



Chinese Table Tennis Player Ma Long



Chinese Table Tennis Player Wang Chuqin



Chinese Table Tennis Player Sun Yingsha



LI-NING

LI NING COMPANY LIMITED

李寧有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Codes: 2331 (HKD counter) and 82331 (RMB counter)

INTERIM REPORT

2024

20th LISTING ANNIVERSARY



Li Ning



Chinese Diving Athlete Wang Zongyuan



Chinese Diving Athlete Quan Hongchan



Chinese Diving Athlete Chen Yuxi



Chinese Table Tennis Player Chen Meng



Chinese Shooting Athlete Li Yuehong



Chinese Shooting Athlete Jiang Ranxin



Chinese Shooting Athlete Du Linshu



Chinese Table Tennis Player Wang Manyu

MISSION

Let Sports Light
Your Passion

CORE VALUES

"Serve With Sportsmanship"

"Go Above and Beyond to Win"

"Individual and Team Synergy"

"Fairness in Competition and
Corporate Environments"

"Perfect Harmony between Employee,
Organization, Society and Nature"

VISION

To be the most Prominent,
Stylish, World-Leading Sports
Brand from China





ABOUT LI NING GROUP

Li Ning Company Limited is one of the leading sports brand companies in China, mainly operating professional and leisure footwear, apparel, equipment and accessories under the LI-NING brand. The Group has comprehensive research and development, design, manufacturing, marketing, distribution and retail management capabilities. It has established an extensive retail distribution network and supply chain management system in China. We are committed to be the most prominent, stylish, world-leading sports brand from China.

In addition to its core LI-NING brand, the Group also manufactures, develops, markets, distributes, sells various sports products which are self-owned by or licensed to the Group, including Double Happiness (table tennis), AIGLE (outdoor sports), Danskin (fashionable fitness products for dance and yoga) and Kason (badminton), which are operated through joint venture/associate with third parties of the Group.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. LI Ning (*Executive Chairman and Joint Chief Executive Officer*)
Mr. KOSAKA Takeshi (*Joint Chief Executive Officer*)
Mr. LI Qilin

Independent non-executive Directors

Mr. KOO Fook Sun, Louis
Ms. WANG Ya Fei
Dr. CHAN Chung Bun, Bunny, *GBM, GBS, SBS, BBS, JP*
Ms. WANG Yajuan

AUDIT COMMITTEE

Mr. KOO Fook Sun, Louis (*Committee Chairman*)
Ms. WANG Ya Fei
Dr. CHAN Chung Bun, Bunny, *GBM, GBS, SBS, BBS, JP*

REMUNERATION COMMITTEE

Ms. WANG Ya Fei (*Committee Chairperson*)
Dr. CHAN Chung Bun, Bunny, *GBM, GBS, SBS, BBS, JP*
Ms. WANG Yajuan

NOMINATION COMMITTEE

Mr. LI Ning (*Committee Chairman*)
Ms. WANG Ya Fei
Dr. CHAN Chung Bun, Bunny, *GBM, GBS, SBS, BBS, JP*

AUTHORISED REPRESENTATIVES

Mr. LI Ning
Ms. WANG Ya Fei

COMPANY SECRETARY

Ms. TAI Kar Lei

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

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Fax: +8610 8080 0000

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Suite 3204, Unit 2A, Block 3
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Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and Registered PIE Auditor

LEGAL ADVISORS

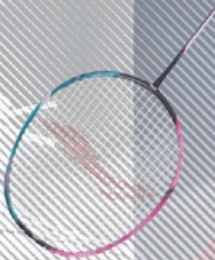
Hong Kong law
YYC Legal LLP

Mainland China law
TAHOTA Law Firm

PRINCIPAL BANKERS

Hong Kong
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Bank of China Limited

Mainland China
Industrial & Commercial Bank of China
China Construction Bank
Bank of China
China Merchants Bank
China MinSheng Banking Corporation Limited
Ping An Bank Co., Ltd.
China Guangfa Bank Co., Ltd.
Hang Seng Bank (China) Limited
HSBC Bank (China) Company Limited
DBS Bank (China) Limited

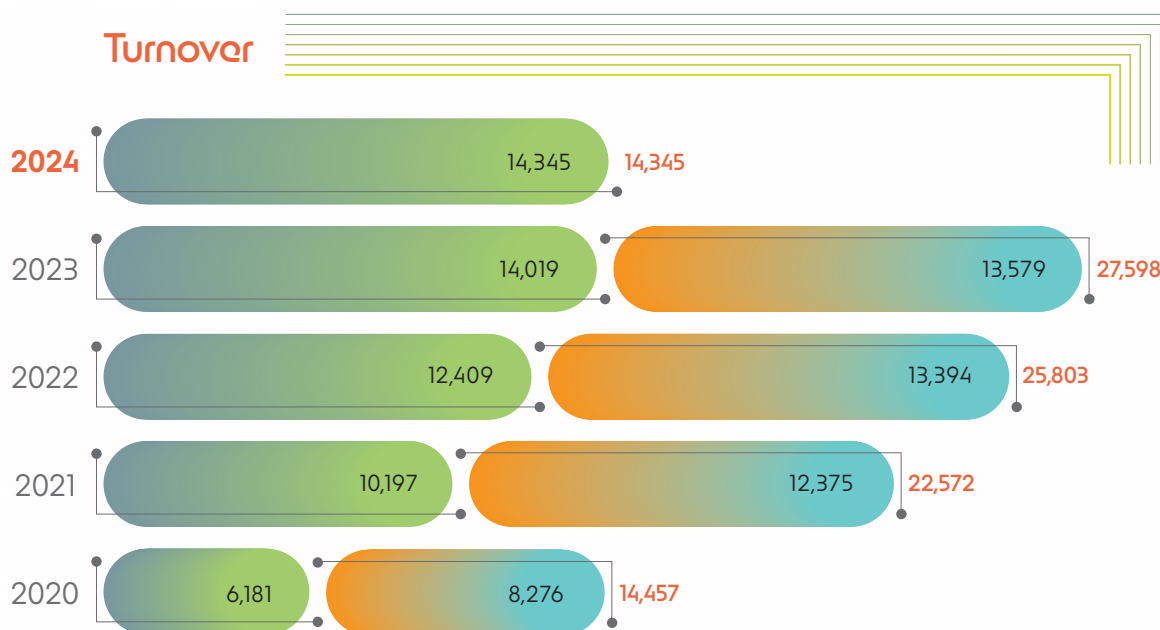




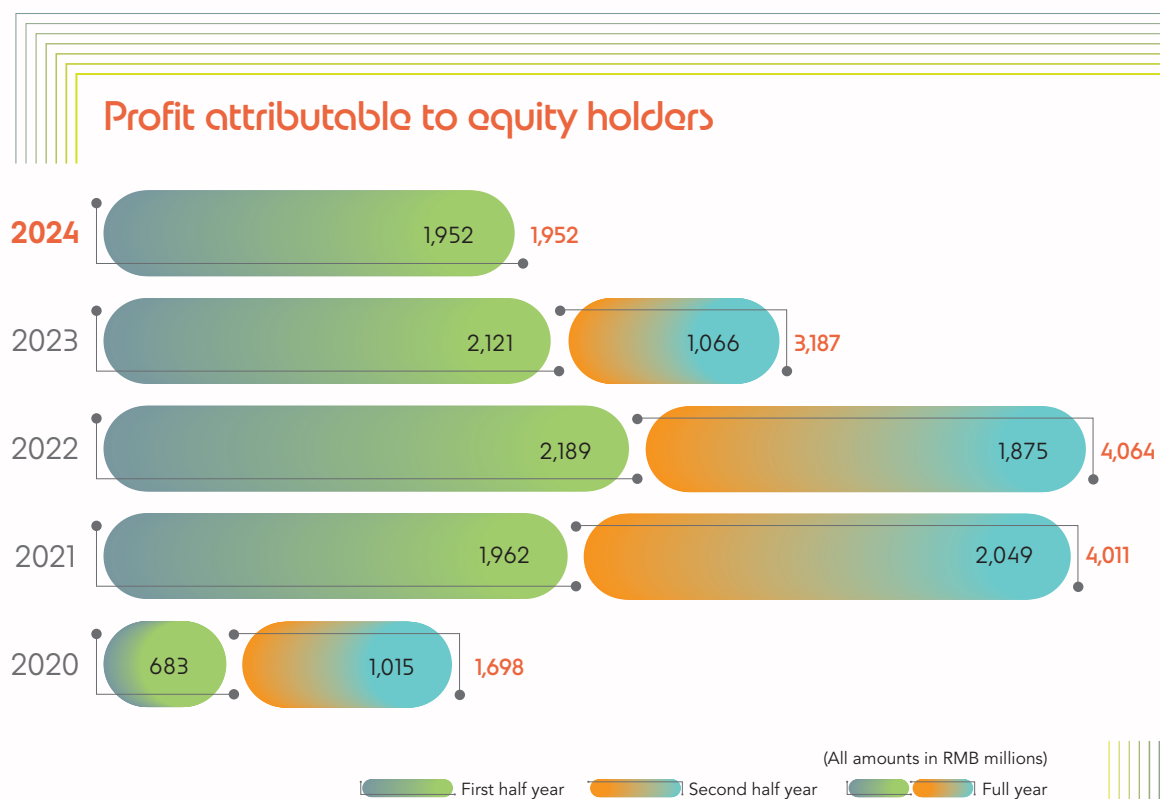
SPORTSMANSHIP

Five-year Financial Highlights

Turnover



Profit attributable to equity holders



Management Discussion and Analysis

FINANCIAL OVERVIEW

The key operating and financial performance indicators of the Group for the six months ended 30 June 2024 are set out below:

	Unaudited		Change (%)
	Six months ended 30 June 2024	2023	
Income statement items			
<i>(All amounts in RMB thousands unless otherwise stated)</i>			
Revenue	14,345,288	14,018,947	2.3
Gross profit	7,235,602	6,838,764	5.8
Operating profit	2,401,895	2,475,224	(3.0)
Earnings before interest, tax, depreciation and amortisation (EBITDA) (Note 1)	3,443,608	3,425,450	0.5
Profit attributable to equity holders	1,952,032	2,121,231	(8.0)
Basic earnings per share (RMB cents) (Note 2)	75.80	80.63	(6.0)
Key financial ratios			
Profitability ratios			
Gross profit margin (%)	50.4	48.8	
Operating profit margin (%)	16.7	17.7	
Effective tax rate (%)	25.3	24.3	
Margin of profit attributable to equity holders (%)	13.6	15.1	
Return on equity attributable to equity holders (%) (Note 3)	7.8	8.5	
Expenses to revenue ratios			
Staff costs (%)	8.5	8.3	
Advertising and marketing expenses (%)	8.7	7.4	
Research and product development expenses (%)	2.2	2.1	
Asset efficiency			
Average inventory turnover (days) (Note 4)	62	57	
Average trade receivables turnover (days) (Note 5)	15	14	
Average trade payables turnover (days) (Note 6)	46	41	
Other financial ratios			
Debt-to-equity ratio (%) (Note 7)			
	30 June 2024	31 December 2023	
Debt-to-equity ratio (%) (Note 7)	37.2	40.2	
Net asset value per share (RMB cents) (Note 8)			
	30 June 2024	31 December 2023	
Net asset value per share (RMB cents) (Note 8)	1,006.27	948.27	

Management Discussion and Analysis (Continued)

Notes:

1. The calculation of earnings before interest, tax, depreciation and amortisation (EBITDA) is based on profit for the period, excluding the sum of income tax expense, finance income – net, depreciation and impairment on property, plant and equipment, depreciation on investment properties under operating leases, amortisation of land use rights and intangible assets and depreciation and impairment on right-of-use assets.
 2. Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue less shares held for Restricted Share Award Scheme and Shares repurchased by the Company for cancellation during the period. Such weighted average number of shares outstanding shall be adjusted for events such as bonus issue and stock dividend.
 3. The calculation of return on equity attributable to equity holders is based on the profit attributable to equity holders of the Company for the period, divided by the average of opening and closing balances of capital and reserves attributable to equity holders of the Company of the period.
 4. The calculation of average inventory turnover (days) is based on the average of opening and closing inventory balances of the period, divided by cost of sales and multiplied by the total number of days in the period.
 5. The calculation of average trade receivables turnover (days) is based on the average of opening and closing balances of trade receivables of the period, divided by revenue and multiplied by the total number of days in the period.
 6. The calculation of average trade payables turnover (days) is based on the average of opening and closing balances of trade payables of the period, divided by total purchases and multiplied by the total number of days in the period.
 7. The calculation of debt-to-equity ratio is based on total liabilities divided by capital and reserves attributable to equity holders of the Company at the end of the period/year.
 8. The calculation of net asset value per share is based on the net asset value, divided by the number of shares in issue less shares held for Restricted Share Award Scheme and Shares repurchased by the Company for cancellation at the end of the period/year.
- * *The aforesaid indicators provided by the Group may not necessarily be the same in terms of calculation methods as those provided by other issuers.*
- ** *The Group adopted the aforesaid non-GAAP financial indicators such as EBITDA, margin of profit attributable to equity holders, return on equity attributable to equity holders, expenses (staff costs/advertising and marketing expenses/research and product development expenses) to revenue ratio, average inventory/trade receivables/trade payables turnover days, debt-to-equity ratio and net asset value per share because comparable companies in the industry in which the Group operates use the aforesaid common indicators as a supplementary measurement for results of operation, which are also widely used by investors to measure the results of operation of the comparable companies.*

Management Discussion and Analysis (Continued)

Revenue

The Group's revenue for the six months ended 30 June 2024 amounted to RMB14,345,288,000, representing an increase of 2.3% as compared to the corresponding period of 2023. In 2024, the Group unveiled the campaign titled "In My Name" (「以我為名」), as a part of its initiative to support the country's sports development, to encourage everyone to engage in sports activities and cultivate a positive and healthy lifestyle. Upholding the mission of serving sporters by technological innovation, the Group is committed to enabling sports event participants and consumers to have fun and acquire power in sports activities by providing professional sports packages. Changes in revenue from all channels during the period were as follows: (1) adjustments to the layout of directly-operated stores were further promoted during the period, and the retail sell-through maintained overall stability, resulting in slight period-on-period growth of 2.7% in the revenue from direct operation; (2) the e-commerce channel made greater achievements as it fostered development through new media and new platform, which was consolidated by the rebound of consumer traffic amid the gradual recovery of online consumption vibe, thus recording period-on-period growth of 11.4% in the revenue from e-commerce channel; (3) in view of the overall market conditions, the Group strengthened the delivery rhythm management of distributors to maintain a healthy channel inventory, and therefore recorded a slight period-on-period decrease of 2.0% in the revenue from sales to franchised distributors.

