and undertakings of AS Holding to the arrangers, the lenders and the agent in connection with, and for all amounts which may become due and payable under, the aforesaid loan facilities. As at 31 December 2023, Facility A has been fully drawn by AS Holding.

Please refer to note 35(c) to these financial statements for details of the release of the guarantee provided by the Company under Facility A after the end of the reporting period.

17. Other Investments

	2023 RMB'million	2022 RMB'million
Current		
Financial instruments measured at amortised cost:		
– Listed debt securities	**1,113**	404
– Unlisted debt securities	**220**	214
	1,333	618
Non-current		
Equity instruments designated at FVOCI (non-recycling):		
– Unlisted equity investments[(i)]	**99**	87
– Listed perpetual bonds (equity investment in nature)[(ii)]	**1,431**	978
Financial instruments measured at amortised cost:		
– Unlisted debt securities	**366**	–
	1,896	1,065
	3,229	1,683

(i) The Group designated certain unlisted equity investments at FVOCI (non-recycling), as the investments are held for strategic purposes. Dividends with amount of RMB3 million were received on the unlisted equity investments during the reporting period (2022: RMB2 million).

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

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

	2023 RMB'million	2022 RMB'million
At 1 January	**87**	65
Additions	**–**	1
Total unrealised gains recognised in other comprehensive income	**12**	21
At 31 December	**99**	87

(Expressed in Renminbi unless otherwise indicated)

18. Inventories

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

	2023 RMB'million	2022 RMB'million
Raw materials	**337**	318
Work in progress	**280**	378
Finished goods	**6,593**	7,794
	7,210	8,490

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

	2023 RMB'million	2022 RMB'million
Carrying amount of inventories sold	**23,348**	20,919
(Reversal of write-down)/write-down of inventories	**(20)**	414
	23,328	21,333

19. Trade Receivables and Other Current Assets

	2023 RMB'million	2022 RMB'million
Trade receivables	**3,758**	2,999
Less: loss allowance	**(26)**	(21)
	3,732	2,978
Other current assets:		
Other assets in relation to refunds (note 22)	**117**	77
Advance payments to suppliers	**878**	577
Deposits and other prepayments	**629**	1,093
VAT deductible	**287**	278
Others	**1,224**	797
	3,135	2,822

19. Trade Receivables and Other Current Assets (Continued)

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:

	2023 RMB'million	2022 RMB'million
Current	**3,725**	2,975
Less than 3 months past due	**13**	16
Past due over 3 months	**20**	8
	3,758	2,999

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

	2023 RMB'million	2022 RMB'million
As at 1 January	**21**	25
Impairment loss/(reversal of impairment loss) recognised (note 4)	**5**	(4)
As at 31 December	**26**	21

The Group normally grants a credit period of 30 to 90 days to its debtors. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 29(a).

20. Cash and Cash Equivalents, Fixed Deposits held at Banks, Pledged Deposits and Other Cash Flow Information

(a) Cash and cash equivalents, fixed deposits held at banks and pledged deposits comprise:

	2023 RMB'million	2022 RMB'million
Fixed deposits with banks within three months to maturity when placed	**2,427**	4,613
Cash at bank and in hand	**10,798**	5,785
Short-term investments[(i)]	**2,003**	6,980
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	**15,228**	17,378
Fixed deposits with banks with more than three months to maturity when placed		
– Current portion	**21,448**	10,305
– Non-current portion	**11,836**	–
Pledged deposits[(ii)]	**5**	5
Total[(iii)]	**48,517**	27,688

(i) The short-term investments comprise national debt reverse repurchase products, being highly liquid debt securities with fixed maturities (within three months from subscription date) and determinable returns, and subject to insignificant risk of changes in value.

(ii) As at 31 December 2023, certain bank deposits have been pledged as security for certain contracts.

(iii) As at 31 December 2023, the balances, deposits and short-term investments that were placed with banks and financial institutions in Mainland China amounted to RMB28,440 million (2022: RMB21,156 million). Remittance of funds out of Mainland China is subject to applicable laws and regulations of foreign exchange control.

(Expressed in Renminbi unless otherwise indicated)

20. Cash and Cash Equivalents, Fixed Deposits held at Banks, Pledged Deposits and Other Cash Flow Information (Continued)

(a) Cash and cash equivalents, fixed deposits held at banks and pledged deposits comprise: (Continued)

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

	2023 RMB'million	2022 RMB'million
Big 4 domestic banks (and its subsidiaries)	**22,496**	8,283
Other reputable and sizeable domestic shareholding commercial banks (and its subsidiaries)	**19,291**	10,078
Reputable domestic non-bank financial institutions	**2,003**	6,980
Highly reputable and sizeable foreign-owned banks	**4,727**	2,347
	48,517	27,688

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

The breakdown by currency is as follows:

	2023 RMB'million	2022 RMB'million
Renminbi	**26,736**	19,636
United States Dollars	**21,135**	6,157
Hong Kong Dollars	**486**	174
Singapore Dollars	**72**	53
Euro	**35**	1,626
Others	**53**	42
	48,517	27,688

20. Cash and Cash Equivalents, Fixed Deposits held at Banks, Pledged Deposits and Other Cash Flow Information (Continued)

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank loans RMB'million	Bills payable (financing in nature) RMB'million	Convertible bonds RMB'million	Medium term notes RMB'million	Lease liabilities RMB'million	Total RMB'million
As at 1 January 2023	**2,959**	**1,000**	**7,212**	**1,519**	**6,805**	**19,495**
Changes from financing cash flows:						
Drawdowns of new bank loans	**2,500**	**–**	**–**	**–**	**–**	**2,500**
Repayments of bank loans	**(2,058)**	**–**	**–**	**–**	**–**	**(2,058)**
Payments of interest expense on bank loans	**(59)**	**–**	**–**	**–**	**–**	**(59)**
Proceeds from bills payable	**–**	**2,900**	**–**	**–**	**–**	**2,900**
Repayments of bills payable	**–**	**(1,000)**	**–**	**–**	**–**	**(1,000)**
Repayments of medium term notes	**–**	**–**	**–**	**(1,000)**	**–**	**(1,000)**
Payments of interest expense on medium term notes	**–**	**–**	**–**	**(54)**	**–**	**(54)**
Payments of lease liabilities	**–**	**–**	**–**	**–**	**(4,151)**	**(4,151)**
Total changes from financing cash flows	**383**	**1,900**	**–**	**(1,054)**	**(4,151)**	**(2,922)**
Other changes:						
Increase in lease liabilities from entering into new leases	**–**	**–**	**–**	**–**	**3,852**	**3,852**
Interest expenses	**70**	**16**	**95**	**41**	**305**	**527**
Foreign currency translation differences	**107**	**–**	**658**	**–**	**–**	**765**
Acquisition of a subsidiary (note 32)	**54**	**–**	**–**	**–**	**80**	**134**
Others	**–**	**(16)**	**–**	**–**	**(366)**	**(382)**
Total other changes	**231**	**–**	**753**	**41**	**3,871**	**4,896**
As at 31 December 2023	**3,573**	**2,900**	**7,965**	**506**	**6,525**	**21,469**

(Expressed in Renminbi unless otherwise indicated)

20. Cash and Cash Equivalents, Fixed Deposits held at Banks, Pledged Deposits and Other Cash Flow Information (Continued)

(b) Reconciliation of liabilities arising from financing activities: (Continued)

	Bank loans RMB'million	Bills payable (financing in nature) RMB'million	Convertible bonds RMB'million	Medium term notes RMB'million	Lease liabilities RMB'million	Total RMB'million
As at 1 January 2022	4,218	1,000	6,942	1,013	5,145	18,318
Changes from financing cash flows:						
Drawdowns of new bank loans	2,805	–	–	–	–	2,805
Repayments of bank loans	(4,208)	–	–	–	–	(4,208)
Payments of interest expense on bank loans	(33)	–	–	–	–	(33)
Proceeds from bills payable	–	1,500	–	–	–	1,500
Repayments of bills payable	–	(1,500)	–	–	–	(1,500)
Net proceeds from issuance of medium term notes	–	–	–	500	–	500
Payments of interest expense on medium term notes	–	–	–	(40)	–	(40)
Payments of lease liabilities	–	–	–	–	(3,138)	(3,138)
Total changes from financing cash flows	(1,436)	–	–	460	(3,138)	(4,114)
Other changes:						
Increase in lease liabilities from entering into new leases	–	–	–	–	4,831	4,831
Interest expenses	64	16	84	46	303	513
COVID-19-related rent concessions received	–	–	–	–	(59)	(59)
Foreign currency translation differences	113	–	186	–	–	299
Others	–	(16)	–	–	(277)	(293)
Total other changes	177	–	270	46	4,798	5,291
As at 31 December 2022	2,959	1,000	7,212	1,519	6,805	19,495

21. Borrowings

	Note	**2023 RMB'million**	2022 RMB'million
Current			
Bank loans	(a)	**1,082**	2,959
Bills payable (financing in nature)	(b)	**2,900**	1,000
Convertible bonds	(c)	**–**	7,212
Medium term notes	(d)	**14**	1,027
		3,996	12,198
Non-Current			
Bank loans	(a)	**2,491**	–
Convertible bonds	(c)	**7,965**	–
Medium term notes	(d)	**492**	492
		10,948	492
		14,944	12,690

(a) Bank loans

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

(b) Bills payable (financing in nature)

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

21. Borrowings (Continued)

(c) Convertible Bonds

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

Each convertible bonds could, at the option of the holder, be convertible on or after the date which is 41 days after 5 February 2020 up to the date falling 10 days prior to 5 February 2025 into fully paid ordinary shares with a par value of HKD0.10 each of the Company (the "Shares"). The number of Shares to be issued shall be determined by dividing the principal amount of the convertible bonds to be converted (translated into Hong Kong dollars at the pre-determined fixed rate of HKD8.6466 = EUR1.00 under the terms and conditions of the convertible bonds) by the conversion price in effect on the relevant conversion date.

