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ANTA Sports Products Limited
安踏體育用品有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2020)

PROFIT WARNING

This announcement is made by ANTA Sports Products Limited (the "**Company**" and together with its subsidiaries, collectively the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Profit Warning for the Results of the 2020 Interim Period

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company and potential investors that, based on the preliminary review of the information currently available to the Board which includes, but without limitation to, the unaudited consolidated management accounts of the Group for the three months ended 31 March 2020, internal operating data up to 30 June 2020 and other relevant information of the Group:

1. On a consolidated basis, <u>before</u> taking into account the share of loss of a joint venture, it is expected to record a decrease of not more than 25% in its profit attributable to equity shareholders of the Company for the six months ended 30 June 2020 (the "**2020 Interim Period**") as compared to that for the six months ended 30 June 2019 (the "**2019 Interim Period**") (2019 Interim Period: RMB2.97 billion); and

2. On a consolidated basis, <u>after</u> taking into account the share of loss of a joint venture, it is expected to record a decrease of not more than 35% in its profit attributable to equity shareholders of the Company for the 2020 Interim Period as compared to that for the 2019 Interim Period (2019 Interim Period: approximately RMB2.32 billion (Restated), as further explained below).

The expected decrease in the profit attributable to equity shareholders of the Company is mainly attributable to, including but not limited to, the following reasons:

1. the decrease in operating profit as compared to the 2019 Interim Period, which is mainly attributable to:

   (a) the decrease in the sales of ANTA branded and other certain branded products under the impact of 2019 novel coronavirus disease ("**COVID-19**") which resulted in a flat or a decrease of not more than 5% in overall revenue (on a consolidated basis) as compared to the 2019 Interim Period;

   (b) the slight decrease in gross profit margin of both ANTA brand and FILA brand businesses, due to:

      i. for ANTA brand which adopts wholesale model, sales return and inventory buyback of first-quarter 2020 products and the subsequent resale at a lower gross profit margin; and

      ii. for FILA brand which adopts direct retail model, increase in the retail discount through inventory clearance promotional campaigns;

   (c) the increase in loss allowance in respect of trade receivables due to the increase in expected loss rate under the impact of COVID-19, as a result of our intention to provide flexibilities on credit period to our distributors;

   (d) the increase in overall staff costs, because:

      i. the overall staff wages was higher than that in 2019 Interim Period, as there was new hiring in the second half of 2019 and early 2020 before the Group implemented temporary suspension in new recruitment and annual salary review in February 2020 under the impact of COVID-19; and

      ii. the cost related to equity-settled share-based payment transactions of awarded shares granted in November 2019 under the Group's share award scheme were partially amortised in the 2020 Interim Period;

2. the higher share of loss of a joint venture as compared to the 2019 Interim Period.

   Since the early stage of the COVID-19, the Group has already communicated with distributors closely to monitor their sales performance, to review their trade fair orders made in coming quarters in light of the actual situation as well as to take appropriate measures to minimize any potential risk. As of the date of this announcement, all stores and production facilities of the Group in China have resumed normal operation. Furthermore, the Group has sufficient cash on hand and credit facilities to meet its current business needs. The Board estimates that the Group have not less than RMB20 billions of cash and cash equivalent, fixed deposits held at banks with maturity over three months and pledged deposits as of 30 June 2020, as compared to that of about RMB12.6 billion as of 31 December 2019. The Group has also made an all-out effort to reduce costs to preserve working capital and profit. As the industry leader, the Group has the risk resistance capacity and proven track record, hence the Group is confident in successfully managing the impact of the COVID-19.

   The Board would like to point out that this announcement and the above-mentioned figures (other than the figures as quoted from the 2019 Interim Report (as defined below)) are only based on the Company's preliminary evaluation of the unaudited financial information of the Group and the other information currently available to the Board which have not been audited nor reviewed by the Company's auditor. The financial results of the Group for the 2020 Interim Period will only be ascertained after all the relevant results and accounting treatments have been finalised. It may also be affected by other factors and may differ from what is disclosed in this announcement. Detailed financial information and performance of the Group for the 2020 Interim Period will be disclosed in the Company's interim results announcement for the 2020 Interim Period which is expected to be released in August 2020.

Restatement of the Results of 2019 Interim Period

Reference is made to the Company's *Interim Report 2019* published on 26 August 2019 (the "**2019 Interim Report**") in relation to the unaudited results of the Group for 2019 Interim Period. Capitalised terms used in this section shall have the same respective meanings as those defined in the 2019 Interim Report unless otherwise defined herein.

1. As stated in the 2019 Interim Report, the unaudited share of loss of a joint venture for the 2019 Interim Period amounted to approximately RMB490 million and the unaudited profit attributable to equity shareholders of the Company (on a consolidated basis, after taking into account the share of loss of a joint venture) for the 2019 Interim Period amounted to approximately RMB2.48 billion. As of 30 June 2019, Amer Sports Holding (Cayman) Limited's ("**AS Holding**", formerly known as Mascot JVCo (Cayman) Limited) accounting for the business combination (including purchase price allocation exercise) of Amer Sports Corporation ("**Amer Sports**") was not completed due to insufficient time between the Acquisition Date and the end of the 2019 Interim Period. Accordingly, the fair value of the assets and liabilities acquired and the amount of goodwill arising from the business combination was determined on a provisional basis, awaiting the completion of valuation of the identifiable assets and liabilities by an independent valuer. These provisional amounts would be adjusted retrospectively in accordance with applicable accounting standards.

2. Following the completion of AS Holding's accounting for the business combination (including purchase price allocation exercise) of Amer Sports, the unaudited share of loss of a joint venture for the 2019 Interim Period has been restated to approximately RMB650 million and the unaudited profit attributable to equity shareholders of the Company (on a consolidated basis, after taking into account the share of loss of a joint venture) for the 2019 Interim Period has been restated to approximately RMB2.32 billion.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 15 July 2020

As at the date of this announcement, the executive directors of the Company are Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian, Mr. Wu Yonghua and Mr. Zheng Jie; the non-executive director of the Company is Mr. Wang Wenmo; and the independent non-executive directors of the Company are Mr. Yiu Kin Wah Stephen, Mr. Mei Ming Zhi and Mr. Dai Zhongchuan.