Revenue breakdown by product category

	Six months ended 30 June		2023		Revenue Change (%)
	2024	% of total	2023	% of total	
	RMB'000	revenue	RMB'000	revenue	
Footwear	7,844,159	54.7	7,514,672	53.6	4.4
Apparel	5,375,222	37.5	5,639,911	40.2	(4.7)
Equipment and accessories	1,125,907	7.8	864,364	6.2	30.3
Total	14,345,288	100.0	14,018,947	100.0	2.3

Revenue breakdown (in %) by sales channel

	Six months ended 30 June		Change (%)
	2024	2023	
	% of revenue	% of revenue	
The PRC market			
Sales to franchised distributors	46.0	48.0	(2.0)
Sales from direct operation	24.4	24.3	0.1
Sales from e-commerce channel	27.9	25.6	2.3
Other regions	1.7	2.1	(0.4)
Total	100.0	100.0	-

Management Discussion and Analysis (Continued)

Revenue breakdown by geographical location

	Note	Six months ended 30 June				Revenue Change (%)
		2024	% of revenue	2023	% of revenue	
		RMB'000		RMB'000		
The PRC market						
Northern region	1	6,841,952	47.7	6,655,059	47.4	2.8
Southern region	2	7,255,024	50.6	7,073,836	50.5	2.6
Other regions		248,312	1.7	290,052	2.1	(14.4)
Total		14,345,288	100.0	14,018,947	100.0	2.3

Notes:

1. The Northern region includes provinces, municipalities and autonomous regions covering Beijing, Tianjin, Shanxi, Shandong, Hebei, Inner Mongolia, Henan, Heilongjiang, Jilin, Liaoning, Shaanxi, Gansu, Ningxia, Xinjiang and Qinghai.
2. The Southern region includes provinces, municipalities, autonomous regions and special administrative regions covering Yunnan, Guizhou, Sichuan, Jiangxi, Chongqing, Tibet, Shanghai, Zhejiang, Jiangsu, Hunan, Hubei, Anhui, Guangdong, Guangxi, Fujian, Hainan, Macau and Hong Kong.

Cost of Sales and Gross Profit

For the six months ended 30 June 2024, the overall cost of sales of the Group amounted to RMB7,109,686,000 (2023: RMB7,180,183,000), and the overall gross profit margin was 50.4% (2023: 48.8%). During the period, the gross profit margin increased by 1.6 percentage points as compared to the corresponding period of last year, which was mainly attributable to the improvement in the discount of new products during the period. The proportion of revenue from direct-to-consumer channels with higher gross profit margin increased period-on-period, and the provision for inventories decreased as compared with the corresponding period of last year. All the aforesaid factors stimulated the gross profit margin for the period to rise.

Selling and Distribution Expenses

For the six months ended 30 June 2024, the Group's overall selling and distribution expenses amounted to RMB4,326,883,000 (2023: RMB3,948,420,000), accounting for 30.2% (2023: 28.2%) of the Group's total revenue.

The selling and distribution expenses increased by 9.6% as compared to the corresponding period of last year, and its percentage to revenue grew by 2.0 percentage points as compared to the corresponding period of last year. During the period, the Group allocated greater input to marketing and promotion fields, and particularly, devoted greater efforts to content promotion to tap potential consumers in the livestream channel that was widely accepted by consumers, which contributed to the increase in advertising and marketing expenses. Further adjustments to the layout of directly-operated stores resulted in increased rentals. As a result of the revenue growth especially the growth in revenue from direct-to-consumer channels, commissions and logistics costs, both related to the revenue, recorded increases to different degrees.

Administrative Expenses

For the six months ended 30 June 2024, the Group's overall administrative expenses amounted to RMB680,297,000 (2023: RMB590,757,000), accounting for 4.7% (2023: 4.2%) of the Group's total revenue with a period-on-period increase of 0.5 percentage points. Administrative expenses mainly comprised staff costs, management consulting fees, office rental, depreciation and amortisation charges, research and product development expenses, taxes and other miscellaneous daily expenses.

The increase in administrative expenses was mainly attributable to the growth of wages and salaries, the investment in building the information system and the increase in depreciation and amortisation charges.

Share of Profit of Investments Accounted for Using the Equity Method

For the six months ended 30 June 2024, the Group's share of profit of investments accounted for using the equity method amounted to RMB110,860,000 (2023: RMB101,873,000).

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)

For the six months ended 30 June 2024, the Group's EBITDA amounted to RMB3,443,608,000 (2023: RMB3,425,450,000), representing a period-on-period increase of 0.5%.

Reconciliations of EBITDA and the profit for the period are as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Reconciliation of profit for the period to EBITDA:		
Profit for the period	1,952,032	2,121,283
Income tax expense	661,098	679,518
Finance income	(221,238)	(305,070)
Finance expenses (including amortisation of discount on lease liabilities)	120,863	81,366
Depreciation on property, plant and equipment	470,250	427,779
Impairment of property, plant and equipment*	18,389	–
Amortisation of land use rights and intangible assets	31,145	26,958
Depreciation on right-of-use assets	319,210	363,257
Impairment of right-of-use assets*	50,820	–
Depreciation on investment properties under operating leases	41,039	30,359
EBITDA	3,443,608	3,425,450

* Impairment charges included as an adjustment item in EBITDA primarily resulted from our impairment evaluation of non-current assets whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. If these non-current assets were not impaired, depreciation of the assets would have been recorded as an adjustment item in EBITDA. Therefore, impairment charges were a non-cash item similar to depreciation and amortization of non-current assets.

Finance Income – Net

For the six months ended 30 June 2024, the Group's net finance income amounted to RMB100,375,000 (2023: RMB223,704,000). The period-on-period decrease in net finance income was due to the increase of exchange losses for the period, and the decrease of interest income as a result of the decrease in fixed term deposits.

Income Tax Expense

For the six months ended 30 June 2024, the income tax expense of the Group amounted to RMB661,098,000 (2023: RMB679,518,000) and the effective tax rate was 25.3% (2023: 24.3%). Currently, the Group's income tax expense is almost in line with the standard level.

Overall Profitability Indicators

During the period, the Group witnessed a mild revenue growth and a period-on-period improvement in the gross profit margin, but recorded increasing expenses and decline of profit attributable to equity holders. During the period, the Group's profit attributable to equity holders amounted to RMB1,952,032,000 (2023: RMB2,121,231,000). The margin of profit attributable to equity holders was 13.6% (2023: 15.1%). Return on equity attributable to equity holders was 7.8% (2023: 8.5%).

Provision for Inventories

The Group's policy in respect of provision for inventories for the first half of 2024 was the same as that in 2023. Inventories of the Group are stated at the cost or net realisable value, whichever is lower. In the event that net realisable value falls below cost, the difference is taken as provision for inventories. The Group considers this policy to be adequate in ensuring appropriate provision for inventories is made by the Group.

As at 30 June 2024, the accumulated provision for inventories was RMB143,914,000 (31 December 2023: RMB134,727,000). The Group will continue to exercise control over the inventory ageing structure and inventory turnover rate so as to maintain the same at a reasonable level.

Expected Credit Loss Allowance

The Group's policy in respect of expected credit loss allowance for the first half of 2024 was the same as that in 2023. The expected credit loss allowance was recorded at an amount equal to the lifetime expected credit losses of the trade receivables that do not contain a significant financing component, and 12 months expected credit losses or lifetime expected credit losses of other receivables, depending on whether there has been a significant increase in credit risk since initial recognition.

As at 30 June 2024, the accumulated expected credit loss allowance was RMB55,977,000 (31 December 2023: RMB45,738,000), among which the accumulated expected credit loss allowance for trade receivables was RMB48,394,000 (31 December 2023: RMB38,215,000) and the accumulated expected credit loss allowance for other receivables was RMB7,583,000 (31 December 2023: RMB7,523,000). The trade receivables and other receivables of the Group written off during the six months ended 30 June 2024 as uncollectible and the effect of change in exchange rate amounted to RMB29,000 (2023: RMB1,859,000). The Group will continue to monitor the ageing structure and settlements to maintain a sound receivable turnover ratio.

Liquidity and Financial Resource

The Group's net cash generated from operating activities for the six months ended 30 June 2024 amounted to RMB2,730,305,000 (2023: RMB1,942,431,000). As at 30 June 2024, cash and cash equivalents (including cash at banks and in hand, and fixed term deposits with original maturity of no more than three months) amounted to RMB6,146,726,000, representing a net increase of RMB702,843,000, as compared with the position as at 31 December 2023. Adding back the amount recorded as fixed-term deposits held at banks, cash balance amounted to RMB17,557,537,000, which represented a net decrease of RMB417,175,000 as compared to 31 December 2023. The decrease was due to the following items:

	Unaudited Six months ended 30 June 2024 RMB'000
Item	
Operating activities:	
Net cash generated from operating activities	2,730,305
Investing activities:	
Net cash used in investing activities (including placement and redemption of short-term and long-term bank deposits)	(1,084,184)
Financing activities:	
Net cash used in financing activities	(928,615)
Add: Exchange losses on cash and cash equivalents	(14,663)
Net increase in cash and cash equivalents	702,843
Add: Net decrease in short-term and long-term bank deposits	(1,120,018)
Net decrease in cash balance	(417,175)

During the period, revenue increased period-on-period while the efficiency of settlement remained stable, which, in conjunction with the reasonable purchase and payment plan, contributed to the period-on-period increase in net cash generated from operating activities. Payments made for acquisitions led to the significant amount of cash used in investing activities. The Group will continue to place extra emphasis on its cash flow management to ensure stable development of the Company in the long run.

On 27 October 2021, the Company, a wholly owned subsidiary of Viva China Holdings Limited (subsequently renamed as Viva Goods Company Limited) and the placing agents entered into the placing and subscription agreement, pursuant to which the parties jointly proceeded with the top-up placing of existing shares of the Company and the subscription of new shares of the Company under the general mandate, and agreed to the top-up placing and subscription of 120,000,000 shares of the Company at HK\$87.50 per share. On 3 November 2021, both parties completed the top-up placing and the subscription. The net proceeds from the top-up placing of shares amounted to HK\$10,433,042,000 (equivalent to approximately RMB8,571,787,000). Please refer to the announcements of the Company dated 28 October 2021 and 3 November 2021 respectively for details.

Management Discussion and Analysis (Continued)

For the six months ended 30 June 2024, RMB2,129,282,000 of the net proceeds from the top-up placing had been used. As at 30 June 2024, RMB1,466,282,000 of the net proceeds from the top-up placing were unutilised and are intended to be used as follows:

Intended use of net proceeds	Percentage of total net proceeds (approximately)	Unutilised net proceeds as at 31 December 2023 (approximately RMB'000)	Amount used during the six months ended 30 June 2024 ⁽²⁾ (approximately RMB'000)	Unutilised net proceeds as at 30 June 2024 (approximately RMB'000)	Expected timeframe for utilising the unutilised net proceeds ⁽¹⁾
Investment in newly launched product categories as well as future business investments when opportunity arises, including international business expansion ⁽³⁾	40%	1,421,939	1,421,939	-	-
Investment in reengineered infrastructure and further improvement of the supply chain system	30%	1,497,223	312,513	1,184,710	Before 31 December 2026
Development of the brand and IT system	20%	407,800	223,836	183,964	Before 31 December 2024
General working capital	10%	268,602	170,994	97,608	Before 31 December 2024
Total	100%	3,595,564	2,129,282	1,466,282	Before 31 December 2026

Notes:

- The net proceeds have been applied in the manner consistent with the use of proceeds as disclosed in the announcement of the Company dated 3 November 2021. The expected timeframe for utilising the unutilised net proceeds is subject to change based on the current and future development of market conditions and market opportunities made available to the Group.
- The payments made for acquisitions for the period were funded by the Group's net proceeds from the top-up placing of shares and internal resources.
- As at 30 June 2024, the net proceeds allocated for investment in newly launched product categories as well as future business investments when opportunity arises, including international business expansion have been fully utilised.

As at 30 June 2024, the Group's banking facilities amounted to RMB8,743,000,000, without outstanding borrowings.

During the period, the Group did not hedge its exposure to interest rate risks via interest-rate swaps.

Foreign Exchange Risk

The Group's operations are mainly carried out in the PRC, with most transactions settled in Renminbi. The presentation currency of the Group is Renminbi. The Group's subsidiaries in South Korea, Hong Kong, Macau and Singapore use South Korean Won, Hong Kong Dollars, Macau Pataca and Singapore Dollars, respectively, as their functional currencies. The Group has a partial amount of cash and bank deposits denominated in Hong Kong Dollars, United States Dollars, Euros, South Korean Won, Pound Sterling, Macau Pataca and Singapore Dollars. The Company pays dividends in Hong Kong Dollars, certain license fees, sponsorship fees and consultation fees in United States Dollars or Euros, and certain investments in Hong Kong Dollars or United States Dollars.

The Group did not hedge its foreign exchange exposure during the period. Any significant exchange rate fluctuations of foreign currencies against Renminbi may have had financial impact on the Group.

Significant Investments

In order to satisfy the needs of the Group's commercialization layout, expand its international business by establishing a footing in Hong Kong and explore global business opportunities, a subsidiary of the Group (the "Purchaser") and a subsidiary of Henderson Land Development Company Limited (the "Vendor") entered into a sale and purchase agreement (the "SPA") on 10 December 2023. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owner were independent third parties of the Company and its connected person(s). Pursuant to the SPA, the Purchaser conditionally agreed to (1) acquire the entire share capital of Vansittart Investment Limited (the "Target Company", a company incorporated in Hong Kong with limited liability) and (2) take up the assignment of the loan amount owing by the Target Company to one of its related parties as at the date of completion of the above acquisition (collectively, the "Acquisition"). The adjusted aggregate consideration for the Acquisition is HK\$2,221 million (equivalent to approximately RMB2,013 million). The Target Company is principally engaged in property investment and is the sole legal and beneficial owner of a property comprising 22 storeys of commercial/office space and two storeys of retail areas in Hong Kong (the "Property"), which is the principal asset of the Target Company. For details, please refer to the announcement of the Company dated 10 December 2023.

The completion of the Acquisition took place on 28 January 2024. Upon completion, the Target Company has become an indirect wholly-owned subsidiary of the Company and the financial results of which are consolidated into the financial statements of the Group. Following the completion of the Acquisition, the Group will continue to perform the original leases of the major portion of the Property, and the remaining portion of the Property will be used as the Hong Kong headquarters of the Group. Up to the date of this announcement, the consideration for the Acquisition has been fully paid. The Acquisition was funded by the Group's net proceeds from the top-up placing of shares and internal resources.

The investment cost of the Property was RMB2,021,450,000. The Group adopted the cost method for subsequent measurement of the portion of the Property classified as investment properties. As of 30 June 2024, the carrying value of the Property was RMB2,004,605,000 after depreciation, representing a percentage of approximately 5.6% of the Group's total assets.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the six months ended 30 June 2024, other than those mentioned under "Significant Investments", the Group has not made any other material acquisitions or disposals of subsidiaries, associates and joint ventures.

Future Plans for Significant Investments and Capital Assets

In order to establish a high-end intelligent manufacturing and flexible supply chain base and a high-level research and development (R&D) and experience center to meet the Group's future development needs, a subsidiary of the Group (the "Subsidiary") entered into and updated an investment agreement with a local governmental authority in Guangxi Zhuang Autonomous Region of the PRC on 8 November 2019 and 23 May 2023 respectively, pursuant to which the Subsidiary had agreed to acquire the land use right over a piece of industrial land through the listing-for-sale bidding process, and construct a supply chain base over the land for the production and packaging of high-end sports equipment (including but not limited to sports shoes, sports apparels and sports equipment) to expand its production capacity and output of differentiated sports products, as well as focusing on putting resources into R&D and experience to enhance the Group's technological R&D capability and to provide consumers with better product experience, sports experience and consumption experience.

The maximum investment amount pursuant to the investment agreement was estimated to be approximately RMB3.3 billion, which refers to the total cost of completing the project and putting it into operation, including the cost of acquiring the land use right, the expenditure involved in the construction of the supply chain base, investment in purchasing machinery and equipment, and working capital.