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

The convertible bonds may be redeemed, on giving not less than 30 nor more than 60 days' notice to the bondholders, in whole but not in part, at its option of the Group, at their principal amount on the date specified in the optional redemption notice, at any time if prior to the date the relevant optional redemption notice is given, conversion rights have been exercised and/or purchased (and corresponding cancellations) and/or redemptions effected in respect of 90% or more in aggregate principal amount of the convertible bonds originally issued.

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

As at 31 December 2023, the total outstanding principal amount of the convertible bonds was EUR1,000 million (equivalent to RMB8,071 million). There had not been any exercise of conversion right of the convertible bonds and no redemption right had been exercised by the bondholders or the Group during the reporting period.

Based on the applicable conversion price of HKD99.75 on that date and assuming full conversion of the convertible bonds, the convertible bonds would be convertible into 86,682,707 conversion shares.

(d) Medium term notes

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

As at 31 December 2023, the outstanding medium term notes issued are as follows:

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

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

22. Trade Payables and Other Current Liabilities

	2023 RMB'million	2022 RMB'million
Trade payables	**3,195**	2,750
Other current liabilities:		
Refund liabilities[(i)]	**289**	166
Contract liabilities[(ii)]	**1,118**	993
Construction costs payables	**503**	402
VAT and other taxes payables	**839**	629
Accruals	**2,687**	2,384
Others	**2,377**	1,571
	7,813	6,145

(i) The Group recognises a refund liability for the consideration received or receivable of which the Group does not expect to be entitled. The Group also recognises other assets in relation to refunds, measured with reference to the former carrying amount of the products (see note 19). The costs to recover the products are not material because the product returned are usually in a saleable condition.

(ii) Revenue that was included in the contract liability balance at the beginning of the reporting period amounting to RMB848 million (2022: RMB791 million) was recognised in the reporting period.

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

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

	2023 RMB'million	2022 RMB'million
Within 3 months	**3,179**	2,707
3 months to 6 months	**3**	28
Over 6 months	**13**	15
	3,195	2,750

23. Employee Retirement Benefits

Defined contribution retirement plans

The Mainland China subsidiaries of the Group participate in defined contribution retirement benefit schemes (the "Schemes") organised by the municipal and provincial government authorities whereby the Group is required to make contributions to the Schemes at the applicable rates of the eligible employees' salaries. The local government authority is responsible for the entire pension obligations payable to retired employees.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HKD30,000. Contributions to the plan vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

24. Equity-settled Share-based Payment Transactions

(a) Share option scheme

2017 Share Option Scheme

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

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

No options were granted, exercised, lapsed or cancelled under the 2017 Share Option Scheme during the reporting period. At the time of the termination of the 2017 Share Option Scheme and as at 31 December 2023, there were no outstanding options under the 2017 Share Option Scheme.

24. Equity-settled Share-based Payment Transactions (Continued)

(a) Share option scheme (Continued)

2023 Share Option Scheme

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

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

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

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

No options were granted, exercised, lapsed or cancelled under the 2023 Share Option Scheme during the reporting period. As at 31 December 2023, there were no outstanding options under the 2023 Share Option Scheme.

(b) Share award scheme

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

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

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

24. Equity-settled Share-based Payment Transactions (Continued)

(b) Share award scheme (Continued)

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

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

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

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

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

24. Equity-settled Share-based Payment Transactions (Continued)

(b) Share award scheme (Continued)

The terms and conditions of the grants of awarded shares are as follows:

	Number of awarded shares '000	Vesting conditions
Awarded shares granted to a director:		
– on 5 November 2019	1,000	0.5 years to 4.5 years from the date of grant
Awarded shares granted to employees:		
– on 5 November 2019	10,170	0.5 years to 4.5 years from the date of grant
– on 2 November 2020	890	0.5 years to 4.5 years from the date of grant
– on 1 November 2021	849	0.5 years to 4.5 years from the date of grant
– on 4 April 2022	10,295	3 years to 5 years from the date of grant
– on 1 November 2022	226	0.5 years to 4.5 years from the date of grant
– on 1 November 2023	402	0.5 years to 4.5 years from the date of grant
Total awarded shares	**23,832**	

The fair values per awarded share granted on 1 November 2023 were HKD88.35, which were measured based on the market price of the Company's shares at the respective grant date. No expected dividends were incorporated into the measurement of fair value.

During the reporting period, 1,600,000 Shares (2022: Nil) were purchased from the Hong Kong Stock Exchange, and no new Shares (2022: 10,294,500 Shares) were subscribed, by the trustee of the 2018 Share Award Scheme (and the 2018 Share Award Scheme (2023 Revision)). Total consideration paid for the said purchases during the reporting period, including all relevant expenses, were RMB113 million (2022: Nil).

As at 31 December 2023, the trustee of the 2018 Share Award Scheme (2023 Revision) held a total of 21,172,302 Shares (31 December 2022: 20,752,601 Shares).

During the reporting period, 1,180,299 awarded shares (2022: 1,879,816) with a total amount of RMB66 million (2022: RMB105 million) were vested, resulting in the transfer out of RMB86 million (2022: RMB138 million) from the share-based compensation reserve, with the difference of RMB20 million (2022: RMB33 million) credited to share premium account. 1,385,166 awarded shares were lapsed during the reporting period (2022: 1,644,865).

As at 31 December 2023, the total number of awarded shares granted but not vested (subject to certain vesting conditions) under 2018 Share Award Scheme (2023 Revision) was 11,991,099 (2022: 14,154,899).

24. Equity-settled Share-based Payment Transactions (Continued)

(b) Share award scheme (Continued)

2023 Share Award Scheme

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

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

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

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

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

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

As at 31 December 2023, no Shares were held by the trustee of the 2023 Share Award Scheme.

No awards were granted, vested, lapsed or cancelled under the 2023 Share Award Scheme during the reporting period. As at 31 December 2023, there were no unvested awards under the 2023 Share Award Scheme.

25. Taxation in the Consolidated Statement of Financial Position

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

Current taxation in the consolidated statement of financial position represents provisions for PRC Corporate Income Tax of RMB2,811 million (2022: RMB2,162 million) and income taxes in other tax jurisdictions of RMB14 million (2022: RMB7 million).

(b) Deferred tax assets and liabilities recognised

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

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

	Dividend withholding tax RMB'million	Right-of-use assets RMB'million	Other deferred tax liabilities RMB'million	Accruals RMB'million	Lease liabilities RMB'million	Other deferred tax assets RMB'million	Total RMB'million
As at 1 January 2022 (as previously reported)	591	–	64	(325)	–	(728)	(398)
Effect of the initial application of Amendments to IAS/HKAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (note 34)	–	1,077	–	–	(1,095)	18	–
As at 1 January 2022 (as restated)	591	1,077	64	(325)	(1,095)	(710)	(398)
Charged/(credited) to profit or loss	331	428	(34)	15	(542)	(226)	(28)
Released upon distribution of dividends	(261)	–	–	–	–	–	(261)
As at 31 December 2022 and 1 January 2023 (as restated)	**661**	**1,505**	**30**	**(310)**	**(1,637)**	**(936)**	**(687)**
Charged/(credited) to profit or loss	**597**	**(21)**	**20**	**(83)**	**33**	**82**	**628**
Released upon distribution of dividends	**(505)**	**–**	**–**	**–**	**–**	**–**	**(505)**
Acquisition of a subsidiary (note 32)	**–**	**–**	**52**	**–**	**–**	**–**	**52**
As at 31 December 2023	**753**	**1,484**	**102**	**(393)**	**(1,604)**	**(854)**	**(512)**

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

	2023 RMB'million	2022 RMB'million
Amount recognised in the consolidated statement of financial position:		
– Deferred tax assets	**(1,367)**	(1,378)
– Deferred tax liabilities	**855**	691
	(512)	(687)

(c) Deferred tax assets not recognised

As at 31 December 2023, certain subsidiaries of the Group have not recognised deferred tax assets in respect of cumulative tax losses carried forward of RMB817 million (2022: RMB910 million) of which RMB444 million (2022: RMB596 million) 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.

25. Taxation in the Consolidated Statement of Financial Position (Continued)

(d) Deferred tax liabilities not recognised

As at 31 December 2023, temporary differences relating to the undistributed profits of certain subsidiaries of the Group in Mainland China amounted to RMB15,490 million (2022: RMB12,257 million). Deferred tax liabilities of RMB771 million (2022: RMB613 million) have not been recognised in respect of the withholding tax that would be payable on the distribution of these retained profits, as the Company controls the dividend policy of these subsidiaries in Mainland China and the Company has determined that these profits are not likely to be distributed in the foreseeable future.