Management Discussion and Analysis (Continued)

As of 30 June 2024, the Subsidiary had successfully acquired the land use right over the relevant land and had been making investments on the construction of the supply chain base. The total expenditure above did not exceed 5% of the total assets of the Group as at 30 June 2024. The remaining investment amount will be funded by the Group's unutilised net proceeds from the top-up placing of shares and internal resources.

Pledge of Assets

As at 30 June 2024 and 31 December 2023, the Group had no pledged assets.

Contingent Liabilities

As at 30 June 2024, the Group had no significant contingent liabilities.

BUSINESS REVIEW

In the first half of 2024, China's economy demonstrated an orderly recovery, with favorable national policies continuously injecting vitality into the market. Against the backdrop of the rising public health awareness, numerous international and national events have spurred public's enthusiasm for sports. Currently, overall consumer confidence still has room for recovery, and the market is in a gradual and positive adjustment phase.

As an industry leader, the Group adheres to the core strategy of "Single Brand, Multi-categories, Diversified Channels" focusing on seven major business transformation tracks and continuously strengthening its sports genes to establish a clear professional sports brand positioning. Leveraging the brand's professional sports background, the Group maximizes its insights into the sports industry, understanding of sports categories, and technological innovation capabilities, concentrating on five core categories of running, basketball, fitness, badminton, and sports casual. Through continuous R&D investment and technological innovation, the Company consistently enhances product capabilities, optimizes consumer experience, and ensures sustainable development in the long-run while expanding the Group's business. In the first half of 2024, the Group's overall performance remained stable with pragmatic growth. Revenue recorded a growth of 2.3%, and the profit margin performance was generally in line with expectations.

Latest Operational Update for the Second Quarter of 2024

For the second quarter ended 30 June 2024, the retail sell-through of LI-NING point of sale ("POS") (excluding LI-NING YOUNG) for the overall platform recorded a low-single-digit decline on a year-on-year basis. In terms of channels, offline channel (including retail and wholesale) recorded a mid-single-digit decline, with retail (direct operation) channel remaining flat and wholesale (franchised distributors) channel recording a high-single-digit decline, while the e-commerce virtual stores business registered a high-single-digit growth.

As at 30 June 2024, the total number of LI-NING POS (excluding LI-NING YOUNG) in China amounted to 6,239, representing a net increase of 25 POS since the end of the previous quarter and a net decrease of 1 POS since the beginning of this year. Among the net decrease of 1 POS, direct retail accounts for a net decrease of 3 POS, and wholesale accounts for a net increase of 2 POS.

As at 30 June 2024, the total number of LI-NING YOUNG POS in China amounted to 1,438, representing a net increase of 33 POS since the end of the previous quarter and a net increase of 10 POS since the beginning of this year.

Empowering Product Strength through R&D Innovation, Driving Future Growth with Technological Advancement

After years of investment and accumulation, the Group has developed systematic and platform-based capabilities in technological innovation, enabling the transition from sports insights to technological innovation and, subsequently, product strength. Focusing on sports technology applications, the Company has established mature abilities in sports category expansion, product matrix within categories, and product series iteration. As a result, LI-NING's technological innovations not only enhance athletes' performance on the field but also achieve widespread application among the general public, becoming a core competitive advantage for the Company's business development.

In May 2024, the Group successfully held a technology conference with the theme of "In My Name, Tech LI-NING" (以我為名·科技李寧), which demonstrated that the Group has built two key pillars of product development and innovation consisting of technology research and development and sports science research through long-term accumulation of technological innovation. At the conference, the Group presented its six innovative technologies of "Carbon Core" (碳核芯), "Dual-Stage Assist Curves" (最速曲線系統), "Super Jiang" (超級弔), "GCU", "Super BOOM" (超級轟) and "Extreme Boom Fiber" (極限轟絲), and also unveiled three new innovations for the first time: the running shoes of "Shadow 3" (絕影3), the premium racing shoes of "Dragonflight" (龍雀) and dual-vent nanotechnology for rainstorm protection. In addition, the Group's innovative breakthrough in footwear environmental protection technology was demonstrated on the spot. The Group will launch fully degradable professional sports shoes to support environmental protection practices with technological innovation.

In the advancement of footwear technology, the Group has established four major technology platforms for midsoles, outsoles, uppers and structures. Building on the existing "LI-NING BOOM" (李寧轟) technology, the Group introduced "Super BOOM" (超級轟) technology, achieving innovative improvements in lightness and appearance. Meanwhile, the upper technology "Boom Fiber" (轟絲) was also upgraded to "Extreme Boom Fiber" (極限轟絲), which combines the characteristics of "cut resistance, high strength and ultra-durability" on the basis of "lightness, breathability and toughness". Additionally, the "Carbon Core Technology" (碳核芯科技), which breaks conventional midsole design, has been applied to four flagship basketball shoes of "Way of Wade" (韋德之道), "Yushuai" (馭帥), "Jimmy Butler" (吉米·巴特勒) and "Gamma" (伽馬), while the "Dual-Stage Assist Curves" (最速曲線系統) has been used in the LI-NING's premium racing shoe series "Feidian" (飛電), and the professional cross-country running shoe series "Dilu" (的盧), which is equipped with the "GCU Ground Control System" (GCU地面控制系統), was also launched in August 2023. The breakthroughs in technological research and development have continuously enabled the Group to improve its product strength.

The Group is not only deeply engaged in the innovation frontier of footwear technology but also drives comprehensive product updates across all categories with a forward-looking vision. The Group's newly introduced 5D functional three-dimensional pattern technology and ATC adaptive temperature control technology bring revolutionary improvements in comfort to running, basketball and fitness apparel. In the field of outdoor technology, the Group has made a breakthrough by using dual-vent nanomembranes for rainstorm protection, significantly enhancing the comfort and protection of outdoor sports equipment. Additionally, the Group has applied quick-drying and cooling technologies to short-sleeve products, meeting the growing consumer demand for high-performance sports gear.

In the first half of 2024, the Group accelerated the use of metal 3D printing technology in the production of footwear, significantly enhancing product precision and quality. The utilization rate of this technology is expected to reach 60-70% by 2025, further promoting the deep integration of technology and sustainable development.

Through innovation and layout in technology and products, the Group has solidified its leading position and competitive advantage in the industry, further creating a professional, efficient and comfortable "LI-NING's Experience Value" for consumers.

Focus on the Strategy of “Single Brand, Multi-categories, Diversified Channels” to Comprehensively Enhance LI-NING’s Experience Value

Consolidate a technology-driven image for the brand and actively deploy universal marketing

In the first half of 2024, the Group continued to focus on the five core categories of running, basketball, badminton, fitness and sports casual, and continued to make efforts in the innovation in sports technology. At the same time, the Group also actively integrated with sports fashion culture, launched sports products with both technology and fashion attributes and continuously enhanced the core competitiveness of products. In addition, the Group actively deployed universal marketing to enhance consumers’ awareness of the Company’s products, continuously enhance brand influence and expand its consumer base.

In the midst of a great year for sports, the Group launched a campaign themed “In My Name” (以我為名), to encourage everyone to engage in sports activities and create their own highlight moments. Through delivering the brand proposition and spirit and telling stories of the athletes from the national gold medal team, top athletes in various categories and sports KOLs, as well as overall demonstrating LI-NING’s technological strength, launching theme series products and creating atmosphere for themes at stores, the Group reinforces the professional brand image of LI-NING, realizes the whole chain from brand proposition to product experience, and deeply connects the brand with each consumer.

Running

The Group continued to devote great efforts in the matrix of the professional running shoes, with the three core running shoe IPs “Super Light” (超輕), “Rouge Rabbit” (赤兔) and “Feidian” (飛電), which were built around the high-performance midsole technology of “LI-NING BOOM” (李寧轟), and iterative upgrading products were introduced sequentially. The cumulative sales volume of the three series of iterative running shoes in the first half of the year amounted to 5 million pairs, which provided strong support for the growth of the Group’s business. During the period, the flagship product “Dragonflight” (龍雀), which represented the brand’s most cutting-edge technological innovation and design standards, and “Shadow 3” (絕影3), which was updated and upgraded, were launched, delivering the brand’s commitment to the development of running and philosophy on products with forward-looking sports insights, the latest technological research and development and application standards, and the most distinctive design concept. As of 30 June 2024, the sell-through of the running category increased by 25% year-on-year, demonstrating the Company’s strong product strength and deep recognition by consumers.

In addition, in order to meet the needs of female consumers, the Group also launched the first women’s exclusive running shoe “Jinghong” (驚鴻) in the first half of the year, becoming one of the few running shoes IP brands in the market that exclusively caters to women, and being popular among a large number of female consumers. In terms of running apparel, the Group focuses on the needs of runner in different running scenarios, i.e. marathon race and daily running. Relying on the “AT” clothing technology system in LI-NING’s own “SHELL” technology platform, the Group conducts in-depth optimization and innovation in terms of materials, blocks and functional technology, especially detailed improvements in sun protection and breathable and quick-drying properties, which have greatly improved consumers’ wearing comfort.

In terms of marketing, the Group actively deployed universal marketing and professionally endorsed its products through endorsements by sports stars and cooperation with top events such as marathon race, so as to strengthen the recognition of the products under its professional running shoe series and accumulate a professional reputation for LI-NING's running products. During the period, athletes signed by LI-NING's professional products won a total of 30 marathons and cross-country championships, competed a total of 56 times, and set multiple national records and personal best results. Based on the running shoe matrix, the Group integrated online and offline resources to create a series of offline theme running activities such as "Running until your heart blooms" (跑到心花開), and collaborated with Tmall (天貓), Xiaohongshu (小紅書) and other popular platforms for joint marketing, triggering a high degree of interactive participation and achieving excellent business performance.

Basketball

The Group has deepened its strategic layout in the field of basketball and released a matrix of four major basketball functions, including balance, mobility, speed and impact, to accurately correspond to the four new family product lines: "Yushuai" (馭帥), "Sonic" (音速), "Speed" (閃擊) and "Premium" (空襲), establishing the professional positioning of its products.

During the period, the Group gradually completed the product matrix equipped with high-end technology "Carbon Core" (碳核芯). The existing three series of "professional basketball" (專業籃球), "WADE" (韋德) and "BADFIVE" (反伍) accurately meet market demand, and has successively launched the balanced "Yushuai ULTRA" (馭帥ULTRA), the balanced "Way of Wade" (韋德之道) signature shoes and launching product "Gamma" (伽馬). As an important part of LI-NING basketball, WADE series has established communication with consumers through key products "Way of Wade" (韋德之道) and "All City" (全城) as well as sneaker stories. With the help of "Way of Wade Tour China" (韋德中國行) activities, it continues to increase the popularity of the series and maintains high exposure. The "BADFIVE" (反伍) series further penetrated into the outfield basketball market in 2024. The high orders and high sales of "BADFIVE 3 Low" (反伍3 Low) and the frequent appearances of "Rage 2" (狂怒2代) in street events attracted great attention from young consumers and sneaker media.

During the period, WADE series held a press conference at Aranya with "Way of Wade 11" (韋德之道11) as the core, conveying the high-end and pioneering style of WADE series. The design of "Way of Wade 11" (韋德之道11) combined futuristic and retro elements, and was equipped with LI-NING's top-notch "Carbon Core Technology Platform" (碳核芯科技平台) for basketball shoes, which was sold simultaneously in many countries around the world and was strongly sought after by consumers. Through the continuous exposure of NBA and CBA stars, the integration of shoes and apparels and the collaboration with the artist, WADE apparels continued to bring basketball culture shock and a sense of freshness to consumers based on basketball and star culture, further enhancing the brand image and status of LI-NING's basketball category in the industry on the basis of high sales.

The Group's marketing strategy in the basketball field demonstrated precise market positioning and innovative brand communication. During the period, the Group continued and upgraded the launch of the "Basketball Shorts Wall" (籃球短褲牆) product matrix, leveraging star resources and exposure to high-end events, combined with innovative social media marketing and digital tools, to strengthen the market share of basketball functional products. In addition, the "BADFIVE" (反伍) series has broadened the matching scenarios of clothing and styling through cross-border cooperation and product design. Its "City" (城市) series also tells the real stories of young basketball enthusiasts around the world, engages in multi-dimensional and deep-level communication and interaction with consumers, and stimulates and strengthens emotional resonance with the target customers, further consolidating the LI-NING brand's leadership in the field of basketball culture.

Fitness

The fitness continued to take science and technology as the core, constantly improved the three major functional technological innovations of "AIRSHELL Air Movement Technology" (AIRSHELL氣動科技), "COOLSHELL Cooling Technology" (COOLSHELL涼爽科技) and "DYNAMIC SHELL Protective Technology" (DYNAMIC SHELL防護科技), creating a product style with professionalism, sportiness and quality, to fulfil the clothing needs of different customer groups on different occasions.

For women's fitness, the Group conducted in-depth research on the preferences of female consumers, clarified sports scenarios and wearing needs, and refined professional products that have both sports functions and delicate touch. In the first half of 2024, the Group actively enriched its product matrix, and based on the launch of women's yoga apparel IP, "SoftTouch" (柔感) series, it continued to develop multi-scenario fitness suits that combine feminine functional technology and sports tailoring attributes, and continued to build female consumer awareness.

For men's fitness, the Group adhered to the product design direction of "professional function + sports gene" and continued to create functional sports items. During the period, based on the "AT" technology platform, the Group launched functional apparel with quick-dry, cooling and high elasticity as the core selling points, successfully upgraded and iterated popular products, and strengthened the unique positioning of men fitness category in the minds of consumers.

For marketing campaigns, the Group took advantage of popular social topics to launch multi-scenario sports experience activities in cooperation with offline fitness vertical associations and clubs, and deployed online multi-scenario product promotion and professional evaluation, gradually established a professional and multi-scenario wearable category mentality, and continued to convey the differentiated concept of "experiencing freedom" (體會自在) in various sports scenarios. During the period, the search volume and exposure of the category on the Xiaohongshu (小紅書) platform increased significantly compared to the same period, and further achieved a synchronous increase in brand awareness and popularity among fitness enthusiasts.

Badminton

The product matrix of the badminton category was further improved, and the sales volume continued to break the record high. In terms of equipment, the Group has always been committed to the exploration and application of cutting-edge technology, and has continuously developed and introduced higher-grade carbon fiber materials. In the first half of the year, the low-wind resistance racket frame "Shadow 900NEW" (鋒影900NEW) was launched to continuously enhance the product professionalism of speed-oriented rackets; in terms of apparel, the Group employed the "AT-DRY" quick-dry technology platform and the "SEAMLESS" technique to launch jersey series with the theme of "Colorful Spring and Summer, Colorful Badminton" (多彩春夏·多彩羽球), and continued to offer top-notch professional products with professional and fashionable features for competition to top-notch sports teams and stars in the world.

As to our badminton shoe products, the flagship model of the comprehensive balanced series, "Blade MAX" (刀鋒MAX), was newly upgraded to make the professional product both aesthetically pleasing and technologically advanced; the "HERO 2SE" (貼地飛行2SE) series shaped the unique characteristics of LI-NING badminton shoes with its distinctive appearance design and color options that set it apart from conventional products in the industry; in addition, classic series such as "Thunderstorm" (雷霆), "Thundercloud" (雲霆), and "Gyrfalcon" (鵟鷹) continued to offer more personalized options to consumers by introducing new color schemes.

Management Discussion and Analysis (Continued)

For marketing campaigns, continuing with the promotional theme of “We match better with you” (羽你更合拍), LI-NING Badminton shaped a product image with professionalism as the core, focused on sponsorship resources, key international sporting events and brand campaigns for publicity and promotion of product launch. In tandem with the integration of resources on media platforms, it enhanced brand awareness and influence.

During the period, the Group signed a title sponsorship contract for the 2024-2026 LI-NING Hong Kong Open Badminton Championships, continued to expand international event sponsorship resources for LI-NING badminton; LI-NING badminton also actively built brand IP, among which the “Shadow 900NEW” (鋒影900NEW) new product experience officer recruitment event partnered with BADMINTONCN.COM (中羽在線) to launch a theme campaign for full-platform marketing, with a total of 900,000 interactions. The new product “Shadow 900NEW” (鋒影900NEW) became a mainstream high-end racket that was popular in the market before it was launched. In addition, the Group also explored the diversified possibilities of activating resources through the cross-border linkage between Xiao Zhan (肖戰), the global spokesperson of LI-NING’s fashionable sports products, and Chen Long (諶龍), the badminton world champion, to demonstrate the super athletic performance brought by innovative technology. LI-NING badminton is constantly deepening its marketing strategy, taking professionalism as the cornerstone, integrating more innovative elements and interactive gameplay, enhancing brand influence and reputation, and leading a new fashion in the badminton sports equipment industry.

Sports casual

The sports casual built on the existing LI-NING brand advantages, took sports elements as inspiration and sportsmanship as pursuit, and continued to explore the connection between consumers’ daily lives and sportsmanship. At the same time, it focused on the brand vision of “inheriting Chinese cultural values” (傳承中國文化價值) to provide consumers with rich, diverse and distinctive and fashionable sports products.

In terms of the Chinese culture series, the Group continued to launch new styles for the “Rich Everyday” (日進斗金) series, which was themed on the traditional Spring Festival, constantly enriching the breadth of products; at the same time, the Group launched new apparel products inspired by the “Twisted Branch Pattern” (纏枝紋), focusing on Chinese culture and the needs of young consumers, and enriching the matrix of Chinese culture series products. Based on the deep insight into the current environment and consumer sentiment, the Group created marketing themes such as “Wonderful Meeting, New Wish, Rich Everyday” (妙會新願·日進斗金), and leveraged on the influence of contracted entertainment resources such as Xiao Zhan (肖戰) and TNT (Teens In Times) (時代少年團) to effectively reach and attract a wider range of consumer groups.

For sports casual footwear, the Group focused on the daily walking and commuting scenarios of the general public and continued to develop the “SOFT” series, which had sold more than 2.6 million pairs in offline channels since its launch one year ago. In order to further improve the comfort of the products, the “COMFOAM Max” bottom formula technology was also launched in the first half of the year to consolidate the product mentality of “comfortable and wearable” (舒適·好穿) in this series and solidify the “SOFT” series as a sustainable and steady business growth point in the lifestyle category.

In terms of connections and insights into young consumers, the Group continuously built emotional connections with the new generation of consumers through the co-branding with the Disney series images and LPL, and the continuous efforts in industries such as entertainment, street dance, extreme sports and e-sports. At the same time, the Group actively leveraged marketing methods such as IP cooperation on the Xiaohongshu (小紅書) platform and scientific seeding to help maximize marketing effects, laying a solid foundation for the long-term development of the brand.

During the period, the Group continued to build the high-end sports fashion line classic IP of “China LI-NING”, and successively launched a series of chic products such as ICECREAM, CRC family, BILLIONAIRE BOYS CLUB co-branded products, which, in combination with a number of trendy sports and events such as skateboarding, surfing and cross-country running, entered the young and fashionable crowd through marketing means such as trendy media content cooperation and fashion street pop-up stores. Among them, the “Keep it cool” environmental protection initiative and the “24H Street Never Closes” (24H街頭不打烊) series of theme stories jointly launched with the skateboard brand ICECREAM further shaped the sports and trend attributes and image of the “China LI-NING” IP while advocating the responsibility of protecting the earth in a street style.

“LI-NING 1990” continued to focus on high-end sports, clarified the brand positioning, took the golf series as the core, and made the layout from on-course to off-course, and connected the wearing scenarios between professional golf and sports classics. In the first half of the year, golf shoes were launched for the first time. The fashion design language of “LI-NING 1990” supported by LI-NING’s professional technology platform gained the support of a large number of golf enthusiasts, and the sold-out rate reached 50% in 2 months. In the first half of the year, the “Xuan Ji” (瓊璣) retro running shoes, “Du Xing” (篤行) urban commuter running shoes and the continuation of the “Shufty” (掠影) fashion running shoes were also launched successively, which were widely loved by consumers. As a result, the proportion of footwear sales continued to increase, further improving the product matrix. In terms of apparel, the “Gold Medal” (金牌) series continued to dominate the segment, and the three-color medal ribbons continued to be combined with retro sports design. Through core categories such as sports outfits and knitted shirts, the retro sports design of the LI-NING brand was fully utilized to continue to precipitate the classic sportsmanship.

Supply chain integration and efficiency improvement, retail channel innovation and optimization

In the first half of 2024, the Group was efficiently empowered in supply chain management, logistics platform, channel expansion and store upgrading, jointly building a solid foundation for the overall sales of the Group.

The Group made intensive efforts in supply chain management and constructed an all-round and high-efficiency supply chain ecosystem. It not only deeply explored and expanded high-quality supplier resources for high-end sports and outdoor products to form a strong supplier matrix, but also flexibly responded to market changes with a flexible supply strategy as the core. Since the expansion of production capacity this year, the supply chain has connected the upstream and downstream chains, not only meeting the demand of order growth, but also effectively improving overall efficiency and providing a solid guarantee for product quality. The Group strictly selected suppliers, which, combined with the information digitalization construction, enabled the Company to realize the refined management of production processes and product quality. Meanwhile, through strategies such as material integration, large-scale procurement and staggered production, cost expenditures were effectively controlled, and production efficiency and economic benefits were enhanced, which promoted the Company’s steady progress in product strength, cost control and operational efficiency.

Management Discussion and Analysis (Continued)

The Group adhered to the concepts of innovation and sustainable development, jointly fulfilled environmental and social responsibilities with suppliers, and promoted the development of environmentally friendly products. During the period, the implementation of the ESG strategy was effectively promoted by adopting environmentally-friendly materials and processes. The rapid integration of 3D digital technology can not only reduce material waste, but also shorten the product development cycle. It also accelerated the conversion from concept to physical object through digitalization, which won a head start in the market for the brand.

The efficiency of the logistics management platform continued to improve. With the efficient operation of the East China Smart Logistics Centres, the Central China, North China and South China Logistics Centres will be put into operation in the near future, further accelerating the speed of goods circulation. The Company adopted refined logistics plan management, customized strategies based on the characteristics of the business divisions, and optimized the process of goods warehousing and delivery. Meanwhile, the logistics informationization platform empowered distributors to share information in real time, improved the efficiency of store distribution, and further improved the quality of logistics services.

In terms of channel expansion and image upgrading, the Company actively optimized its channel layout, consolidated and expanded its competitive advantage in the high-end market by closing low-efficiency stores and strengthening the renovation and expansion of premium stores. Meanwhile, the active development of emerging markets, the new upgrading of the 9th generation stores, and the successful establishment of premium outlets further enhanced the brand image and market influence. In order to create an immersive experience of key events, 4,238 stores introduced key visual display designs featuring “In My Name” (以我為名) themes and core sports resources in the first half of the year, further enhancing consumers’ visual experience and brand awareness. In addition, the Company also actively explored new channel formats, such as campus stores and new pop-up stores, to reach consumers in a more flexible and diverse way.

As of 30 June 2024, the number of conventional stores, flagship stores, China LI-NING stores, LI-NING 1990 stores, factory outlets and brand stores under LI-NING brand (including LI-NING Core Brand and LI-NING YOUNG) amounted to 7,677, representing a net increase of 9 POS as compared to 31 December 2023. The number of distributors was 44 (including sales channels of China LI-NING stores), representing a net decrease of 2 as compared to 31 December 2023, demonstrating the Company’s precision and efficiency in channel layout. The number of POS breakdown as of 30 June 2024 is as follows:

LI-NING Brand	30 June 2024	31 December 2023	Change
Franchised	4,744	4,742	0.0%
Directly-operated retail	1,495	1,498	(0.2%)
LI-NING YOUNG	1,438	1,428	0.7%
Total	7,677	7,668	0.1%

Management Discussion and Analysis (Continued)

Number of LI-NING Brand POS by geographical location

Regions	30 June 2024			31 December 2023			Change
	LI-NING Core Brand	LI-NING YOUNG	Total	LI-NING Core Brand	LI-NING YOUNG	Total	
Northern Region (Note 1)	3,158	852	4,010	3,163	845	4,008	0.0%
Southern Region (Note 2)	3,081	586	3,667	3,077	583	3,660	0.2%
Total	6,239	1,438	7,677	6,240	1,428	7,668	0.1%

Notes:

1. The Northern region includes provinces, municipalities and autonomous regions covering Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia, Shandong, Henan, Heilongjiang, Jilin, Liaoning, Shaanxi, Ningxia, Qinghai, Gansu and Xinjiang.
2. The Southern region includes provinces, municipalities, autonomous regions and special administrative regions covering Shanghai, Jiangsu, Zhejiang, Anhui, Jiangxi, Hubei, Hunan, Chongqing, Sichuan, Yunnan, Guizhou, Tibet, Guangdong, Guangxi, Fujian, Hainan, Macau and Hong Kong.

In terms of retail operation, in the first half of the year, the Company deepened the innovation and practice of the single-store operating model to effectively promote the comprehensive implementation of retail operation standards. The store management efficiency has been significantly improved through the comprehensive promotion of its retail end sales planning system and the implementation of the system in core stores. While strengthening the efficiency of channel retail, the Company also leveraged digitalization to achieve a breakthrough. Through the online management platform, the efficiency and consistency of standard implementation were greatly improved. Centered on the big store management system, the Company promoted all-round upgrades in retail operation. In addition, the Company implemented project-based management and carried out special promotion on key operating issues such as new store business management and control and terminal allocation process, so as to complete the construction of a business mechanism from headquarters control to terminal self-execution.

In terms of new retail business, the Company strengthened community operations and content creation through digital transformation to achieve efficient conversion of private traffic, effectively improving sales and conversion efficiency. The improvement of the live streaming business and talent training system of core stores further enriched the diversity of content production of stores. In addition, the Company actively explored diversified business models, including attracting traffic through social platforms such as Douyin (抖音) and online business cooperation with core channels, constantly injecting new momentum into store sales, increasing the proportion of out-of-store sales in stores, and further enhancing the operating efficiency of stores.

In terms of e-commerce operation, despite the overall fierce competition in the online market of the industry, the Group achieved steady growth in its e-commerce business in the first half of the year through refined operations and management. The e-commerce of Li Ning Company continued to focus on breakthroughs in professional functional products, especially achieving rapid growth in the field of running shoes, while professional basketball shoe products also consolidated its market leading position. The Group's core IP products, such as the "Rouge Rabbit" (赤兔) and "Feidian" (飛電) series, continued to set new sales records. In addition, in terms of online exclusive IP, the Group has successfully created a number of IP that have gained volume and reputation in the industry, such as "Sharp Blade" (利刃), "Gamma" (伽馬), "Wushi" (吾適) series and other products. With the continuous expansion of its outdoor product line, the Group expects to launch a number of important footwear and apparel IP into the market, combined with well-planned marketing activities, to achieve market breakthroughs in the outdoor product sector. During the period, the Group achieved synergistic growth of e-commerce business and retail operation through effective integration and innovative practices across online and offline channels, driving a significant increase in sales performance and further strengthening of market share.

LI-NING YOUNG

In the first half of 2024, adhering to the Group's professional sports heritage, LI-NING YOUNG defined its product strategy, improved its product structure, and strengthened LI-NING YOUNG's brand influence through multi-channel marketing. In terms of products, LI-NING YOUNG comprehensively streamlined the youth product matrix, clarified the core competitiveness of clothing and accessories, and improved the footwear product matrix. Meanwhile, the Group continued to develop products in various product segments such as outdoor, integrated fitness, swimwear and new accessories categories, to actively explore new categories and growth points. In addition, the Group continued to innovate in product technology, materials and other aspects, launched new products in line with market demand, and continuously enhanced product competitiveness.

For marketing, LI-NING YOUNG consolidated its marketing resources and actively explored omni-channel marketing and community operation. On the Children's Day, the theme activity of "Li Ning Sports Technology Parent-Child Day" (李寧運動科技親子日) was held to combine the technology, innovation and popularization of product with game tasks, which increased the interaction with consumers while promoting products. In addition, LI-NING YOUNG also actively cooperated with basketball star Wade and had offline parent-child parties with Wade and his son, further increasing the brand influence. LI-NING YOUNG also actively carried out various member community activities, completing a total of 561 in the first half of the year, and launched new celebrity athlete in-store opening activities to continuously improve consumer experience and drive store traffic. Online, LI-NING YOUNG actively promoted the brand on social media and formed an omni-channel marketing matrix covering all major social platforms.

The Group will continue to intensely develop its LI-NING YOUNG business, take a product focused approach to upgrade core product technology and design, advance the exploration of market demands and product categorization and strengthen brand promotion, so as to develop LI-NING YOUNG into a leading professional sportswear brand for kids in China.

HUMAN RESOURCES

Based on the strategic goal and business development needs of the Company, the human resources department continuously optimized the organizational structure and synergy model, putting persistent efforts in building a streamlined, agile, efficient and synergistic “muscular” organization.

Regarding organizational development, in an effort to enhance the competitiveness of the organization, the Group continued to optimize its organizational and operational functions via standard-setting by the headquarters, independent closed-loop management by business units as well as exploration of business models for wholesale and retail integration. It also constantly improved the Company’s product capabilities, strengthened the horizontal integration of product planning functions in the footwear and apparel systems. Meanwhile, the Group enhanced the outdoor products and capacity building, coordinated and integrated the outdoor product strategy, planning and other functions, to help achieve the Company’s medium and long-term strategic goals.

In terms of talent cultivation and development, the Group increased investment on a continuous basis to optimize its talent structure. It strengthened the capacity building of the managerial development team via establishing a multi-dimensional talent training system, and paid attention to the cultivation of young talents, especially the growth of the management trainees, to promote their accumulation and learning of professional skills continuously. At the same time, it perfected the talent development mechanism, optimized the mechanism and process for talent evaluation, review and assessment for appointment based on the talent standards, to support the steady growth of talents.

In terms of performance incentive management, the Group made substantive efforts to propel the organic connection between the Company’s strategic key tasks and the performance goals of organizations at all levels, and emphasized the performance management of two-way communication between the employees and the organization, steadily pushing forward the cultural development of the performance system. Meanwhile, the Group continued to improve the compensation and benefit system by strengthening welfare guarantees on one hand and designing differentiated short-, medium- and long-term incentive projects on the other hand, to maximize incentive for employees from different positions.