26. Share Capital

	Par value HKD	Number of Shares '000	Nominal value of ordinary shares HKD'million
Authorised:			
Ordinary shares			
As at 31 December 2022 and 2023	**0.10**	**5,000,000**	**500**

Movements in the Company's issued share capital are as follows:

	Par value HKD	Number of Shares '000	Nominal value of ordinary shares HKD'million	Nominal value of ordinary shares RMB'million
Issued and fully paid:				
As at 1 January 2022	0.10	2,703,329	270	261
Shares allotted and issued for share award scheme (note 24(b))	0.10	10,295	1	1
As at 31 December 2022 and 1 January 2023	**0.10**	**2,713,624**	**271**	**262**
Shares allotted and issued under a placing and subscription agreement	**0.10**	**119,000**	**12**	**10**
As at 31 December 2023	**0.10**	**2,832,624**	**283**	**272**

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

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

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

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

27. Reserves

The Group

	Note	Shares held for share award scheme RMB'million Note 24(b)	Share premium RMB'million Note 27(a)	Capital reserve RMB'million Note 27(b)	Statutory reserve RMB'million Note 27(c)	Fair value reserve (non-recycling) RMB'million Note 27(d)	Exchange reserve RMB'million Note 27(e)	Share-based compensation reserve RMB'million Note 27(f)	Convertible bonds related reserve RMB'million	Share of reserves of a joint venture RMB'million	Retained profits RMB'million	Total RMB'million
Balances as at 1 January 2022		(687)	4,648	176	1,723	47	(735)	295	463	69	22,663	28,662
Changes in equity for 2022:												
– Profit for the year		–	–	–	–	–	–	–	–	–	7,590	7,590
– Other comprehensive income/(loss) for the year		–	–	–	–	(63)	741	–	–	14	–	692
Total comprehensive income for the year		–	–	–	–	(63)	741	–	–	14	7,590	8,282
Dividends approved in respect of the previous year	28(b)	–	–	–	–	–	–	–	–	–	(1,578)	(1,578)
Dividends declared in respect of the current year	28(a)	–	–	–	–	–	–	–	–	–	(1,508)	(1,508)
Shares allotted and issued for share award scheme		(1)	–	–	–	–	–	–	–	–	–	(1)
Equity-settled share-based payment transactions	27(f)	–	–	–	–	–	–	250	–	–	–	250
Vesting of awarded shares of share award scheme	24(b)	105	33	–	–	–	–	(138)	–	–	–	–
Share of other reserves of a joint venture	16	–	–	–	–	–	–	–	–	31	–	31
Appropriation to statutory reserve	27(c)	–	–	–	204	–	–	–	–	–	(204)	–
Balances as at 31 December 2022 and 1 January 2023		**(583)**	**4,681**	**176**	**1,927**	**(16)**	**6**	**407**	**463**	**114**	**26,963**	**34,138**
Changes in equity for 2023:												
– Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**10,236**	**10,236**
– Other comprehensive income/(loss) for the year		**–**	**–**	**–**	**–**	**20**	**529**	**–**	**–**	**(91)**	**–**	**458**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**20**	**529**	**–**	**–**	**(91)**	**10,236**	**10,694**
Dividends approved in respect of the previous year	28(b)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,852)**	**(1,852)**
Dividends declared in respect of the current year	28(a)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,170)**	**(2,170)**
Shares allotted and issued under a placing and subscription agreement	26	**–**	**10,487**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**10,487**
Share purchased under share award scheme	24(b)	**(113)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(113)**
Equity-settled share-based payment transactions	27(f)	**–**	**–**	**–**	**–**	**–**	**–**	**215**	**–**	**–**	**–**	**215**
Vesting of awarded shares of share award scheme	24(b)	**66**	**20**	**–**	**–**	**–**	**–**	**(86)**	**–**	**–**	**–**	**–**
Share of other reserves of a joint venture	16	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(37)**	**–**	**(37)**
Acquisition of a subsidiary		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(174)**	**(174)**
Appropriation to statutory reserve	27(c)	**–**	**–**	**–**	**94**	**–**	**–**	**–**	**–**	**–**	**(94)**	**–**
Balances as at 31 December 2023		**(630)**	**15,188**	**176**	**2,021**	**4**	**535**	**536**	**463**	**(14)**	**32,909**	**51,188**

(Expressed in Renminbi unless otherwise indicated)

27. Reserves (Continued)

The Company

	Note	Shares held for share award scheme RMB'million Note 24(b)	Share premium RMB'million Note 27(a)	Exchange reserve RMB'million Note 27(e)	Share-based compensation reserve RMB'million Note 27(f)	Convertible bonds related reserve RMB'million	Retained profits RMB'million	Total reserves RMB'million
Balances as at 1 January 2022		(687)	4,648	(1,174)	295	463	11,273	14,818
Changes in equity for 2022:								
– Profit for the year		–	–	–	–	–	5,538	5,538
– Other comprehensive income for the year		–	–	1,250	–	–	–	1,250
Total comprehensive income for the year		–	–	1,250	–	–	5,538	6,788
Dividends approved in respect of the previous year	28(b)	–	–	–	–	–	(1,578)	(1,578)
Dividends declared in respect of the current year	28(a)	–	–	–	–	–	(1,508)	(1,508)
Shares allotted and issued for share award scheme		(1)	–	–	–	–	–	(1)
Equity-settled share-based payment transactions	27(f)	–	–	–	250	–	–	250
Vesting of awarded shares of share award scheme	24(b)	105	33	–	(138)	–	–	–
Balances as at 31 December 2022 and 1 January 2023		**(583)**	**4,681**	**76**	**407**	**463**	**13,725**	**18,769**
Changes in equity for 2023:								
– Profit for the year		**–**	**–**	**–**	**–**	**–**	**10,175**	**10,175**
– Other comprehensive income for the year		**–**	**–**	**425**	**–**	**–**	**–**	**425**
Total comprehensive income for the year		**–**	**–**	**425**	**–**	**–**	**10,175**	**10,600**
Dividends approved in respect of the previous year	28(b)	**–**	**–**	**–**	**–**	**–**	**(1,852)**	**(1,852)**
Dividends declared in respect of the current year	28(a)	**–**	**–**	**–**	**–**	**–**	**(2,170)**	**(2,170)**
Shares allotted and issued under a placing and subscription agreement	26	**–**	**10,487**	**–**	**–**	**–**	**–**	**10,487**
Shares purchased under share award scheme	24(b)	**(113)**	**–**	**–**	**–**	**–**	**–**	**(113)**
Equity-settled share-based payment transactions	27(f)	**–**	**–**	**–**	**215**	**–**	**–**	**215**
Vesting of awarded shares of share award scheme	24(b)	**66**	**20**	**–**	**(86)**	**–**	**–**	**–**
Balances as at 31 December 2023		**(630)**	**15,188**	**501**	**536**	**463**	**19,878**	**35,936**

27. Reserves (Continued)

(a) Share premium and distributability of reserves

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.

The aggregate amount of distributable reserves, comprising share premium and retained profits, of the Company as at 31 December 2023 was HKD39,080 million (2022: HKD20,624 million).

(b) 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 HKD144 million (equivalent to RMB141 million) were assigned to Anta Enterprise at a consideration of HKD1.0. This assignment of debt was reflected as a reduction in the advances from the controlling shareholders and a corresponding increase in the capital reserve during 2007.

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

(c) 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.

(d) Fair value reserve (non-recycling)

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

(e) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Group entities presented in other currencies to Renminbi.

(f) Share-based compensation reserve

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

(Expressed in Renminbi unless otherwise indicated)

27. Reserves (Continued)

(g) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure in the light of changes in economic conditions so as to maintain a sound capital position. Total capital is defined as the total equity attributable to equity shareholders of the Company in the consolidated statement of financial position.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

28. Dividends

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

	2023 **RMB'million**	2022 RMB'million
Interim dividend declared and paid of HK82 cents per ordinary share (2022: HK62 cents per ordinary share)	**2,170**	1,508
Final dividend recommended after the end of the reporting period of HK115 cents per ordinary share (2022: HK72 cents per ordinary share)	**3,018**	1,852
	5,188	3,360

The final dividend recommended after the end of the reporting period has not been recognised as liabilities as at the end of the reporting period.

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

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

29. Financial Risk Management and Fair Values

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below:

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables.

The Group's exposure to credit risk arising from listed and unlisted debt securities measured at amortised cost, pledged deposits, bank deposits and cash and cash equivalents are limited because the counterparties are either highly reputable and sizeable banks and financial institutions or the Government of the PRC for which the Group considers to have low credit risk. The Group's exposure to credit risk arising from refundable rental deposits are considered to be low, given all rental arrangements were entered with landlords without significant credit risk.

Except for the financial guarantee given by the Group relating to a joint venture as set out in note 16, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. The Group does not provide any other guarantees which would expose the Group to credit risk.

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

The Group's exposure to credit risk on trade receivables is influenced mainly by the individual characteristics of each debtor rather than the industry or country in which the debtors operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual debtors. At the end of the reporting period, 4% (2022: 5%) and 12% (2022: 9%) of the total trade receivables were due from the Group's largest debtor and the five largest debtors respectively.

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

(Expressed in Renminbi unless otherwise indicated)

29. Financial Risk Management and Fair Values (Continued)

(a) Credit risk (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2023					
	Expected loss rate	**Gross carrying amount excluding specific debtor(s) RMB'million**	**Loss allowance excluding specific debtor(s) RMB'million**	**Gross carrying amount of specific debtor(s) RMB'million**	**Loss allowance of specific debtor(s) RMB'million**	**Total loss allowance RMB'million**
Current	**0.16%**	**3,725**	**(6)**	**–**	**–**	**(6)**
Less than 3 months past due	**38.46%**	**13**	**(5)**	**–**	**–**	**(5)**
Past due over 3 months	**54.55%**	**11**	**(6)**	**9**	**(9)**	**(15)**
		3,749	**(17)**	**9**	**(9)**	**(26)**

	2022					
	Expected loss rate	Gross carrying amount excluding specific debtor(s) RMB'million	Loss allowance excluding specific debtor(s) RMB'million	Gross carrying amount of specific debtor(s) RMB'million	Loss allowance of specific debtor(s) RMB'million	Total loss allowance RMB'million
Current	0.31%	2,975	(9)	–	–	(9)
Less than 3 months past due	46.85%	16	(8)	–	–	(8)
Past due over 3 months	50.00%	8	(4)	–	–	(4)
		2,999	(21)	–	–	(21)

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.

(b) Liquidity risk

The Group's policy is to actively and regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable short-term investments of cash surplus and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long-term.