Regarding culture and staff relationship, the Group has newly set up a reward and punishment committee and launched quarterly honor incentive and instant recognition medal program to reward and motivate employees for their outstanding behaviors in order to set up a role model, and has devoted continuous efforts in building a cultural atmosphere to motivate full engagement and joint practice by all employees, and persistently promoted the core values of its corporate culture from knowing to implementation. In addition, the Company actively cooperated with the labor union to organize activities such as tree planting, movie-viewing, club competitions and festival campaigns in a bid to enrich employees’ life. It also continuously improved employee satisfaction and dedication via actively listening to the voices of employees through the addition of a cultural mailbox and the operation of online communities, in order to enhance their sense of belonging.

As at 30 June 2024, the Group had 5,003 employees (31 December 2023: 4,845 employees), among which 4,806 employees were at the Group’s headquarters, Guangxi Supply Base and retail subsidiaries (31 December 2023: 4,662 employees), and 197 employees were at other subsidiaries (31 December 2023: 183 employees).

OUTLOOK

With the ongoing deepening of supply-side reforms and the continuous nurturing of new quality productive forces, the Group actively embraces the national advocacy for high-quality development, continuously enhancing our innovation capabilities and keenly recognizing the importance of this opportunity for industry upgrade. In the context of a rising tide of national fitness awareness, sports consumption is progressively becoming an indispensable lifestyle choice. Adhering to the concept of driving product innovation with technology, the Group is committed to providing consumers with professional and high-quality product experience and sports experience. The Company will continue to practice its core strategy of “Single Brand, Multi-categories, Diversified Channels”, persistently strengthen its product capabilities and integrate its operational resources to propel the Group towards stable and enduring growth by leveraging the organizational capability as an efficient corporation.

With an eye on the future, the nation’s implementation of a series of deepening the market reform policies will provide the Group with a dynamic market environment that unlocks even broader growth prospects. The Group will adhere to its established development strategy, and further consolidate the Company’s leading position in the sports consumption market through the following strategic initiatives.

- **Develop the basic business with stability.** The Company will continue to amplify the market influence of the LI-NING brand, focusing on the development of its five core categories including running, basketball, fitness, badminton and sports casual. Through investment in research, development and innovation, the Company will achieve continuous upgrading of its product matrix to meet the growing consumer demand for high-quality and personalized sports equipment, thereby reinforcing and expanding the Company’s market leading position in core areas.
- **Optimize and upgrade the product structure.** The Company will further upgrade its diversified product matrix under the single-brand strategy, aligning with the evolving market trends and consumer preferences. By fully leveraging the complementary functions of “China LI-NING” and “LI-NING 1990” in the sports casual sector, and expanding multiple dressing occasions, the Company will enhance the competitiveness of its brands in diverse scenarios.
- **Look to the future and seize opportunities to make a breakthrough.** The Company will actively explore breakthroughs and take the lead in entering new tracks in sports consumption. By tapping the huge potential of the women’s, outdoor and youth markets, formulating targeted marketing strategies and launching products that meet the needs of the target groups, the Company aims to make breakthroughs in these new areas.
- **Optimize market expansion strategy.** To achieve comprehensive market coverage, the Company will optimize the allocation of resources to existing high-level markets to improve market efficiency. Concurrently, by actively exploring emerging markets and formulating strategies for overseas markets, the Company strives to achieve significant breakthroughs in overseas markets while keeping a steady and sustainable momentum.

STANDING OUT





Condensed Consolidated Interim Financial Information

Interim Condensed Consolidated Balance Sheet

	Note	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	4,473,019	4,123,948
Right-of-use assets	8	1,850,452	2,184,054
Investment properties	9	3,296,840	1,560,455
Land use rights	10	152,759	154,654
Intangible assets	11	255,955	220,867
Deferred income tax assets		917,054	800,960
Other assets	14	4,954	203,074
Investments accounted for using the equity method	12	1,716,037	1,606,601
Investments measured at fair value through profit or loss	5.3	430,874	428,189
Other receivables	16	198,292	234,876
Long-term bank deposits		4,841,169	9,037,142
Total non-current assets		18,137,405	20,554,820
Current assets			
Inventories	13	2,312,826	2,493,206
Other assets – current portion	14	902,894	838,175
Trade receivables	15	1,210,616	1,205,532
Other receivables – current portion	16	232,135	177,694
Restricted bank deposits		23,909	806
Short-term bank deposits		6,569,642	3,493,687
Cash and cash equivalents		6,146,726	5,443,883
Total current assets		17,398,748	13,652,983
Total assets		35,536,153	34,207,803

Condensed Consolidated Interim Financial Information (Continued)

Interim Condensed Consolidated Balance Sheet (Continued)

	Note	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Ordinary shares	17	235,823	239,546
Share premium	17	9,012,759	10,172,638
Treasury shares	17	(312,739)	(1,037,927)
Other reserves	18	2,007,049	2,021,513
Retained earnings	18	14,962,903	13,010,871
Total equity		25,905,795	24,406,641
LIABILITIES			
Non-current liabilities			
License fees payable	21	30,397	8,581
Lease liabilities	8	1,547,294	1,825,288
Deferred income tax liabilities		609,217	627,231
Deferred income	22	60,159	71,586
Total non-current liabilities		2,247,067	2,532,686
Current liabilities			
Trade payables	19	1,706,036	1,789,796
Contract liabilities		217,468	552,537
Lease liabilities – current portion	8	622,944	716,665
Other payables and accruals	20	3,991,093	3,255,710
License fees payable – current portion	21	74,498	38,484
Current income tax liabilities		771,252	915,284
Total current liabilities		7,383,291	7,268,476
Total liabilities		9,630,358	9,801,162
Total equity and liabilities		35,536,153	34,207,803

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

Condensed Consolidated Interim Financial Information (Continued)

Interim Condensed Consolidated Income Statement

	Note	Unaudited	
		Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
Revenue	6	14,345,288	14,018,947
Cost of sales	23	(7,109,686)	(7,180,183)
Gross profit		7,235,602	6,838,764
Selling and distribution expenses	23	(4,326,883)	(3,948,420)
Administrative expenses	23	(680,297)	(590,757)
(Provision for)/reversal of expected credit loss allowance for financial assets – net		(10,268)	10,806
Other income and other gains – net	24	183,741	164,831
Operating profit		2,401,895	2,475,224
Finance income	25	221,238	305,070
Finance expenses	25	(120,863)	(81,366)
Finance income – net	25	100,375	223,704
Share of profit of investments accounted for using the equity method	12	110,860	101,873
Profit before income tax		2,613,130	2,800,801
Income tax expense	26	(661,098)	(679,518)
Profit for the period		1,952,032	2,121,283
Profit is attributable to:			
Equity holders of the Company		1,952,032	2,121,231
Non-controlling interests		–	52
		1,952,032	2,121,283
Earnings per share for profit attributable to equity holders of the Company for the period (expressed in RMB cents per share)			
Basic earnings per share	27	75.80	80.63
Diluted earnings per share	27	75.49	80.34

The above interim condensed consolidated income statement should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Comprehensive Income

	Note	Unaudited	
		Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
Profit for the period		1,952,032	2,121,283
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences	18	12,493	3,281
Total comprehensive income for the period		1,964,525	2,124,564
Attributable to:			
Equity holders of the Company		1,964,525	2,124,512
Non-controlling interests		–	52
Total comprehensive income for the period		1,964,525	2,124,564

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Condensed Consolidated Interim Financial Information (Continued)

Interim Condensed Consolidated Statement of Changes in Equity

	Unaudited					
	Attributable to equity holders of the Company					
	Ordinary shares RMB'000 (Note 17)	Share premium RMB'000 (Note 17)	Treasury shares RMB'000 (Note 17)	Other reserves RMB'000 (Note 18)	Retained earnings RMB'000 (Note 18)	Total equity RMB'000
As at 1 January 2024	239,546	10,172,638	(1,037,927)	2,021,513	13,010,871	24,406,641
Total comprehensive income for the period	–	–	–	12,493	1,952,032	1,964,525
<i>Transactions with owners:</i>						
Value of services provided under share option scheme and Restricted Share Award Scheme	–	–	–	7,011	–	7,011
Vesting of shares under Restricted Share Award Scheme	–	15,656	19,483	(35,139)	–	–
Cancellation of repurchased shares (Note 17)	(3,723)	(701,982)	705,705	–	–	–
Shares converted from convertible securities	–	7	–	(7)	–	–
Dividends paid (Note 28)	–	(473,560)	–	–	–	(473,560)
Tax impact of employee share- based compensation scheme	–	–	–	1,178	–	1,178
As at 30 June 2024	235,823	9,012,759	(312,739)	2,007,049	14,962,903	25,905,795

Condensed Consolidated Interim Financial Information (Continued)

Interim Condensed Consolidated Statement of Changes in Equity (Continued)

	Unaudited							
	Attributable to equity holders of the Company						Non-controlling interests in equity	Total equity
	Ordinary shares	Share premium	Treasury shares	Other reserves	Retained earnings	Subtotal		
RMB'000 (Note 17)	RMB'000 (Note 17)	RMB'000 (Note 17)	RMB'000 (Note 18)	RMB'000 (Note 18)	RMB'000	RMB'000	RMB'000	
As at 1 January 2023	240,320	11,580,718	(180,839)	1,792,412	10,896,819	24,329,430	2,498	24,331,928
Total comprehensive income for the period	-	-	-	3,281	2,121,231	2,124,512	52	2,124,564
<i>Transactions with owners:</i>								
Net proceeds from share issuance pursuant to share option scheme	189	6,031	-	-	-	6,220	-	6,220
Value of services provided under share option scheme and Restricted Share Award Scheme	-	-	-	91,820	-	91,820	-	91,820
Exercise of share options and vesting of shares under Restricted Share Award Scheme	-	56,061	38,423	(94,484)	-	-	-	-
Purchase of own shares	-	-	(4,125)	-	-	(4,125)	-	(4,125)
Shares converted from convertible securities	1	33	-	(34)	-	-	-	-
Dividends paid (Note 28)	-	(1,220,193)	-	-	-	(1,220,193)	-	(1,220,193)
Tax impact of employee share-based compensation scheme	-	-	-	37,633	-	37,633	-	37,633
Derecognition of non-controlling interests upon deregistration of a subsidiary	-	-	-	-	-	-	(2,550)	(2,550)
As at 30 June 2023	240,510	10,422,650	(146,541)	1,830,628	13,018,050	25,365,297	-	25,365,297

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Interim Financial Information (Continued)

Interim Condensed Consolidated Statement of Cash Flows

	Note	Unaudited Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
Cash flows from operating activities:			
Cash generated from operations		3,668,367	3,047,187
Income tax paid		(938,062)	(1,104,756)
Net cash generated from operating activities		2,730,305	1,942,431
Cash flows from investing activities:			
– purchases of property, plant and equipment		(608,727)	(636,136)
– purchases of investment properties		–	(2,468)
– acquisition of a subsidiary (<i>Note 1</i>)		(1,812,988)	–
– purchases of intangible assets		(26,838)	(32,450)
– proceeds from disposal of property, plant and equipment		6,718	2,253
– purchases of wealth management products		(1,767,000)	(3,567,000)
– redemption of the principal amounts of wealth management products		1,767,000	3,567,000
– placement of long-term bank deposits		(820,000)	(1,000,000)
– redemption of short-term bank deposits		1,920,000	50,000
– investment income from wealth management products	24	14,971	38,063
– interest received from bank deposits		241,255	43,323
– distribution received in relation to financial assets at fair value through profit or loss		–	179,504
– dividends from an associate		1,425	1,791
– proceeds from deregistration of a joint venture		–	229
Net cash used in investing activities		(1,084,184)	(1,355,891)
Cash flows from financing activities:			
– dividends paid	17,28	(473,560)	(1,220,193)
– proceeds from share issuance pursuant to share option scheme	17	–	6,220
– payments for purchase of own shares		–	(4,125)
– payment of principals and related interests of lease liabilities		(442,530)	(413,194)
– proceeds from bank borrowings		1,378,216	750,000
– repayment of bank borrowings		(1,378,216)	(750,000)
– interest paid		(12,525)	(3,993)
– cash paid to non-controlling interests upon deregistration of a subsidiary		–	(2,550)
Net cash used in financing activities		(928,615)	(1,637,835)
Net increase/(decrease) in cash and cash equivalents		717,506	(1,051,295)
Cash and cash equivalents at beginning of period		5,443,883	7,382,218
Exchange (losses)/gains on cash and cash equivalents		(14,663)	79,766
Cash and cash equivalents at end of period		6,146,726	6,410,689

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to Condensed Consolidated Interim Financial Information

1. General information

Li Ning Company Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in brand development, design, manufacture, sale and distribution of sport-related footwear, apparel, equipment and accessories in the People’s Republic of China (the “PRC”).

The Company was incorporated on 26 February 2004 in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board of Directors (the “Board”) on 15 August 2024.

This condensed consolidated interim financial information has not been audited.

Key events during the current reporting period

On 10 December 2023, the Group entered into a sale and purchase agreement (the “SPA”) with an independent third party, pursuant to which the Group has conditionally agreed to (1) acquire the entire share capital of Vansittart Investment Limited (the “Target Company”, a company incorporated in Hong Kong with limited liability) (the “Sale Shares”) and (2) take up the assignment of the loan amount owing by the Target Company to one of its related parties as at the date of completion of the above acquisition (the “Sale Loan”) (collectively, the “Acquisition”). The Target Company is principally engaged in property investment and is the sole legal and beneficial owner of a property located in Hong Kong (the “Property”), which is the principal asset of the Target Company.

Pursuant to the SPA, the completion of the Acquisition took place on 28 January 2024 at the total consideration of HK\$2,221 million (equivalent to approximately RMB2,013 million). Save for the deposit of HK\$221 million (equivalent to approximately RMB200 million) paid in December 2023, the Group had paid the remaining amount of the consideration in January 2024, which amounted to HK\$2,000 million (equivalent to approximately RMB1,813 million).

Upon completion of the Acquisition, the Target Company has become an indirect wholly-owned subsidiary of the Company and the financial results of which are consolidated into the financial statements of the Group. The management of the Company (“Management”) considers that the Group in substance acquired the Property through the Acquisition. As a result, the Group has applied the concentration test and accounted for the Acquisition as an asset acquisition in accordance with IFRS 3, which mainly represented the acquisition of the Property including investment properties of RMB1,699 million and property, plant and equipment of RMB322 million respectively. Further details of the Acquisition are given in Note 9(a).

Notes to Condensed Consolidated Interim Financial Information (Continued)

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with IFRS Accounting Standards.

3. Accounting policies

The accounting policies applied to the preparation of this condensed consolidated interim financial information are consistent with those applied in the annual financial statements for the year ended 31 December 2023, except for the adoption of amended standards as set out below:

Amended standards adopted by the Group

The Group has applied the following amended standards for the first time from 1 January 2024:

Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Impact of standards issued but not yet applied by the Group

Certain new and amended accounting standards have been published but are not mandatory for reporting period commencing 1 January 2024 and have not been early adopted by the Group. These new and amended accounting standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

	<i>Amendments and interpretations</i>	<i>Effective date</i>
Amendments to IAS 21	<i>Lack of Exchangeability</i>	<i>Annual periods beginning on or after 1 January 2025</i>
Amendments to IFRS 9 and IFRS 7	<i>Classification and Measurement of Financial Instruments</i>	<i>Annual periods beginning on or after 1 January 2026</i>
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i>	<i>Annual periods beginning on or after 1 January 2027</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i>	<i>Annual periods beginning on or after 1 January 2027</i>

Notes to Condensed Consolidated Interim Financial Information (Continued)

4. Estimates

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

5. Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow/fair value interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023.

There have been no significant changes in the risk management department since year end or in any risk management policies.

5.2 Liquidity risk

The table below analyses the Group's financial liabilities (which does not include statutory liabilities) that will be settled into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
As at 30 June 2024				
License fees payable	75,145	22,750	8,250	–
Trade payables	1,706,036	–	–	–
Other payables (excluding refunds liabilities, wages and welfare payables, and other tax payables)	2,450,790	–	–	–
Lease liabilities	726,316	480,963	639,734	915,281
	4,958,287	503,713	647,984	915,281

Notes to Condensed Consolidated Interim Financial Information (Continued)

5. Financial risk management (Continued)

5.2 Liquidity risk (Continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2023				
License fees payable	38,997	10,000	–	–
Trade payables	1,789,796	–	–	–
Other payables (excluding refunds liabilities, wages and welfare payables, and other tax payables)	1,901,774	–	–	–
Lease liabilities	834,713	606,535	812,524	950,653
	4,565,280	616,535	812,524	950,653

5.3 Fair value estimation

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets measured and recognised at fair value at 30 June 2024 and 31 December 2023 on a recurring basis:

At 30 June 2024	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Private equity fund investments, measured at fair value through profit or loss	–	–	430,874	430,874
At 31 December 2023	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Private equity fund investments, measured at fair value through profit or loss	–	–	428,189	428,189

Notes to Condensed Consolidated Interim Financial Information (Continued)

5. Financial risk management (Continued)

5.3 Fair value estimation (Continued)

(a) Fair value hierarchy (Continued)

There were no transfers between each levels for recurring fair value measurements during the period.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted marked price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on Group specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for private equity fund investments and investments in wealth management products with expected rates of return ranging from 1.80% to 2.90% for the six months ended 30 June 2024.

Notes to Condensed Consolidated Interim Financial Information (Continued)

5. Financial risk management (Continued)

5.3 Fair value estimation (Continued)

(b) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the six months ended 30 June 2024:

	Wealth management products RMB'000	Investments measured at fair value through profit or loss RMB'000	Total RMB'000
As at 1 January 2024	–	428,189	428,189
Additions	1,767,000	–	1,767,000
Settlements	(1,781,971)	–	(1,781,971)
Changes in fair value	14,971	2,685	17,656
As at 30 June 2024	–	430,874	430,874
Changes in unrealised gains or losses for the period included in profit or loss for assets or liabilities as at the end of the six months ended 30 June 2024	–	2,685	2,685

The Group has a team that manages the valuation of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once every year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

Notes to Condensed Consolidated Interim Financial Information (Continued)

5. Financial risk management (Continued)

5.3 Fair value estimation (Continued)

(c) Valuation techniques used to determine fair values

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value as at 30 June 2024 RMB'000	Fair value as at 31 December 2023 RMB'000	Valuation Technique	Significant unobservable inputs*	Value of inputs as at 30 June 2024	Value of inputs as at 31 December 2023	Relationship of unobservable inputs to fair value
Financial assets							
Private equity fund investments (Note a)	430,874	428,189	Net asset value	N/A	N/A	N/A	N/A

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Note a:

The Group determines the fair value of its private equity fund investments as at the reporting date based on the net asset values of the private equity funds with underlying assets and liabilities measured at fair value as reported by the general partners of the funds.

6. Segment information and revenue

Management is the Group's chief operating decision-maker. Management reviews the Group's internal reports periodically in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group is principally engaged in a single line of business of sporting goods. Management reviews the performance of the Group as a whole, thus there is only one reportable segment and no segment information is presented.

The Group's principal market is the PRC (including the Hong Kong Special Administrative Region and the Macau Special Administrative Region) and its sales to overseas customers contributed to less than 10% of revenue. Also, none of the Group's non-current assets is located outside the PRC. Accordingly, no geographical information is presented.

Notes to Condensed Consolidated Interim Financial Information (Continued)

6. Segment information and revenue (Continued)

The Group derives revenue in the following major product categories and sales channels:

Revenue breakdown by product category:

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Footwear	7,844,159	7,514,672
Apparel	5,375,222	5,639,911
Equipment and accessories	1,125,907	864,364
Total	14,345,288	14,018,947

Revenue breakdown by sales channel:

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
The PRC market		
Sales to franchised distributors	6,590,009	6,724,040
Sales from direct operation	3,502,705	3,409,502
Sales from e-commerce channel	4,004,262	3,595,353
Other regions	248,312	290,052
Total	14,345,288	14,018,947

Revenue by geographical location above is determined on the basis of the destination of shipment/delivery.

The Group has a large number of customers. For the six months ended 30 June 2024 and 2023, no revenue derived from transactions with a single external customer represented 10% or more of the Group's total revenue.

Condensed Consolidated Interim Financial Information (Continued)

Notes to Condensed Consolidated Interim Financial Information (Continued)

7. Property, plant and equipment

	Unaudited						
	Buildings RMB'000	Leasehold improvement RMB'000	Mould RMB'000	Machinery RMB'000	Office equipment and motor vehicles RMB'000	Construction- in-progress RMB'000	Total RMB'000
Six months ended 30 June 2024							
As at 1 January 2024	1,626,303	717,482	120,015	182,877	98,139	1,379,132	4,123,948
Additions	-	162,619	20,643	36,989	7,616	381,783	609,650
Acquisition of a subsidiary (Note 9(a))	322,244	-	-	-	-	-	322,244
Transfers	811,630	6,423	-	191	12,524	(830,768)	-
Transfers to investment properties upon completion (a)	-	-	-	-	-	(143,512)	(143,512)
Transfers from investment properties upon change of use (Note 9)	-	-	-	-	-	70,518	70,518
Disposals	-	(12,711)	-	(7,711)	(1,949)	-	(22,371)
Depreciation charge (b)	(41,240)	(341,781)	(51,733)	(14,933)	(20,563)	-	(470,250)
Impairment (c)	-	(18,389)	-	-	-	-	(18,389)
Currency translation differences	1,181	-	-	-	-	-	1,181
As at 30 June 2024	2,720,118	513,643	88,925	197,413	95,767	857,153	4,473,019
Six months ended 30 June 2023							
As at 1 January 2023	553,862	911,779	106,420	87,365	79,224	1,495,913	3,234,563
Additions	-	277,639	22,933	31,891	21,863	570,629	924,955
Transfers	974,003	8,728	-	91	6,880	(989,702)	-
Transfers to investment properties upon change of use (d)	(216,674)	-	-	-	-	-	(216,674)
Disposals	-	(15,013)	-	(91)	(810)	-	(15,914)
Depreciation charge (b)	(16,538)	(344,209)	(45,782)	(6,952)	(14,298)	-	(427,779)
As at 30 June 2023	1,294,653	838,924	83,571	112,304	92,859	1,076,840	3,499,151

Notes:

- (a) During the period ended 30 June 2024, the Group entered into lease agreements with a related party (the "Lessee"), pursuant to which the Group determined to lease certain properties (of which the construction was completed during the current period) to the Lessee for a lease term of 20 years. As a result, the related properties were transferred from property, plant and equipment to investment properties at the aggregated carrying amount of RMB143,512,000 (Note 9).
- (b) Depreciation expenses of RMB51,516,000 (30 June 2023: RMB50,351,000) has been charged to cost of sales, RMB362,516,000 (30 June 2023: RMB353,714,000) to selling and distribution expenses and RMB56,218,000 (30 June 2023: RMB23,714,000) to administrative expenses.

Notes to Condensed Consolidated Interim Financial Information (Continued)

7. Property, plant and equipment (Continued)

Notes: (Continued)

- (c) As at 30 June 2024, in view of the unsatisfied performance for the current period and unfavorable future prospects of certain stores, Management concluded there were impairment indications for these stores and conducted impairment assessment on the respective property, plant and equipment and right-of-use assets. The Group estimated the recoverable amounts of these stores (each of which is an individual cash generating unit (“CGU”)) based on a value in use calculation. The calculation used cash flow projections based on financial budgets approved by Management covering the remaining lease terms with a pre-tax discount rate of 17% which reflects the specific risks relating to these stores. The other key assumption for the value in use calculation was revenue annual growth rate of 3.2% which was determined based on historical performance and Management’s operation plan. Long-term growth rate beyond 5 years was not applicable to the value in use calculation as none of the stores subject to impairment assessment has a remaining lease term that is longer than 5 years as at 30 June 2024.

Based on the results of the assessments, Management determined that the recoverable amounts of certain stores were lower than the carrying amounts as at 30 June 2024. Accordingly, impairment losses of RMB18,389,000 and RMB50,820,000 (Note 8) were recognised against the carrying amount of property, plant and equipment and right-of-use assets as at 30 June 2024 respectively.

- (d) During the six months ended 30 June 2023, the Group negotiated with a third party and a related party (collectively, the “Lessees”) respectively, pursuant to which the Group agreed to lease certain properties to the Lessees for a lease term ranging from 18 months to 5 years. As a result of the negotiation about these lease agreements, the related properties were transferred from property, plant and equipment to investment properties at the aggregated carrying amount of RMB216,674,000 (Note 9).

8. Leases

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the interim condensed consolidated balance sheet

The interim condensed consolidated balance sheet shows the following amounts relating to leases:

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Right-of-use assets		
Properties	1,850,452	2,184,054

Condensed Consolidated Interim Financial Information (Continued)

Notes to Condensed Consolidated Interim Financial Information (Continued)

8. Leases (Continued)

(i) Amounts recognised in the interim condensed consolidated balance sheet (Continued)

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Lease liabilities		
Current	622,944	716,665
Non-current	1,547,294	1,825,288
	2,170,238	2,541,953

Additions to the right-of-use assets during the six months ended 30 June 2024 was RMB188,378,000 (30 June 2023: RMB832,374,000).

(ii) Amounts recognised in the interim condensed consolidated income statement

The interim condensed consolidated income statement shows the following amounts relating to leases:

	Note	Unaudited Six months ended 30 June 2024 RMB'000	2023 RMB'000
Depreciation on right-of-use assets	23	319,210	363,257
Impairment of right-of-use assets (Note 7(c))	23	50,820	–
Amortisation of discount – lease liabilities (included in finance expenses)	25	68,606	67,319
Expense relating to short-term leases (included in selling and distribution expenses and administrative expenses)	23	282,920	241,468
Expense relating to variable lease payments not included in lease liabilities (included in selling and distribution expenses)	23	363,768	342,956

The total cash outflow for leases for the six months ended 30 June 2024 was RMB1,085,403,000 (30 June 2023: RMB984,767,000).

Notes to Condensed Consolidated Interim Financial Information (Continued)

9. Investment properties

	Construction in progress RMB'000	Unaudited Land and buildings RMB'000	Total RMB'000
Six months ended 30 June 2024			
As at 1 January 2024	–	1,560,455	1,560,455
Acquisition of a subsidiary (a)	–	1,699,207	1,699,207
Transfers to property, plant and equipment upon change of use (b)	–	(70,518)	(70,518)
Transfers from construction-in-progress upon completion (Note 7)	–	143,512	143,512
Depreciation charge (c)	–	(41,039)	(41,039)
Currency translation differences	–	5,223	5,223
As at 30 June 2024	–	3,296,840	3,296,840
Six months ended 30 June 2023			
As at 1 January 2023	5,298	1,796,929	1,802,227
Additions	–	2,468	2,468
Transfers from property, plant and equipment upon change of use (Note 7)	–	216,674	216,674
Transfers	(5,298)	5,298	–
Depreciation charge (c)	–	(30,359)	(30,359)
As at 30 June 2023	–	1,991,010	1,991,010

Notes:

- (a) The amount was attributable to the Acquisition completed on 28 January 2024 (Note 1). As disclosed in Note 1, the Acquisition was accounted for as an asset acquisition and the total consideration for the Acquisition of HK\$2,221 million (equivalent to approximately RMB2,013 million) was allocated to the individual identifiable assets and liabilities of the Target Company based on their relative fair values at the date of completion, which included:
- (i) the Property, with total allocated amount of RMB2,021 million, including (a) investment properties of RMB1,699 million representing the portion of the Property held by the Group for rental and (b) property, plant and equipment of RMB322 million representing the remaining portion of the Property held by the Group as office building (Note 7);
 - (ii) other operating assets of RMB6 million; and
 - (iii) operating liabilities of RMB14 million.

Notes to Condensed Consolidated Interim Financial Information (Continued)

9. Investment properties (Continued)

Notes: (Continued)

- (b) During the period ended 30 June 2024, the Group changed the use of certain properties to owner-occupied properties, and such properties were transferred from investment properties to property, plant and equipment at the carrying amount of RMB70,518,000 (Note 7).
- (c) Depreciation expenses of RMB41,039,000 (30 June 2023: RMB30,359,000) has been recognised as a debit to other income and other gains.

10. Land use rights

	Unaudited RMB'000
Six months ended 30 June 2024	
As at 1 January 2024	154,654
Amortisation charge	(1,895)
As at 30 June 2024	152,759
Six months ended 30 June 2023	
As at 1 January 2023	158,781
Amortisation charge	(1,899)
As at 30 June 2023	156,882

All the Group's land use rights are located in the PRC and are held under leases for periods varying from 20 to 50 years.

Amortisation of RMB1,895,000 (30 June 2023: RMB1,899,000) has been charged to administrative expenses.

Condensed Consolidated Interim Financial Information (Continued)

Notes to Condensed Consolidated Interim Financial Information (Continued)

11. Intangible assets

	Goodwill RMB'000	Trademarks and patents RMB'000	Unaudited Computer software RMB'000	License rights RMB'000	Total RMB'000
Six months ended 30 June 2024					
As at 1 January 2024	95,922	7,254	117,691	–	220,867
Additions	–	350	13,988	50,000	64,338
Amortisation charge	–	(805)	(20,111)	(8,334)	(29,250)
As at 30 June 2024	95,922	6,799	111,568	41,666	255,955
Six months ended 30 June 2023					
As at 1 January 2023	107,384	8,586	88,142	13,124	217,236
Additions	–	503	30,953	–	31,456
Amortisation charge	–	(1,038)	(17,458)	(6,563)	(25,059)
As at 30 June 2023	107,384	8,051	101,637	6,561	223,633

Amortisation of RMB9,686,000 (30 June 2023: RMB6,563,000) has been charged to selling and distribution expenses and RMB19,564,000 (30 June 2023: RMB18,496,000) to administrative expenses.

12. Investments accounted for using the equity method

The amounts recognised in the interim condensed consolidated balance sheet are as follows:

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Associates	1,358,635	1,277,454
Joint ventures	357,402	329,147
	1,716,037	1,606,601

Notes to Condensed Consolidated Interim Financial Information (Continued)

12. Investments accounted for using the equity method (Continued)

Share of profit recognised in the interim condensed consolidated income statement are as follows:

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Associates	82,606	82,347
Joint ventures	28,254	19,526
	110,860	101,873

Management is of the view that none of the Group's associates or joint ventures is individually material to the Group as at 30 June 2024.

13. Inventories

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
	Raw materials	21,616
Work in progress	20,041	17,812
Finished goods	2,415,083	2,578,112
	2,456,740	2,627,933
Less: provision for write-down of inventories to net realisable value	(143,914)	(134,727)
	2,312,826	2,493,206

The cost of inventories recognised as expenses and included in cost of sales amounted to RMB6,911,525,000 for the six months ended 30 June 2024 (30 June 2023: RMB7,002,447,000), which included inventory provision of RMB9,187,000 (30 June 2023: RMB22,857,000).