29. Financial Risk Management and Fair Values (Continued)

(b) Liquidity risk (Continued)

The following table details the remaining contractual maturities as at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current as at the end of the reporting period) and the earliest date the Group can be required to pay:

	Contractual undiscounted cash outflows					Carrying amount on consolidated statement of financial position
	Within 1 year or on demand RMB'million	More than 1 year but less than 2 years RMB'million	More than 2 years but less than 5 years RMB'million	More than 5 years RMB'million	Total RMB'million	RMB'million
As at 31 December 2023						
Non-derivative financial liabilities:						
Bank loans	**1,082**	**72**	**2,499**	**–**	**3,653**	**3,573**
Bills payable (financing in nature)	**2,900**	**–**	**–**	**–**	**2,900**	**2,900**
Convertible bonds (Note)	**–**	**8,071**	**–**	**–**	**8,071**	**7,965**
Medium term notes	**14**	**514**	**–**	**–**	**528**	**506**
Trade payables	**3,195**	**–**	**–**	**–**	**3,195**	**3,195**
Other payables	**7,524**	**–**	**–**	**–**	**7,524**	**7,524**
Payable to non-controlling interests	**29**	**–**	**–**	**–**	**29**	**29**
Lease liabilities	**2,994**	**1,866**	**1,905**	**387**	**7,152**	**6,525**
Amounts due to related parties	**32**	**–**	**–**	**–**	**32**	**32**
	17,770	**10,523**	**4,404**	**387**	**33,084**	**32,249**
As at 31 December 2022						
Non-derivative financial liabilities:						
Bank loans	2,959	–	–	–	2,959	2,959
Bills payable (financing in nature)	1,000	–	–	–	1,000	1,000
Convertible bonds (Note)	7,396	–	–	–	7,396	7,212
Medium term notes	1,054	14	514	–	1,582	1,519
Trade payables	2,750	–	–	–	2,750	2,750
Other payables	5,979	–	–	–	5,979	5,979
Payable to non-controlling interests	53	28	–	–	81	81
Lease liabilities	3,105	1,869	1,890	562	7,426	6,805
Amounts due to related parties	25	–	–	–	25	25
	24,321	1,911	2,404	562	29,198	28,330

Note: As set out in note 21(c), the holder of each convertible bond had the right at such holder's option to require the Group to redeem all or some only of such holder's convertible bonds on 5 February 2023 at their principal amount. Accordingly, the contractual undiscounted cash outflow due to the redemption of the convertible bonds by the holder's put option was within 1 year as at 31 December 2022.

(Expressed in Renminbi unless otherwise indicated)

29. Financial Risk Management and Fair Values (Continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arose primarily from floating rate bank loans. All of the bank deposits and borrowings of the Group are fixed rate instruments and are insensitive to any change in market interest rates, other than repricing risk at maturity.

The Group actively and regularly monitors the interest rate fluctuation to ensure that its net exposure is kept to an acceptable level.

Interest rate profile

The following table details the interest rate profile of the Group's bank loans as at the end of the reporting period:

	2023		2022	
	Effective interest rate	**RMB'million**	Effective interest rate	RMB'million
Fixed rate portion:				
Bank loans	**2.60%–3.30%**	**3,573**	0.01%–0.02%	2,959
Variable rate portion:				
Bank loans	**N/A**	**–**	N/A	–
Total		**3,573**		2,959
Fixed rate portion as a percentage of total bank loans		**100%**		100%

29. Financial Risk Management and Fair Values (Continued)

(d) Currency risk

The Group is exposed to currency risk primarily through contractual obligations, bank deposits and borrowings that are denominated in a foreign currency i.e. a currency other than the functional currency of the operations to which the transactions relate.

The Group actively and regularly monitors foreign exchange rate fluctuations to ensure that its net exposure is kept to an acceptable level.

(i) Exposure to currency risk

The following table details the Group's major exposure as at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the end of the reporting period. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded in below table.

	Exposure to foreign currencies (expressed in Renminbi)							
	2023				2022			
	Renminbi RMB'million	Hong Kong Dollars RMB'million	United States Dollars RMB'million	Euros RMB'million	Renminbi RMB'million	Hong Kong Dollars RMB'million	United States Dollars RMB'million	Euros RMB'million
Cash and cash equivalents	**656**	**89**	**81**	**15**	690	17	63	137
Trade receivables	**–**	**4**	**7**	**–**	–	–	11	–
Other receivables	**–**	**16**	**4**	**–**	–	7	26	–
Amounts due from related parties	**–**	**–**	**45**	**–**	–	–	–	–
Amounts due from group companies	**1,315**	**352**	**146**	**1**	2,160	347	15	–
Bank loans	**(1,020)**	**–**	**–**	**–**	–	–	–	–
Medium term notes	**(506)**	**–**	**–**	**–**	(1,519)	–	–	–
Trade payables	**–**	**–**	**(59)**	**–**	–	–	(135)	–
Other payables	**(2)**	**(12)**	**(311)**	**(1)**	–	(5)	(273)	(1)
Amounts due to group companies	**(41)**	**(56)**	**(282)**	**(2)**	(40)	(48)	(78)	(2)
Net exposure to currency risk	**402**	**393**	**(369)**	**13**	1,291	318	(371)	134

(Expressed in Renminbi unless otherwise indicated)

29. Financial Risk Management and Fair Values (Continued)

(d) Currency risk (Continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous changes in the Group's profit after taxation (and retained profits) and other components of consolidated equity that would arise if the foreign exchange rates to which the Group has significant foreign exchange exposure as at the end of the reporting period had changed, assuming all other risk variables remained constant.

	2023			2022		
	Increase/ (decrease) in foreign exchange rates in %	**Effect on profit after taxation and retained profits RMB'million**	**Effect on other components of equity RMB'million**	Increase/ (decrease) in foreign exchange rates in %	Effect on profit after taxation and retained profits RMB'million	Effect on other components of equity RMB'million
Renminbi	**5**	**26**	**(26)**	5	64	(64)
	(5)	**(26)**	**26**	(5)	(64)	64
Hong Kong Dollars	**5**	**17**	**7**	5	13	(10)
	(5)	**(17)**	**(7)**	(5)	(13)	10
United States Dollars	**5**	**(16)**	**1,169**	5	(15)	370
	(5)	**16**	**(1,169)**	(5)	15	(370)
Euros	**5**	**1**	**(397)**	5	7	(434)
	(5)	**(1)**	**397**	(5)	(7)	434

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after taxation (and retained profits) and other components of consolidated equity measured in the respective functional currencies, translated into Renminbi at the exchange rate ruling as at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk as at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis is performed on the same basis for 2022.

(e) Fair values measurement

(i) 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.

29. Financial Risk Management and Fair Values (Continued)

(e) Fair values measurement (Continued)

(i) *Financial assets and liabilities measured at fair value* (Continued)

Fair value hierarchy (Continued)

		Fair value measurements as at 31 December 2023 categorised into		
	Total RMB'million	**Level 1 RMB'million**	**Level 2 RMB'million**	**Level 3 RMB'million**
Recurring fair value measurements				
Financial assets:				
Equity instruments:				
– Unlisted equity investments	**99**	**–**	**–**	**99**
– Listed perpetual bonds	**1,431**	**1,431**	**–**	**–**

		Fair value measurements as at 31 December 2022 categorised into		
	Total RMB'million	Level 1 RMB'million	Level 2 RMB'million	Level 3 RMB'million
Recurring fair value measurements				
Financial assets:				
Equity instruments:				
– Unlisted equity investments	87	–	–	87
– Listed perpetual bonds	978	978	–	–

During the financial year ended 31 December 2023 and 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

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

(ii) *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 31 December 2023 and 2022.

(Expressed in Renminbi unless otherwise indicated)

30. Capital Commitments

Capital commitments outstanding as at 31 December 2023 not provided for in the financial statements were as follows:

	2023 RMB'million	2022 RMB'million
Contracted for		
– Property, plant and equipment	**2,654**	1,769
– Intangible assets	**83**	158
	2,737	1,927
Authorised but not contracted for		
– Property, plant and equipment	**342**	240
– Intangible assets	**108**	95
	450	335
	3,187	2,262

31. Material Related Party Transactions

(a) Transactions with related parties

	2023 RMB'million	2022 RMB'million
Recurring transactions		
Purchases of raw materials		
– Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Wang Wenmo (and their associates)	**96**	101
Service fee expenses		
– Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Wang Wenmo (and their associates)	**23**	24
Sales of finished goods		
– AS Holding and its subsidiaries	**166**	–
Purchase of finished goods		
– AS Holding and its subsidiaries	**9**	–
Service income		
– AS Holding and its subsidiaries	**23**	–

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

The above recurring related party transactions with directors and their associates also fall under the definition of continuing connected transactions in Chapter 14A of the Listing Rules. The Company has complied with the requirements in accordance with Chapter 14A of the Listing Rules.

31. Material Related Party Transactions (Continued)

(b) Balances with related parties

	2023 RMB'million	2022 RMB'million
Amounts due from related parties		
Trade balance		
– AS Holding and its subsidiaries	**49**	–
Amounts due to related parties		
Trade balance		
– Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Wang Wenmo (and their associates)	**21**	18
Other balances		
– Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Wang Wenmo (and their associates)	**6**	7
– AS Holding and its subsidiaries	**5**	–
	32	25

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

(c) Key management personnel remuneration

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

	2023 RMB'million	2022 RMB'million
Short-term employee benefits	**22**	24
Equity-settled share-based payment transactions	**7**	12
	29	36

The total remuneration is included in "staff costs" (see note 4(a)).

(Expressed in Renminbi unless otherwise indicated)

32. Acquisition of a subsidiary

On 13 October 2023, the Group entered into certain sales and purchase agreements with certain shareholders of Mayiya Clothing (Shanghai) Co., Ltd. (瑪伊婭服飾（上海）有限公司), respectively. Pursuant to the sales and purchase agreements, the transferors conditionally agreed to sell, and the transferee conditionally agreed to purchase, in aggregate 75.13% equity interests in the target company (the "MAIA ACTIVE Business Acquisition"). The remaining shareholders of the target company also have been granted the right to sell their remaining equity interests to the transferee at an agreed pricing basis.

The target company was incorporated in 2016 in Shanghai and operates the "MAIA ACTIVE" business, a sportswear brand designed for Asian women. The Company believes that the MAIA ACTIVE Business Acquisition will further bolster the Group's brand portfolio through serving as a valuable addition to the Group's female business segment and strengthening the Group's ability to provide a product range that meets the needs of a wider customer base.

Details of recognised amounts of identifiable assets acquired and liabilities assumed, goodwill, consideration and net cash outflow are as follows:

	RMB'million
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment (note 10)	**21**
Right-of-use assets (note 11)	**80**
Intangible assets (note 14)	**209**
Inventories	**36**
Trade receivables	**11**
Other current assets	**33**
Cash and cash equivalents	**23**
Borrowings (note 20(b))	**(54)**
Trade payables	**(24)**
Other current liabilities	**(54)**
Deferred tax liabilities (note 25(b))	**(52)**
Lease liabilities (note 20(b))	**(80)**
Total net identifiable assets	**149**
Non-controlling interests	**(37)**
Goodwill (note 14)	**405**
Consideration	**517**
Net cash outflow	
Consideration	**517**
Consideration payable to be settled	**(13)**
Cash and cash equivalents acquired	**(23)**
	481

33. Significant Accounting Estimates and Judgements

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial statements. The Group believes the following critical accounting policies involve the most significant estimates and judgements used in the preparation of the financial statements. Accounting estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairments of certain non-current assets

The management observes if circumstances indicate that the non-current assets set out in accounting policy (K)(ii) may be impaired or an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, which requires significant judgement relating to level of sales volume, sales revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, sales revenue and amount of operating costs.

(b) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs to completion and selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer preferences and competitor actions in response to severe industry cycles. Management reassesses these estimates at the end of each reporting period.

34. Changes in Accounting Policies

Revision on IFRS Accounting Standards/Hong Kong Financial Reporting Standards

The IASB and HKICPA have issued a number of amendments and a new standard to IFRS Accounting Standards and Hong Kong Financial Reporting Standards that are first effective for the current accounting period of the Group. Except for the developments set out below, none of other developments to IFRS Accounting Standards and Hong Kong Financial Reporting Standards that are first effective for the current accounting period of the Group have a material effect to the Group's results and financial position prepared or presented in these financial statements.

	Effective for accounting period beginning on or after
Amendments to IAS/HKAS 1, *Making Materiality Judgements: Disclosure of Accounting Policies*	1 January 2023
Amendments to IAS/HKAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to IAS/HKAS 12, *International Tax Reform – Pillar Two Model Rules*	1 January 2023

34. Changes in Accounting Policies (Continued)

Revision on IFRS Accounting Standards/Hong Kong Financial Reporting Standards (Continued)

(i) Amendments to IAS/HKAS 1, Making Materiality Judgements: Disclosure of Accounting Policies

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure.

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

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

The Group previously accounted for deferred tax on right-of-use assets and lease liabilities applying the “integrally linked” approach, resulting in a similar outcome to the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS/HKAS 12. There was also no impact on the opening retained profits as at 1 January 2022 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised as set out in note 25(b).

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

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

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

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

The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes for the current accounting period and would account for the tax as current tax when incurred.

35. Non-adjusting Events after the Reporting Period

(a) After the end of the reporting period, the board of directors of the Company recommended a final dividend of HK115 cents per share. Further details are disclosed in note 28.

(b) On 4 January 2024, Amer Sports, Inc. filed a registration statements with the U.S. Securities and Exchange Commission for a proposed initial public offering and the listing of its ordinary shares on the New York Stock Exchange ("Amer Sports Listing").

On 1 February 2024, the Company has been informed by Amer Sports, Inc. that the latest version of its registration statement in respect of the Amer Sports Listing has been declared effective and trading in its ordinary shares commenced on 1 February 2024. Under the Amer Sports Listing, 105,000,000 ordinary shares were initially offered by Amer Sports, Inc. at the final offer price of USD13.00 per share. An additional 15,750,000 ordinary shares were subsequently further issued pursuant to the exercise of an over-allotment option granted by Amer Sports, Inc. to the underwriters.

The Group purchased a total of 16,923,076 ordinary shares of Amer Sports, Inc. with an aggregated investment amount of USD220 million (equivalent to RMB1,595 million) as a cornerstone investor under the Amer Sports Listing.

Upon the completion of the Amer Sports Listing, the post-listing reorganisation at the shareholders level of Amer Sports, Inc. on 9 February 2024 and the issuance of the 15,750,000 ordinary shares pursuant to the full exercise of the over-allotment option on 12 February 2024, the Group held a total of 218,915,443 ordinary shares, representing approximately 43.33% of the total issued shares of Amer Sports, Inc. The Group will account for Amer Sports, Inc. as an investment in an associate using equity method in the consolidated financial statements of the Group under applicable financial reporting standards.

(c) After the end of the reporting period, all loans under Facility A provided to AS Holding as disclosed in note 16 have been fully repaid. Thereby, the guarantee provided by the Company for all obligations and undertaking of AS Holding to the arrangers, the lenders and the agent under the Facility A has been released.

36. Possible Impact of Amendments, New Standards and Interpretations Issued but not yet Effective for the Year ended 31 December 2023

Up to the date of issue of these financial statements, the IASB and HKICPA have issued a number of amendments which are not yet effective for the year ended 31 December 2023 and which have not been adopted in these financial statements.

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

37. Immediate and Ultimate Holding Company

The directors of the Company consider the immediate and ultimate holding company of the Company as at 31 December 2023 to be Anta International Group Holdings Limited, which is incorporated in the BVI. This entity does not produce financial statements available for public use.

38. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the Board on 26 March 2024.

MATERIAL ACCOUNTING POLICY INFORMATION

(A) Statement of Compliance

The Company was incorporated in the Cayman Islands on 8 February 2007. The shares of the Company were listed on the Main Board of Hong Kong Stock Exchange on 10 July 2007.

These financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") and Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). These financial statements also complied with the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

(B) Basis of Preparation

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries (collectively the "Group") and the Group's investment in a joint venture. These financial statements are presented in Renminbi (RMB), rounded to the nearest million (unless otherwise indicated). The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting polices set out below:

– Equity investments (see (F))

– Derivative financial instruments (see (O))

The preparation of financial statements in conformity with IFRS Accounting Standards/Hong Kong Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards/Hong Kong Financial Reporting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 33.

(C) Subsidiaries and Non-Controlling Interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with (Q).

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see (F)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see (D)).

In the statement of financial position of the Company, investments in subsidiaries are stated at cost less impairment losses (see (K)(ii)).

(D) Joint Venture

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets attributable to equity shareholders under the arrangement.

An investment in a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets attributable to equity shareholders over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets attributable to equity shareholders and any impairment loss relating to the investment (see (K)(ii)). At the end of each reporting period, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses attributable to equity shareholders for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income attributable to equity shareholders is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

Unrealised profits and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in a joint venture becomes an investment in an associate, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see (F)).

(E) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see (K)(ii)).

(F) Other Investments

The Group's policies for investments in debt securities and equity investments, other than investments in subsidiaries and investment in a joint venture, are set out below.

Debt securities and equity investments are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVTPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 29(e). These investments are subsequently accounted for as follows, depending on their classification.

Debt securities

Debt securities held by the Group are measured at amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see (X)(ii)).

Equity investments

Equity investments are classified as measured at FVTPL unless the equity investments are not held for trading purposes and on initial recognition of the investments the Group makes an irrevocable election to designate the investments at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss. Dividends from an equity investment, irrespective of whether measured at FVTPL or designated at FVOCI (non-recycling), are recognised in profit or loss as other income in accordance with the policy set out in (X)(iv).

(G) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see (K)(ii)).

The cost of an item of property, plant and equipment comprises its purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the initial estimate of costs of dismantling and removing the item and restoring the site on which it is located.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(G) Property, Plant and Equipment (Continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Buildings held for own use which are situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 20 years after the date of completion.

– Plant and machinery	5 – 10 years
– Motor vehicles	5 years
– Furniture and fixtures	3 – 10 years
– Retail outlets leasehold improvements	1 – 2 years

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(H) Construction in Progress

Construction in progress represents buildings and property and plant under construction and equipment pending for installation, and is stated at cost less impairment losses (see (K)(ii)). Cost comprises direct costs of construction and borrowing costs (see (BB)). Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are complete.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

(I) Intangible Assets (other than Goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see (K)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

– patents and trademarks	10 – 40 years
– computer software	3 – 10 years

Both the useful lives and method of amortisation are reviewed annually.

(J) Leased Assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. 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.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a short-term lease or lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see (K)(ii)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets and measured at amortised cost. Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions, affecting only payments originally due on or before 30 June 2022, which arose as a direct consequence of the Pandemic and which satisfied the conditions set out in paragraph 46B of IFRS/HKFRS 16 *Leases*. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(K) Credit Losses and Impairment of Assets

(i) Credit losses from financial assets

The Group recognises a loss allowance for ECLs on financial assets measured at amortised cost, including listed or unlisted debt securities, pledged deposits, bank deposits, cash and cash equivalents, trade receivables and other receivables. Other financial assets measured at fair value, including equity investments designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade receivables and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the end of the reporting period; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime 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 at the end of the reporting period.

For all other financial assets, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

(K) Credit Losses and Impairment of Assets (Continued)

(i) Credit losses from financial assets (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset assessed at the end of the reporting period with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial asset's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial assets, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial assets are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at the end of each reporting period to reflect changes in the financial assets' credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with (X)(ii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At the end of each reporting period, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the debtor will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- the disappearance of an active market for a security because of financial difficulties of the issuer.

(K) Credit Losses and Impairment of Assets (Continued)

(i) Credit losses from financial assets (Continued)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– right-of-use assets;

– intangible assets;

– construction in progress;

– goodwill;

– investment in a joint venture; and

– investments in subsidiaries in the company-level statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

Goodwill is tested annually for impairment.

– ***Calculation of recoverable amount***

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). Goodwill arising from business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

– ***Recognition of impairment losses***

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

(K) Credit Losses and Impairment of Assets (Continued)

(ii) Impairment of other non-current assets (Continued)

– ***Reversals of impairment losses***

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(L) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

A right to recover returned goods is recognised for the right to recover products from customers sold with a right to return products. It is measured in accordance with the policy set out in (X)(i).

(M) Contract Liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see (X)(i)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see (N)).

(N) Trade Receivables and Other Receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are initially measured at fair value, and subsequently stated at amortised cost using the effective interest method less allowance for credit losses (see (K)(i)).

(O) Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(P) Interest-bearing Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see (BB)).