Condensed Consolidated Interim Financial Information (Continued)

Notes to Condensed Consolidated Interim Financial Information (Continued)

14. Other assets

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Other assets in relation to refunds (Note 20(a))	511,721	414,246
Advances to suppliers	175,943	27,469
Input value-added tax to be certified	106,093	291,902
Prepayment for advertising expenses	55,196	46,381
Prepaid rentals	45,035	48,893
Prepayment for purchases of property, plant and equipment and investment properties (a)	4,954	203,074
Others	8,906	9,284
	907,848	1,041,249
Less: non-current portion	(4,954)	(203,074)
Current portion	902,894	838,175

Note:

(a) As at 31 December 2023, the amount included deposit of RMB200 million in relation to the Acquisition (Note 1).

15. Trade receivables

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Accounts receivable	1,259,010	1,243,747
Less: expected credit loss allowance for trade receivables	(48,394)	(38,215)
	1,210,616	1,205,532

Notes to Condensed Consolidated Interim Financial Information (Continued)

15. Trade receivables (Continued)

Customers are normally granted credit terms within 90 days. As at 30 June 2024 and 31 December 2023, ageing analysis of trade receivables based on invoice date is as follows:

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
0 – 30 days	627,894	581,522
31 – 60 days	400,027	384,449
61 – 90 days	41,085	99,505
91 – 180 days	152,387	157,530
Over 180 days	37,617	20,741
	1,259,010	1,243,747

The movement in the expected credit loss allowances for trade receivables during the period is as follows:

	Unaudited Six months ended 30 June 2024 RMB'000	2023 RMB'000
As at 1 January	38,215	152,511
Provision for/(reversal of) expected credit loss allowance for trade receivables	10,282	(7,891)
Trade receivables written off during the period as uncollectible	(121)	(2,872)
Effect of change in exchange rate	18	680
As at 30 June	48,394	142,428

Condensed Consolidated Interim Financial Information (Continued)

Notes to Condensed Consolidated Interim Financial Information (Continued)

16. Other receivables

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Rental deposits	354,472	361,429
Staff advances and other payments for employees	738	785
Others	82,800	57,879
Less: expected credit loss allowance	(7,583)	(7,523)
	430,427	412,570
Less: non-current portion	(198,292)	(234,876)
Current portion	232,135	177,694

Other receivables are measured at amortised cost. Non-current portion mainly comprises rental deposits.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of other receivables mentioned above. The Group does not hold any collateral as security.

17. Ordinary shares, share premium and treasury shares

	Number of shares (Thousands)	Approximate amount HK\$'000
Authorised at HK\$0.10 each		
As at 30 June 2024 and 31 December 2023	10,000,000	1,000,000

Notes to Condensed Consolidated Interim Financial Information (Continued)

17. Ordinary shares, share premium and treasury shares (Continued)

Issued and fully paid

	Number of share of HK\$0.10 each (Thousands)	Number of treasury shares (Thousands)	Ordinary shares RMB'000	Share premium RMB'000	Treasury shares RMB'000	Total RMB'000
As at 1 January 2024	2,625,415	(51,612)	239,546	10,172,638	(1,037,927)	9,374,257
Shares converted from convertible securities (Note 18)	3	–	–	7	–	7
Vesting of shares under Restricted Share Award Scheme	–	625	–	15,656	19,483	35,139
Cancellation of repurchased shares (Note a)	(40,938)	40,938	(3,723)	(701,982)	705,705	–
Dividends paid (Note 28)	–	–	–	(473,560)	–	(473,560)
As at 30 June 2024	2,584,480	(10,049)	235,823	9,012,759	(312,739)	8,935,843
As at 1 January 2023	2,633,920	(6,933)	240,320	11,580,718	(180,839)	11,640,199
Net proceeds from shares issued pursuant to share option scheme (Note b)	2,110	–	189	6,031	–	6,220
Shares converted from convertible securities (Note 18)	13	–	1	33	–	34
Exercise of share options and vesting of shares under Restricted Share Award Scheme	–	1,467	–	56,061	38,423	94,484
Purchase of own shares	–	(106)	–	–	(4,125)	(4,125)
Dividends paid (Note 28)	–	–	–	(1,220,193)	–	(1,220,193)
As at 30 June 2023	2,636,043	(5,572)	240,510	10,422,650	(146,541)	10,516,619

Notes:

- (a) In January 2024, the Company cancelled 40,938,000 repurchased shares. As a result, the Company recognised a debit to ordinary shares of HK\$4,094,000 (equivalent to approximately RMB3,723,000), a debit to share premium of HK\$774,658,000 (equivalent to approximately RMB701,982,000) and a credit to treasury shares of HK\$778,752,000 (equivalent to approximately RMB705,705,000) respectively.
- (b) During the six months ended 30 June 2023, the Company issued 2,110,000 shares to an employee of the Group at weighted-average issue price of HK\$3.30 per share pursuant to the Company's 2014 Share Option Scheme (see Note 29).

Notes to Condensed Consolidated Interim Financial Information (Continued)

18. Other reserves and retained earnings

	Capital reserves	Statutory reserve funds	Share-based compensation reserve	Unaudited Convertible securities (Note)	Currency translation difference	Subtotal	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	645,586	1,069,743	337,454	2,374	(33,644)	2,021,513	13,010,871	15,032,384
Profit for the period	-	-	-	-	-	-	1,952,032	1,952,032
Value of services provided under share option scheme and Restricted Share Award Scheme	-	-	7,011	-	-	7,011	-	7,011
Vesting of shares under Restricted Share Award Scheme	-	-	(35,139)	-	-	(35,139)	-	(35,139)
Shares converted from convertible securities (Note)	-	-	-	(7)	-	(7)	-	(7)
Translation difference of foreign currency financial statements	-	-	-	-	12,493	12,493	-	12,493
Tax impact of employee share-based compensation scheme	1,178	-	-	-	-	1,178	-	1,178
As at 30 June 2024	646,764	1,069,743	309,326	2,367	(21,151)	2,007,049	14,962,903	16,969,952
As at 1 January 2023	610,409	951,521	259,545	2,408	(31,471)	1,792,412	10,896,819	12,689,231
Profit for the period	-	-	-	-	-	-	2,121,231	2,121,231
Value of services provided under share option scheme and Restricted Share Award Scheme	-	-	91,820	-	-	91,820	-	91,820
Exercise of share options and vesting of shares under Restricted Share Award Scheme	-	-	(94,484)	-	-	(94,484)	-	(94,484)
Shares converted from convertible securities (Note)	-	-	-	(34)	-	(34)	-	(34)
Translation difference of foreign currency financial statements	-	-	-	-	3,281	3,281	-	3,281
Tax impact of employee share-based compensation scheme	37,633	-	-	-	-	37,633	-	37,633
As at 30 June 2023	648,042	951,521	256,881	2,374	(28,190)	1,830,628	13,018,050	14,848,678

Note:

The amounts represent the effects of convertible securities issued by the Company. In April 2013 and January 2015, the Company issued 527,953,814 convertible securities (the "2013 CS") and issued 146,881,496 convertible securities (the "2015 CS") respectively. Both 2013 CS and 2015 CS (collectively referred to as "CS") are non-interest bearing and convertible at any time after issuance with an initial conversion price of HK\$3.5 and HK\$2.6 per ordinary share of the Company (subject to standard anti-dilution adjustments), respectively. The CS cannot be redeemed unless the Company exercises the pre-emption right (but shall not be obliged) to redeem. The CS do not meet the definition of financial liabilities under International Accounting Standards 32 "Financial Instruments: Presentation", and are classified as equity upon initial recognition.

During the six months ended 30 June 2024, CS with carrying value of HK\$9,000 (equivalent to approximately RMB7,000) were converted into 3,298 ordinary shares of the Company (Note 17). As at 30 June 2024, CS with carrying value of HK\$3,025,000 (equivalent to approximately RMB2,367,000) were outstanding, which could be converted into 1,067,033 ordinary shares of the Company upon conversion.

Notes to Condensed Consolidated Interim Financial Information (Continued)

19. Trade payables

Trade payables are mainly denominated in RMB. The normal credit period for trade payables generally ranges from 30 to 60 days. Ageing analysis of trade payables based on invoice date at the respective balance sheet date is as follows:

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
0 – 30 days	1,647,323	1,507,160
31 – 60 days	57,250	274,316
61 – 90 days	573	4,661
91 – 180 days	119	930
181 – 365 days	127	1,759
Over 365 days	644	970
	1,706,036	1,789,796

20. Other payables and accruals

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Refunds liabilities (a)	1,010,883	808,980
Accrued sales and marketing expenses	1,071,772	919,414
Sales rebates	562,028	299,146
Payable for property, plant and equipment	535,878	457,563
Wages and welfare payables	422,539	417,933
Other tax payables	106,881	127,023
Others	281,112	225,651
	3,991,093	3,255,710

- (a) The Group recognises a refund liability for the amount of consideration received for which it does not expect to be entitled (30 June 2024: RMB1,010,883,000; 31 December 2023: RMB808,980,000). The Group also recognises a right to the goods expected to be returned measured by reference to the former carrying amount of the goods (30 June 2024: RMB511,721,000; 31 December 2023: RMB414,246,000; see Note 14). The costs to recover the products are not material because the customers usually return the product in a saleable condition.

Notes to Condensed Consolidated Interim Financial Information (Continued)

21. License fees payable

The Group entered into several license agreements with entities to obtain exclusive product development and marketing rights. Pursuant to the agreements, consideration shall be paid by the Group in tranches during the lives of the licenses.

Movement in license fees payable during the period is analysed as follows:

	Unaudited RMB'000	
Six months ended 30 June 2024		
As at 1 January 2024		47,065
Additions		75,128
Payment of license fees		(18,158)
Amortisation of discount (Note 25)		681
Adjustment for exchange difference		179
As at 30 June 2024		104,895
Six months ended 30 June 2023		
As at 1 January 2023		66,071
Additions		58,735
Payment of license fees		(15,635)
Amortisation of discount (Note 25)		997
Adjustment for exchange difference		1,709
As at 30 June 2023		111,877
	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Analysis of license fees payable:		
Non-current		
– the second to fifth year	30,397	8,581
Current	74,498	38,484
	104,895	47,065

Notes to Condensed Consolidated Interim Financial Information (Continued)

21. License fees payable (Continued)

The license fees payable is mainly denominated in RMB and US\$.

The maturity profile of the Group's license fees based on contractual undiscounted cash flows is as follows:

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Less than 1 year	75,145	38,997
Between 1 and 5 years	31,000	10,000
	106,145	48,997

22. Deferred income

	Unaudited Government grants RMB'000
Six months ended 30 June 2024	
As at 1 January 2024	71,586
Addition	1,000
Credited to income statement	(12,427)
As at 30 June 2024	60,159
Six months ended 30 June 2023	
As at 1 January 2023	65,591
Addition	22,850
Credited to income statement	(12,432)
As at 30 June 2023	76,009

Notes to Condensed Consolidated Interim Financial Information (Continued)

23. Expenses by nature

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Cost of inventories recognised as expenses and included in cost of sales	6,911,525	7,002,447
Depreciation on property, plant and equipment (Note a)	470,250	427,779
Amortisation of land use rights and intangible assets	31,145	26,958
Depreciation on right-of-use assets	319,210	363,257
Impairment of right-of-use assets	50,820	–
Impairment of property, plant and equipment	18,389	–
Advertising and marketing expenses	1,248,791	1,042,091
Commission and trade fair related expenses	446,240	386,394
Staff costs, including directors' emoluments (Note a)	1,217,301	1,160,851
Short-term lease rentals and variable lease payments not included in lease liabilities, and rental related expenses	646,688	584,424
Research and product development expenses (Note a)	317,257	290,764
Transportation and logistics expenses	422,698	391,806
Auditor's remuneration		
– Audit services	3,340	3,200
– Non-audit services	1,614	1,207
Management consulting expenses	78,075	47,099

Note:

- (a) Research and product development expenses include depreciation on property, plant and equipment and staff costs in Research & Development Department, which are also included in depreciation expense and staff costs as disclosed above.

Notes to Condensed Consolidated Interim Financial Information (Continued)

24. Other income and other gains – net

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Government grants (<i>Note</i>)	141,552	110,094
Rental income	47,198	22,185
Depreciation and related expenses on investment properties under operating leases	(53,286)	(36,427)
License fees income	30,621	26,009
Fair value gains on wealth management products measured at fair value through profit or loss	14,971	38,063
Fair value gains on investments measured at fair value through profit or loss	2,685	4,907
	183,741	164,831

Note:

Government grants were received from several local government authorities as a recognition of the Group's contribution towards the local economic development. Among the government grants recognised during the six months ended 30 June 2024, the entitlement of an aggregate amount of RMB129,125,000 (30 June 2023: RMB97,662,000) was unconditional and at the discretion of the relevant authorities, while the remaining amount of RMB12,427,000 (30 June 2023: RMB12,432,000) was credited to profit or loss from deferred income in accordance with the fulfillment of the respective conditions attaching to the government grants.

25. Finance income and expenses

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Finance income		
– Interest income on bank balances and deposits	221,238	240,317
– Net foreign currency exchange gain	–	64,753
	221,238	305,070
Finance expenses		
– Amortisation of discount – lease liabilities (<i>Note 8</i>)	(68,606)	(67,319)
– Net foreign currency exchange loss	(27,446)	–
– Borrowing interests	(12,525)	(3,993)
– Amortisation of discount – license fees payable (<i>Note 21</i>)	(681)	(997)
– Others	(11,605)	(9,057)
	(120,863)	(81,366)
Finance income – net	100,375	223,704

Notes to Condensed Consolidated Interim Financial Information (Continued)

26. Income tax expense

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Current income tax		
– Corporate income tax (b)	789,200	751,019
– Withholding income tax on interests from subsidiaries in Mainland China (c)	6,006	–
Deferred income tax	(134,108)	(71,501)
Income tax expense	661,098	679,518

Income tax expense is recognised based on Management's estimate of the weighted average effective annual income tax rate expected for the full financial year.

- (a) The Company was incorporated in the Cayman Islands. Under current laws of the Cayman Islands, there are no income, estate, corporation, capital gains or other taxes payable by the Company. The Company's subsidiary, RealSports Pte Ltd., was established under the International Business Companies Acts of the British Virgin Islands, and is exempted from British Virgin Islands income taxes.
- (b) For the six months ended 30 June 2024, provision for the corporate income tax of Mainland China is calculated based on the statutory tax rate of 25% (30 June 2023: 25%) on the taxable profits of each of the group companies. Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong (30 June 2023: 16.5%).
- (c) This mainly arose from the interests due by the Company's one subsidiary in Mainland China to the Company during the six months ended six months ended 30 June 2024, which are subject to withholding tax at the rate of 7%.

Notes to Condensed Consolidated Interim Financial Information (Continued)

27. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue less shares held for the restricted share award scheme adopted by the Company on 14 July 2016 (the "Restricted Share Award Scheme") and shares repurchased by the Company for cancellation during the period. Such weighted average number of shares outstanding shall be adjusted for events such as bonus issue and stock dividend.