(Q) Trade Payables and Other Payables

Payables are initially recognised at fair value, except for financial guarantee liabilities measured in accordance with (R), and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

Refund liability arising from right to return products is recognised in accordance with the policy set out in (X)(i).

(R) Financial Guarantee

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within "other payables" at fair value, which is determined based upon the probability of default by the specified debtor extrapolated from market-based credit information and the amount of loss given default. Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in "other payables" in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in (K)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(S) Convertible Bonds

Convertible bonds that can be converted into ordinary shares at the option of the holder, where the number of shares to be issued is fixed, are accounted for as compound financial instruments, i.e. they contain both a liability component and an equity component.

At initial recognition, the liability component of the convertible bonds is measured at fair value based on the future interest (if any) and principal payments, discounted at the prevailing market rate of interest for similar non-convertible instruments. The remainder of the proceeds is allocated to the conversion option as the equity component. Transaction costs associated with the issuance of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. Interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is not remeasured and is recognised in the convertible bonds related reserve until either the bonds are converted or redeemed.

(S) Convertible Bonds (Continued)

If the convertible bonds are converted, the convertible bonds related reserve, together with the carrying amount of the liability component at the time of conversion, would be transferred to share capital and share premium as consideration for the shares issued. If the convertible bonds are redeemed, the corresponding reserve would be released and transferred directly to retained profits.

(T) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in (K)(i).

(U) Employee Benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payment transactions

The fair values of share options and awarded shares granted to employees are recognised as employee costs with corresponding increases in share-based compensation reserve within equity. The fair values are measured at grant date using the (a) in respect of share options, Black-Scholes-Merton Option Pricing Model, taking into account the terms and conditions upon which the options were granted; and (b) in respect of awarded shares, the market price of the Company's shares. Generally, service and non-market performance conditions are not taken into account when determining the fair value of share options or awarded shares. Market performance conditions are reflected within the fair value. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options or awarded shares, the total estimated fair values of the options and awarded shares are spread over the vesting period, taking into account the probability that the options and awarded shares will vest.

During the vesting period, the numbers of share options and awarded shares that are expected to vest are reviewed. Any resulting adjustments to the cumulative fair values recognised in prior years are charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with corresponding adjustments to the share-based compensation reserve. On vesting date, the amounts recognised as expenses are adjusted to reflect the actual number of options and awarded shares that vest (with corresponding adjustments 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 amounts are recognised in the share-based compensation reserve until (a) in respect of share options, either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits); and (b) in respect of awarded shares, the awarded share is vested (when it is transferred to the share premium account).

Where there is any modification of terms and conditions which does not result in any incremental fair value on share options or awarded shares granted, or is not otherwise beneficial to the employee, the Group nevertheless continues to account for the share options or awarded shares granted as if that modification had not occurred.

(V) Income Tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to a business combination, items recognised in other comprehensive income or directly in equity, in which case they are recognised in other comprehensive income or directly in equity respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted as at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets and liabilities also arise from unused tax losses, unused tax credits, lease liabilities and right-of-use assets.

All deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted as at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associate or joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the OECD.

(V) Income Tax (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(W) Provisions and Contingent Liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(X) Revenue and Other Income

Revenue is recognised on a gross basis when control over a product is transferred to the customer at the amount of promised consideration to which the Group (i.e. the principal) is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax and is after deduction of any trade discounts, rebates and goods returns.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of goods

Revenue is recognised at the point in time when the control of the sporting goods is transferred to customers.

- For wholesale business, the control of the sporting goods is transferred when the sporting goods are accepted by the distributors or franchisees, which is typically when the sporting goods are shipped to the specified locations as specified in the contracts with customers. Generally, there is no significant financing component in the contract with customer nor significant variable element in the consideration. Normally a credit period of 30 to 90 days is granted to customers under respective contracts.

- For retail business, the control of the sporting goods is transferred when the sporting goods are sold to the customers in brick-and-mortar stores. Consideration is usually settled in cash, by credit cards, debit cards or through on-line payment platforms.

- For e-commerce business, the control of the sporting goods is transferred when the sporting goods are delivered to and accepted by the customers. Consideration is usually settled by credit cards, debit cards or through on-line payment platforms.

(X) Revenue and Other Income (Continued)

(i) Sale of goods (Continued)

In case customers have a right to return products under certain circumstances, the Group then may not be entitled to the consideration received or receivable. Therefore, the Group reduces the revenue recognised by an estimate of the expected return and recognises a refund liability and an asset in relation to refund. Such estimates are reviewed at the end of each reporting period.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit- impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see (K)(i)).

(iii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are initially recognised as deferred income and subsequently recognised in profit or loss upon on a systematic basis over the useful life of the asset.

(iv) Dividends income from equity instruments

Dividend income from unlisted equity investments is recognised when the shareholder's right to receive payment is established.

Dividend income from listed equity investments is recognised when the share price of the investment goes ex-dividend.

(Y) Translation of Foreign Currencies

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency"). The functional currency of the Company is Hong Kong Dollars.

The financial statements are presented in RMB ("presentation currency").

(Y) Translation of Foreign Currencies (Continued)

(ii) Transactions and balances

Foreign currency transactions during the year are translated into the functional currency at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling as at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the entity initially recognises such non-monetary assets or liabilities.

The results of operations outside Mainland China are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position's items are translated into Renminbi at the closing foreign exchange rates as at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of an operation outside Mainland China, the cumulative amount of the exchange differences relating to that operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(Z) Research and Development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development.

(AA) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(BB) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(CC) Related Parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(DD) Segment Reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

PRINCIPAL SUBSIDIARIES

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest Direct	Indirect	Principal activities
Anta Enterprise Group Limited	BVI/Hong Kong SAR	USD10,000	100%	0%	Investment holding
Motive Force Sports Products Limited	BVI/Hong Kong SAR	USD10,000	100%	0%	Investment holding
REEDO Sports Products Limited	BVI/Hong Kong SAR	USD1	100%	0%	Investment holding
ANDES Sports Products Limited	BVI/Hong Kong SAR	USD1	100%	0%	Investment holding
Origin Force Holding Limited	BVI/Hong Kong SAR	USD1	100%	0%	Investment holding
ANKO Sports Products Limited	BVI/Hong Kong SAR	USD1	100%	0%	Investment holding
ANKING Sports Products Limited	BVI/Hong Kong SAR	USD1	100%	0%	Investment holding
Antha Sports Products Limited	BVI/Hong Kong SAR	USD1	100%	0%	Investment holding
Anllian Sports Products Limited	BVI/Hong Kong SAR	EUR700,000,001	100%	0%	Investment holding
ANLLIAN Capital Limited	BVI/Hong Kong SAR	EUR1	100%	0%	Investment holding
ANLLIAN Capital 2 Limited	BVI/Hong Kong SAR	EUR400,000,001	100%	0%	Investment holding
ANME Distribution Holding Limited	BVI/Hong Kong SAR	–	100%	0%	Investment holding
ANTA Investment Limited	Hong Kong SAR	HKD1,000,000	0%	100%	Investment holding
ANTA International Limited	Hong Kong SAR	HKD1	0%	100%	Management services
Origin Force Investment Limited	Hong Kong SAR	HKD1	0%	100%	Investment holding
Anta Sports Japan Co., Ltd. (Note (iii))	Japan	JPY50,000,000	0%	100%	Product design
ANTA US Co., Ltd.	United States	–	0%	100%	Product design
ANME Distribution (Hong Kong) Limited	Hong Kong SAR	USD4,000,000	0%	100%	Investment holding and trading of sporting goods
Anta Sports America Inc.	United States	USD2,000,000	0%	100%	Trading of sporting goods
ANTA Sports Korea Co., Ltd (Note (iii))	Korea	KRW100,000,000	0%	100%	Product design
ANTA NETHERLANDS B.V.	Netherlands	EUR700,000	0%	100%	Product design
安踏體育用品集團有限公司 ANTA Sports Products Group Co., Limited (Note (i))	PRC	HKD1,130,000,000	0%	100%	Manufacturing and trading of sporting goods

PRINCIPAL SUBSIDIARIES

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest Direct	Indirect	Principal activities
安踏(中國)有限公司 ANTA (CHINA) CO., LTD (Note (ii))	PRC	HKD600,000,000	0%	100%	Manufacturing and trading of sporting goods
廈門安踏有限公司 Xiamen ANTA Company Limited (Note (ii))	PRC	RMB800,000,000	0%	100%	Investment holding and trading of sporting goods
廈門安踏貿易有限公司 XIAMEN ANTA TRADING CO., LTD. (Note (ii))	PRC	HKD300,000,000	0%	100%	Trading of sporting goods
寧波群鯉服飾有限公司 NINGBO QUNLI STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	0%	100%	Retailing of sporting goods
福建安踏物流信息科技有限公司 FUJIAN ANTA LOGISTICS INFORMATION TECHNOLOGY CO., LTD (Note (ii))	PRC	RMB779,000,000	0%	100%	Logistics services
四川安踏物流科技有限公司 SICHUAN ANTA LOGISTICS TECHNOLOGY CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	0%	100%	Logistics services
鄭州安踏物流信息科技有限公司 ZHENGZHOU ANTA LOGISTICS INFORMATION TECHNOLOGY CO., LTD (Notes (ii) and (iii))	PRC	RMB10,000,000	0%	100%	Logistics services
江蘇安踏物流信息科技有限公司 JIANGSU ANTA LOGISTICS INFORMATION TECHNOLOGY CO., LTD (Notes (ii) and (iii))	PRC	–	0%	100%	Logistics services
長汀安踏體育用品有限公司 CHANGTING ANTA SPORTS PRODUCTS CO., LTD. (Note (ii))	PRC	RMB77,262,000	0%	100%	Manufacturing of sporting goods
廈門安踏體育用品有限公司 XIAMEN ANTA SPORTS GOODS CO., LTD. (Note (ii))	PRC	HKD50,000,000	0%	100%	Manufacturing of sporting goods
廈門安踏實業有限公司 XIAMEN ANTA INDUSTRIAL CO., LTD. (Notes (ii) and (iii))	PRC	RMB100,000,000	0%	100%	Manufacturing of sporting goods
商丘安踏鞋業有限公司 SHANGQIU ANTA SHOES CO., LTD. (Notes (ii) and (iii))	PRC	RMB100,000,000	0%	85%	Manufacturing of sporting goods
泉州安踏鞋材有限公司 QUANZHOU ANTA MATERIAL SUPPLY CO., LTD. (Notes (ii) and (iii))	PRC	RMB100,000,000	0%	100%	Manufacturing of shoe sole

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest Direct	Indirect	Principal activities
河南安踏鞋材有限公司 HENAN ANTA MATERIAL SUPPLY CO., LTD. (Notes (ii) and (iii))	PRC	RMB150,000,000	0%	100%	Manufacturing of shoe sole
泉州市東禕達輕工發展有限公司 QUANZHOU DONGYIDA LIGHT INDUSTRY DEVELOPMENT CO., LTD. (Notes (ii) and (iii))	PRC	RMB53,565,023	0%	100%	Manufacturing of shoe sole
泉州寰球鞋服有限公司 QUANZHOU ATHLETIC SHOES & GARMENTS CO., LTD. (Note (ii))	PRC	USD26,260,000	0%	55%	Manufacturing and trading of sporting goods
廈門安踏進出口有限公司 XIAMEN ANTA IMPORT & EXPORT CO., LTD. (Note (ii))	PRC	RMB21,000,000	0%	100%	Trading of sporting goods
昆明安踏體育用品有限公司 KUNMING ANTA SPORTS PRODUCTS CO., LTD. (Note (i))	PRC	RMB400,000,000	0%	100%	Investment holding and trading of sporting goods
廈門安踏服飾有限公司 XIAMEN ANTA STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB50,000,000	0%	100%	Retailing of sporting goods
廈門安競服飾有限公司 XIAMEN ANJING STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	0%	52%	Retailing of sporting goods
廈門安魯服飾有限公司 XIAMEN ANLU STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	0%	65%	Retailing of sporting goods
廈門安速服飾有限公司 XIAMEN ANSU STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	0%	51%	Retailing of sporting goods
廈門競哈服飾有限公司 XIAMEN JINGHA STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	0%	51%	Retailing of sporting goods
廈門安隴服飾有限公司 XIAMEN ANLONG STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	0%	70%	Retailing of sporting goods
廈門競進服飾有限公司 XIAMEN JINGJIN STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	0%	55%	Retailing of sporting goods
廈門翔動服飾有限公司 XIAMEN XIANGDONG STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	0%	51%	Retailing of sporting goods
廈門翔馳服飾有限公司 XIAMEN XIANGCHI STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	0%	51%	Retailing of sporting goods

PRINCIPAL SUBSIDIARIES

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest Direct	Indirect	Principal activities
廈門潤聯服飾有限公司 XIAMEN RUNLIAN STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	0%	55%	Retailing of sporting goods
廈門晉博服飾有限公司 XIAMEN JINBO STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB30,000,000	0%	51%	Retailing of sporting goods
廈門安鄴服飾有限公司 XIAMEN ANYE STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB30,000,000	0%	51%	Retailing of sporting goods
晉江安冀服飾有限公司 JINJIANG ANJI STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB30,000,000	0%	51%	Retailing of sporting goods
廈門安踏電子商務有限公司 XIAMEN ANTA E-COMMERCE CO., LTD. (Notes (ii) and (iii))	PRC	RMB20,000,000	0%	100%	Retailing of sporting goods
泉州群鯉電子商務有限公司 QUANZHOU QUNLI E-COMMERCE CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之業體育用品有限公司 XIAMEN ANZHIYE SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之鴻體育用品有限公司 XIAMEN ANZHIHONG SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之運體育用品有限公司 XIAMEN ANZHIYUN SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之途體育用品有限公司 XIAMEN ANZHITU SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	RMB1,000,000	0%	100%	Retailing of sporting goods
廈門安之偉體育用品有限公司 XIAMEN ANZHIWEI SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之品體育用品有限公司 XIAMEN ANZHIPIN SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之吉體育用品有限公司 XIAMEN ANZHIJI SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	RMB6,000,000	0%	100%	Retailing of sporting goods

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest Direct	Indirect	Principal activities
廈門安之祥體育用品有限公司 XIAMEN ANZHIXIANG SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之高體育用品有限公司 XIAMEN ANZHIGAO SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之昌體育用品有限公司 XIAMEN ANZHICHANG SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	RMB6,000,000	0%	100%	Retailing of sporting goods
廈門安之啟體育用品有限公司 XIAMEN ANZHIQI SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之動體育用品有限公司 XIAMEN ANZHIDONG SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之意體育用品有限公司 XIAMEN ANZHIYI SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	55%	Retailing of sporting goods
廈門安之財體育用品有限公司 XIAMEN ANZHICAI SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	RMB6,000,000	0%	100%	Retailing of sporting goods
廈門安之喜體育用品有限公司 XIAMEN ANZHIXI SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之奧體育用品有限公司 XIAMEN ANZHIAO SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之廣體育用品有限公司 XIAMEN ANZHIGUANG SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之滬體育用品有限公司 XIAMEN ANZHIHU SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之閩體育用品有限公司 XIAMEN ANZHIMIN SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods

PRINCIPAL SUBSIDIARIES

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest Direct	Indirect	Principal activities
廈門安之心體育用品有限公司 XIAMEN ANZHIXIN SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之書體育用品有限公司 XIAMEN ANZHISHU SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之泰體育用品有限公司 XIAMEN ANZHITAI SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之錦體育用品有限公司 XIAMEN ANZHIJIN SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之強體育用品有限公司 XIAMEN ANZHIQIANG SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之博體育用品有限公司 XIAMEN ANZHIBO SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之旭體育用品有限公司 XIAMEN ANZHIXU SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之鵬體育用品有限公司 XIAMEN ANZHIPENG SPORTS PRODUCTS CO., LTD (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之榮體育用品有限公司 XIAMEN ANZHIRONG SPORTS PRODUCTS CO., LTD (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之友體育用品有限公司 XIAMEN ANZHIYOU SPORTS PRODUCTS CO., LTD (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之迪體育用品有限公司 XIAMEN ANZHIDI SPORTS PRODUCTS CO., LTD (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之宇體育用品有限公司 XIAMEN ANZHIYU SPORTS PRODUCTS CO., LTD (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest Direct	Indirect	Principal activities
廈門安之衡體育用品有限公司 XIAMEN ANZHIHENG SPORTS PRODUCTS CO., LTD (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之沐體育用品有限公司 XIAMEN ANZHIMU SPORTS PRODUCTS CO., LTD (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之澤體育用品有限公司 XIAMEN ANZHIZE SPORTS PRODUCTS CO., LTD (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
廈門安之汀體育用品有限公司 XIAMEN ANZHITING SPORTS PRODUCTS CO., LTD (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
上海安踏體育用品有限公司 SHANGHAI ANTA SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	RMB1,000,000	0%	100%	Research and development
河南安踏體育用品有限公司 HENAN ANTA SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	RMB50,000,000	0%	100%	Trading of sporting goods
福建安越體育科技有限公司 FUJIAN ANYUE SPORTS TECHNOLOGY CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Property management
上海安踏實業有限公司 SHANGHAI ANTA INDUSTRIAL CO., LTD. (Notes (ii) and (iii))	PRC	RMB310,000,000	0%	100%	Property management
瀋陽安踏實業有限公司 SHENYANG ANTA INDUSTRIAL CO., LTD. (Notes (ii) and (iii))	PRC	RMB40,000,000	0%	100%	Property management
廈門群鯉實業有限公司 XIAMEN QUNLI INDUSTRIAL LIMITED (Note (ii))	PRC	RMB160,000,000	0%	100%	Property management
上海耀盛實業發展有限公司 SHANGHAI YAOSHENG INDUSTRIAL DEVELOPMENT CO., LTD. (Notes (ii) and (iii))	PRC	RMB800,000,000	0%	100%	Property management
成都安踏實業有限公司 CHENGDU ANTA INDUSTRIAL CO., LTD. (Notes (ii) and (iii))	PRC	RMB50,000,000	0%	100%	Property management

PRINCIPAL SUBSIDIARIES

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest Direct	Indirect	Principal activities
蘇州安踏體育用品有限公司 SUZHOU ANTA SPORTS PRODUCTS CO., LTD. (Notes (i) and (iii))	PRC	RMB250,000,000	0%	100%	Property management
晉江安心物業管理有限公司 JINJIANG ANXIN PROPERTY MANAGEMENT CO., LTD. (Notes (ii) and (iii))	PRC	RMB1,000,000	0%	100%	Property management
廈門斐越信息技術有限公司 XIAMEN FEIYUE INFORMATION TECHNOLOGY CO., LTD. (Note (i))	PRC	RMB10,000,000	0%	100%	Information technology service
Avid Sports Malaysia Sdn. Bhd.	Malaysia	MYR1,000,001	0%	55%	Retailing of sporting goods
Avid Sports Management Services Sdn. Bhd.	Malaysia	MYR1	0%	55%	Investment holding
ANTA Southeast Asia Group Holdings Limited (formerly known as Avid Sports International Limited)	BVI	USD50,800,000	0%	55%	Investment holding
Avid Sports Limited	Hong Kong SAR	HKD1	0%	55%	Investment holding
Avid Sports Singapore Pte. Ltd.	Singapore	SGD500,000	0%	55%	Management services
Motive Force Sports Products (Singapore) Pte. Ltd.	Singapore	SGD500,000	0%	55%	Retailing of sporting goods
Avid Sports (Thailand) Ltd.	Thailand	THB3,000,000	0%	55%	Retailing of sporting goods
ANTA SPORTS (PHILIPPINES) INC.	Philippines	PHP27,695,000	0%	55%	Trading of sporting goods
Fila Marketing (Hong Kong) Limited	Hong Kong SAR	HKD79,800,000	0%	100%	Retailing of sporting goods
Fila (Macao) Limited	Macao SAR	MOP25,000	0%	100%	Retailing of sporting goods
Motive Force E-Commerce Limited	Hong Kong SAR	HKD1,000,000	0%	100%	Retailing of sporting goods
斐樂服飾有限公司 FILA STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB50,000,000	0%	100%	Retailing of sporting goods

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest Direct	Indirect	Principal activities
上海斐盈壹號服飾有限公司 SHANGHAI FEIYINGYIHAO STYLE CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Retailing of sporting goods
上海群鯉服飾有限公司 SHANGHAI QUNLI STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	0%	100%	Retailing of sporting goods
寧波斐越服飾有限公司 NINGBO FEIYUE STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	0%	100%	Trading of sporting goods
福建安越服飾有限公司 FUJIAN ANYUE STYLE CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	100%	Trading of sporting goods
昆明群鯉體育用品有限公司 KUNMING QUNLI SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	0%	100%	Trading of sporting goods
斐尚服飾有限公司 FEISHANG STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB50,000,000	0%	60%	Retailing of sporting goods
斐達服飾有限公司 FEIDA STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB20,000,000	0%	52%	Retailing of sporting goods
斐鴻服飾有限公司 FEIHONG STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB20,010,000	0%	51%	Retailing of sporting goods
泉州斐越電子商務有限公司 QUANZHOU FEIYUE E-COMMERCE CO., LTD. (Notes (ii) and (iii))	PRC	RMB1,000,000	0%	100%	Retailing of sporting goods
泉州斐翔電子商務有限公司 QUANZHOU FEIXIANG E-COMMERCE CO., LTD. (Notes (ii) and (iii))	PRC	RMB1,000,000	0%	100%	Retailing of sporting goods
Full Prospect Sports Limited	Cayman Islands/Hong Kong SAR	USD100	0%	85%	Investment holding
Full Prospect (IP) Pte. Ltd.	Singapore/Hong Kong SAR	USD100,000	0%	85%	Trademark holding
Fila China Investment Limited	Hong Kong SAR	HKD1,000,000	0%	85%	Investment holding and trading of sporting goods
斐樂體育有限公司 FILA SPORTS CO., LTD. (Note (i))	PRC	RMB100,000,000	0%	85%	Trading of sporting goods

PRINCIPAL SUBSIDIARIES

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest Direct	Indirect	Principal activities
上海斐樂體育發展有限公司 SHANGHAI FILA SPORTS DEVELOPMENT CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	0%	85%	Retailing of sporting goods
REEDO International Limited	BVI/Hong Kong SAR	RMB241,000,662	0%	100%	Investment holding
SPRANDI Investment Limited	Hong Kong SAR	HKD1	0%	100%	Investment holding
REEDO (Hong Kong) Limited	Hong Kong SAR	HKD100	0%	100%	Investment holding
斯潘迪(中國)有限公司 SPRANDI (CHINA) CO., LTD. (Note (i))	PRC	RMB210,000,000	0%	63.75%	Trading of sporting goods
廈門斯潘迪有限公司 XIAMEN SPRANDI CO., LTD. (Notes (ii) and (iii))	PRC	RMB30,000,000	0%	63.75%	Retailing of sporting goods
Descente China Holding Limited	Cayman Islands	RMB1,012,105,000	0%	54%	Investment holding
Descente China Investment Limited	Hong Kong SAR	RMB1	0%	54%	Investment holding
Descente China IP Limited	Cayman Islands	USD100,000	0%	48.60%	Trademark holding
迪桑特(中國)有限公司 Descente (China) Co., Ltd. (Note (i))	PRC	RMB100,000,000	0%	54%	Trading and retailing of sporting goods
上海迪知服飾有限公司 SHANGHAI DIGI APPAREL CO., LTD. (Notes (ii) and (iii))	PRC	–	0%	54%	Retailing of sporting goods
上海迪晟服飾有限公司 SHANGHAI DISHENG APPAREL CO., LTD. (Notes (ii) and (iii))	PRC	RMB20,000,000	0%	54%	Retailing of sporting goods
DIGI (MACAO) LIMITED	Macao SAR	MOP25,000	0%	54%	Retailing of sporting goods
安啟服飾有限公司 ANQI STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB50,000,000	0%	100%	Retailing of sporting goods
KOLON Sport (China) Holdings Limited	Hong Kong SAR	USD80,000,000	0%	50%	Investment holding and retailing of sporting goods
KOLON Sport China (IP) Pte. Ltd.	Singapore/Hong Kong SAR	USD33,200,000	0%	50%	Trademark holding
富恩施(北京)貿易有限公司 FNC Kolon (Beijing) Co., Ltd. (Note (i))	PRC	USD18,000,000	0%	50%	Retailing of sporting goods

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest Direct	Indirect	Principal activities
可隆體育(中國)有限公司 KOLON SPORT (CHINA) CO., LTD. (Note (i))	PRC	RMB100,000,000	0%	50%	Trading of sporting goods
上海群隆服飾有限公司 SHANGHAI QUNLONG STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB20,000,000	0%	50%	Retailing of sporting goods
QUNLONG (MACAO) LIMITED	Macao SAR	MOP25,000	0%	50%	Retailing of sporting goods
瑪伊婭服飾(上海)有限公司 MAIA ACTIVE (SHANGHAI) CO., LTD. (Note (i))	PRC	RMB10,152,239	0%	75%	Trading of women sporting goods
上海頤柔葭殷服飾有限公司 SHANGHAI YIROUJIAYIN STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB100,000	0%	75%	Trading of women sporting goods
上海加殷亦夢服飾有限公司 SHANGHAI JIAYINYIMENG STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB100,000	0%	75%	Trading of women sporting goods
SKC Group Limited	Hong Kong SAR	HKD20,286,500	0%	100%	Investment holding
Kingkow Investment Limited	Hong Kong SAR	HKD1	0%	100%	Investment holding
Kingkow (IP) Pte. Ltd.	Singapore/Hong Kong SAR	USD1	0%	100%	Trademark holding

Notes:

(i) These entities are wholly foreign owned enterprises established in the PRC.

(ii) These entities are limited liability companies established in the PRC.

(iii) The English translation of the company names is for reference only. The official names of these companies are based on the official language of their respective place of incorporation.

GLOSSARY

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

AMER SPORTS
Amer Sports Oy (Amer Sports Corporation), a sporting goods company (with internationally recognised brands including Arc'teryx, Salomon, Wilson, Peak Performance, Atomic, etc.) incorporated in the Republic of Finland

AMER SPORTS, INC.
Amer Sports, Inc., a company incorporated in the Cayman Islands and listed on the New York Stock Exchange (NYSE: AS)

AMER SPORTS LISTING
The listing of Amer Sports, Inc.'s ordinary shares on the New York Stock Exchange

ANDA HOLDINGS
Anda Holdings International Limited

ANDA INVESTMENTS
Anda Investments Capital Limited

ANTA
ANTA brand

ANTA INTERNATIONAL
Anta International Group Holdings Limited

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

ANTA SPORTS/ COMPANY
ANTA Sports Products Limited

ANTA STORE(S)
ANTA retail store(s)

AS HOLDING
Amer Sports Holding (Cayman) Limited, a joint venture of the Company prior to the completion of the Amer Sports Listing and the post-listing reorganisation at the shareholders level of Amer Sports, Inc. on 9 February 2024

AUDIT COMMITTEE
The audit committee of the Company

BOARD
The board of directors of the Company

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

BVI
The British Virgin Islands

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

CFO
The chief financial officer of the Company

CG CODE
Corporate Governance Code set out in Appendix C1 to the Listing Rules

CHAIRMAN
Chairman of the board of directors of the Company

CHINA/PRC
People's Republic of China

COC
Chinese Olympic Committee

DESCENTE
DESCENTE brand

DESCENTE STORE(S)
DESCENTE retail store(s)

DIRECTOR(S)
Director(s) of the Company

DTC
Direct to Consumer

EBITDA
Earnings before interest, taxes, depreciation and amortisation

ESG
Environmental, social and governance

EURO, EUR
Euro, the lawful currency of European Union

EXECUTIVE DIRECTOR(S)
Executive director(s) of the Company

FILA
FILA brand

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

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

FILA STORE(S)
FILA retail store(s)

GDP
Gross Domestic Product

GMV
Gross merchandise volume

GROUP/ANTA GROUP
The Company and its subsidiaries

HEMIN HOLDINGS
Hemin Holdings Limited

HONG KONG/ HONG KONG SAR
The Hong Kong Special Administrative Region of the PRC

HONG KONG DOLLARS, HKD
Hong Kong Dollars, the lawful currency of Hong Kong SAR

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

INDEPENDENT NON-EXECUTIVE DIRECTOR(S)
Independent non-executive director(s) of the Company

IOC
International Olympic Committee

IP(S)
Intellectual property(ies)

KOLON SPORT
KOLON SPORT brand

KOLON SPORT STORE(S)
KOLON SPORT retail store(s)

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

MACAO/MACAO SAR
The Macao Special Administrative Region of the PRC

MAIA ACTIVE
MAIA ACTIVE brand

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

MSCI
Morgan Stanley Capital International Global Standard Index

NBA
National Basketball Association

NOMINATION COMMITTEE
The nomination committee of the Company

NON-EXECUTIVE DIRECTOR(S)
Non-executive director(s) of the Company

NYSE
New York Stock Exchange

O2O MODEL
Online-to-offline commerce

R&D
Research and development

REMUNERATION COMMITTEE
The remuneration committee of the Company

RISK MANAGEMENT COMMITTEE
The risk management committee of the Company

RMB
Renminbi, the lawful currency of the PRC

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

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

SHAREHOLDER(S)
Shareholder(s) of the Company

SINGAPORE
Republic of Singapore

SUSTAINABILITY COMMITTEE
The sustainability committee of the Company

U.S./United States
United States of America

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

YEAR
The year ended 31 December 2023

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

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

2018 SHARE AWARD SCHEME (2023 REVISION)
The share award scheme adopted by the Company on 19 October 2018 and then revised by the Board on 21 March 2023

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

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

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