In April 2013, the Company completed the issuance of the 2013 CS. In January 2015, the Company completed the issuance of Offer Securities which included the issuance of both ordinary shares and the 2015 CS. The below market subscription price of these two events had effectively resulted in 245,000 ordinary shares of the Company (30 June 2023: 248,000 ordinary shares of the Company) to be issued upon conversion for nil consideration (i.e. the bonus element), and such impact has been taken into account in calculating the weighted average number of shares for the purpose of basic earnings per share. The shares issued for nil consideration arising from the issuance of the CS have been adjusted retrospectively and treated as outstanding as if the issuance had occurred at the beginning of 2023.

	Unaudited Six months ended 30 June	
	2024	2023
Profit attributable to equity holders of the Company (RMB'000)	1,952,032	2,121,231
Deemed weighted average number of shares and convertible securities after adjustment for related bonus element for basic earnings per share (in thousands)	2,575,186	2,630,863
Basic earnings per share (RMB cents)	75.80	80.63

Notes to Condensed Consolidated Interim Financial Information (Continued)

27. Earnings per share (Continued)

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares in issue to assume conversion of all dilutive potential shares. The Company's dilutive potential shares comprise shares to be issued under share option scheme and Restricted Share Award Scheme. In relation to shares issued under share option scheme, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Unaudited Six months ended 30 June	
	2024	2023
Profit attributable to equity holders of the Company, used to determine diluted earnings per share (RMB'000)	1,952,032	2,121,231
Deemed weighted average number of shares and convertible securities after adjustment for related bonus element for basic earnings per share (in thousands)	2,575,186	2,630,863
Adjustment for the restricted shares (in thousands)	10,362	6,252
Adjustment for the share option scheme (in thousands)	182	3,251
Deemed weighted average number of shares for diluted earnings per share (in thousands)	2,585,730	2,640,366
Diluted earnings per share (RMB cents)	75.49	80.34

Notes to Condensed Consolidated Interim Financial Information (Continued)

28. Dividends

- (a) *Dividends payable to equity holders of the Company attributable to the current financial period*

	Unaudited	
	Six months ended 30 June 2024	2023
	RMB'000	RMB'000
Interim dividend declared after the end of the interim period of RMB37.75 cents per ordinary share of the Company (30 June 2023: RMB36.20 cents per ordinary share of the Company), payable/paid out of retained earnings of the Company	976,016	954,636

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

The percentage of the interim dividend payable/paid in respect of the period ended 30 June 2024 to profit attributable to equity holders of the Company is 50% (30 June 2023: 45%).

- (b) *Dividends payable to equity holders of the Company attributable to the previous financial year*

	Unaudited	
	Six months ended 30 June 2024	2023
	RMB'000	RMB'000
Final dividend in respect of the year ended 31 December 2023, approved and paid during the reporting period, of RMB18.54 cents per ordinary share of the Company (2022: RMB46.27 cents per ordinary share of the Company), paid out of share premium of the Company	473,560	1,220,193

Notes to Condensed Consolidated Interim Financial Information (Continued)

29. Share-based compensation

(a) 2014 Share Option Scheme

Movements in the number of share options outstanding under this scheme and their weighted average exercise prices are as follows:

	Unaudited Six months ended 30 June			
	2024		2023	
	Weighted average exercise price (per share) HK\$	Outstanding options (Thousands)	Weighted average exercise price (per share) HK\$	Outstanding options (Thousands)
As at 1 January	20.980	3,407	14.200	5,617
Exercised	–	–	3.300	(2,110)
As at 30 June	20.980	3,407	20.757	3,507
Exercisable as at 30 June	20.388	2,461	19.316	1,930

Share options outstanding under this scheme as at 30 June 2024 and 31 December 2023 have the following expiry date and exercise price:

Expiry date	Unaudited 30 June 2024		Audited 31 December 2023	
	Exercise price (per share) HK\$	Share options (Thousands)	Exercise price (per share) HK\$	Share options (Thousands)
	31 December 2024	13.360	316	13.360
16 May 2029	13.160	250	13.160	250
31 December 2027	22.520	2,841	22.520	2,841
		3,407		3,407
Weighted average remaining contractual life of options outstanding at end of period/year		3.33		3.83

The fair value of the 2014 Share Option Scheme is charged to the consolidated income statement over the vesting period of the option. The amount charged to the interim condensed consolidated income statement during the six months ended 30 June 2024 was RMB804,000 (30 June 2023: RMB1,419,000).

Notes to Condensed Consolidated Interim Financial Information (Continued)

29. Share-based compensation (Continued)

(b) 2016 Restricted Share Award Scheme

Movements in the number of Restricted Shares granted and related fair value are as follows:

	Unaudited Six months ended 30 June			
	2024		2023	
	Weighted average fair value (per share) HK\$	Number of Restricted Shares granted (Thousands)	Weighted average fair value (per share) HK\$	Number of Restricted Shares granted (Thousands)
As at 1 January	66.193	9,578	70.109	10,373
Granted	19.810	240	61.166	1,168
Vested	64.134	(625)	72.095	(1,467)
Lapsed	74.180	(1,198)	74.383	(701)
As at 30 June	63.764	7,995	68.362	9,373

The fair value of the 2016 Restricted Share Award Scheme is charged to the consolidated income statement over the vesting period of the awarded shares. The fair value of Restricted Shares charged to the interim condensed consolidated income statement was RMB6,207,000 during the six months ended 30 June 2024 (30 June 2023: RMB90,401,000).

30. Commitments

(a) Capital commitments in relation to investment in a limited partnership

Pursuant to the subscription agreement (including the deed of amendment) entered into by the Group and the general partner of a limited partnership (the "Limited Partnership"), the Group had capital commitments of US\$16.5 million in relation to the investment in the Limited Partnership as at 30 June 2024 (31 December 2023: US\$16.5 million).

(b) Capital commitments in relation to acquisition of property, plant and equipment

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Property, plant and equipment	752,892	840,617

Notes to Condensed Consolidated Interim Financial Information (Continued)

31. Related-party transactions

Besides as disclosed elsewhere in this condensed consolidated interim financial information, the Group has the following related-party transactions during the period:

(a) *Sales of goods to:*

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Subsidiaries of Viva Goods Company Limited ("Viva Goods"; a substantial shareholder of the Company)	4,357	4,449
Subsidiary of Li-Ning Aigle Ventures Company Limited ("Li Ning Aigle Ventures"; a joint venture of the Group)	49	72
	4,406	4,521

(b) *Provision of services to:*

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Subsidiaries of Viva Goods	4,536	3,010
Subsidiary of Li Ning Aigle Ventures	169	376
Guangxi Ning Zhan Sports Technology Co., Ltd. ("Guangxi Ning Zhan"; a joint venture of the Group)	124	124
Guangxi Ning Tai Garment Co., Ltd. ("Guangxi Ning Tai"; a joint venture of the Group)	99	99
	4,928	3,609

Notes to Condensed Consolidated Interim Financial Information (Continued)

31. Related-party transactions (Continued)

(c) Purchases of goods from:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Hubei Dong Neng Sports Goods Co., Ltd. ("Hubei Dong Neng"; an associate of the Group)	234,766	212,761
Subsidiaries of Viva Goods	124,363	99,752
Guangxi Ning Tai	117,074	102,538
Guangxi Ning Zhan	54,122	35,095
Subsidiary of Li Ning Aigle Ventures	116	136
Shanghai Double Happiness Co., Ltd. (an associate of the Group)	8	3
	530,449	450,285

(d) Purchases of services from:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Subsidiaries of Viva Goods	120,484	121,722
Danskin China Limited (an associate of the Group)	4,500	4,000
Shanghai Double Happiness Co., Ltd.	375	4,087
	125,359	129,809

In the opinion of the directors, these transactions were entered into at terms as agreed with the related parties in the ordinary course of business.

Notes to Condensed Consolidated Interim Financial Information (Continued)

31. Related-party transactions (Continued)

(e) Key management compensation (i)

Key management include directors (executive and non-executive) and senior management. Details of compensation paid or payable to key management of the Group are as follows:

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Salaries and other benefits	31,801	25,990
Share-based compensation	12,145	58,551
Contribution to retirement benefit scheme	1,806	1,596
	45,752	86,137

Note:

- (i) The key management compensation disclosed above include RMB25,865,000 (30 June 2023: RMB24,359,000) of wages and welfare payables which were unpaid as at period end and are included in other payables and accruals.

(f) Period-end/year-end balances

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
	Receivables from related parties: Subsidiaries of Viva Goods	3,706
	3,706	1,525
Payables to related parties: Subsidiaries of Viva Goods	38,433	32,872
Hubei Dong Neng	35,902	63,961
Guangxi Ning Zhan	34,239	26,466
Guangxi Ning Tai	19,314	34,831
Shanghai Double Happiness Co., Ltd.	–	259
Subsidiary of Li Ning Aigle Ventures	–	3
	127,888	158,392

The receivables from related parties arise mainly from sales of goods and provision of services and are generally within the respective credit period. The receivables are unsecured in nature and bear no interest.

The payables to related parties arise mainly from purchase transactions and on average are generally due two months after the date of purchase. The payables bear no interest.

Other Information

DIVIDENDS

The Board resolved to declare an interim dividend of RMB37.75 cents per Share issued or to be issued upon conversion of CS for the six months ended 30 June 2024 (30 June 2023: RMB36.20 cents). Such interim dividend is payable in Hong Kong Dollars based on the official exchange rate of Renminbi against Hong Kong Dollars as quoted by the People's Bank of China on 15 August 2024 and will not be subject to any withholding tax. Such interim dividend will be paid:

- (i) on 11 September 2024 to Shareholders whose names shall appear on the register of members of the Company on 3 September 2024;
- (ii) on 11 September 2024 to CS Holders issued under the 2015 Open Offer and remain outstanding on 3 September 2024; and
- (iii) on 16 September 2024 (i.e. the third business day after 11 September 2024) to CS Holders issued under the 2013 Open Offer and remain outstanding on 3 September 2024.

For the avoidance of doubt, any CS subject to a conversion notice completed, executed and deposited on or before the interim dividend record date (being 3 September 2024) shall be entitled to the distribution of such interim dividend of the Company. For details of calculation of distribution of the interim dividend entitled to the CS, please refer to the listing documents of the Company dated 27 March 2013 and 9 January 2015 respectively.

The final dividend of RMB18.54 cents per Share issued or to be issued upon conversion of CS for the year ended 31 December 2023 was declared payable and approved by the Shareholders at the annual general meeting of the Company on 13 June 2024 and subsequently paid in June 2024.

CLOSURE OF REGISTER OF MEMBERS AND CS HOLDERS

For determining Shareholders and CS Holders who are ascertaining entitlement to the interim dividend, the register of members and register of CS Holders of the Company will be closed as set out below:

Latest time to lodge transfer documents	4:30 p.m. on 30 August 2024 (Friday)
Period of closure of register of members and register of CS Holders	2 September 2024 (Monday) to 3 September 2024 (Tuesday) (both days inclusive)
Interim dividend record date	3 September 2024 (Tuesday)

In order to qualify for the interim dividend, all transfer documents must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before the above latest time to lodge transfer documents. During the above closure periods, no transfer of Shares or CS will be registered.

LONG-TERM INCENTIVE SCHEMES

2014 Share Option Scheme

The 2014 Share Option Scheme expired on 30 May 2024 upon the expiration of the 10-year scheme period.

Under the 2014 Share Option Scheme, the number of share options available for grant by the Company as at 1 January 2024 was 53,122,959 Shares (representing approximately 2.02% of the Shares in issue) and remained the same as at 29 May 2024 (last effective date of the 2014 Share Option Scheme). As at 30 June 2024, no share options were available for grant by the Company under the 2014 Share Option Scheme. The number of Shares that may be issued upon exercise of share options that may be granted under the 2014 Share Option Scheme during the period divided by the weighted average of Shares in issue for the period less Shares repurchased by the Company for cancellation is 0.13%. During the six months ended 30 June 2024, no share options were granted under the 2014 Share Option Scheme.

The share options granted under the 2014 Share Option Scheme which remained outstanding immediately prior to its termination on 30 May 2024 shall continue to be valid and exercisable in accordance with their terms of grant and the rules of the 2014 Share Option Scheme. The outstanding share options granted under the 2014 Share Option Scheme as at 30 June 2024 entitled the holders to subscribe for 3,407,700 Shares.

Details of movements of the share options granted under the 2014 Share Option Scheme for the six months ended 30 June 2024 are set out below and in note 29 to the condensed consolidated interim financial information.

Grantees	Date of grant	Exercise price per Share HK\$	Number of Shares					Outstanding share options as at 30/06/2024	Closing price of Shares immediately before the date of grant of the share options HK\$	Vesting period	Exercise period
			Outstanding share options as at 01/01/2024	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Directors											
Kosaka Takeshi	19/09/2019	22.52	2,840,300	-	-	-	-	2,840,300	23.30	01/09/2020 to 01/09/2024	01/09/2020 to 31/12/2027
Koo Fook Sun, Louis	17/05/2019	13.16	250,000	-	-	-	-	250,000	13.44	17/05/2020 to 17/05/2022	17/05/2020 to 16/05/2029
Employees of the Group											
In aggregate	15/04/2019	13.36	317,400	-	-	-	-	317,400	13.42	01/04/2020 to 01/04/2021	01/04/2020 to 31/12/2024 (Note)
			3,407,700	-	-	-	-	3,407,700			

Note:

The Board has resolved on 11 December 2019 to amend and accelerate the vesting dates of these share options to be vested in 2020 and 2021.

2024 Share Option Scheme and 2024 Share Award Scheme

In view of the expiration of the 2014 Share Option Scheme, the Board proposed to recommend to the Shareholders at the extraordinary general meeting of the Company to adopt the 2024 Share Option Scheme so as to continue to provide incentives to the Group's eligible participants. And in order to provide an alternative channel for the Company to provide competitive and attractive remuneration package to incentivize eligible participants of the Group for their contribution to the Group, the Board also proposed to recommend to the Shareholders at the extraordinary general meeting of the Company to adopt the 2024 Share Award Scheme. At the extraordinary general meeting of the Company held on 13 June 2024, the Shareholders approved the adoption of 2024 Share Option Scheme and the 2024 Share Award Scheme. The 2024 Share Option Scheme and the 2024 Share Award Scheme both will be valid and effective for a period of 10 years commencing on its adoption date. Under the 2024 Share Option Scheme and the 2024 Share Award Scheme, the Company may grant share options/awarded shares to eligible participants include employees (including director(s) and employee(s) of the Company and wholly and non-wholly owned subsidiaries of the Company, but excluding any independent non-executive director(s) of the Company) and related entities (including any director(s) or employee(s) of any holding company, fellow subsidiary or associated company of the Company) who in the absolute discretion of the Board have contributed to the Group on the basis of their contribution to the development and growth of the Group.

On the basis of 2,584,480,506 Shares in issue on the date of adoption of the 2024 Share Option Scheme and the 2024 Share Award Scheme, the total number of Shares which may be issued in respect of all share options and awards under the 2024 Share Option Scheme and the 2024 Share Award Scheme would be no more than 129,224,025 Shares, representing no more than approximately 5% of the total number of Shares in issue as at the date of the adoption of the 2024 Share Option Scheme and the 2024 Share Award Scheme. Further, the total number of Shares which are subject to grants made in any financial year of all share options and awards under the 2024 Share Option Scheme and the 2024 Share Award Scheme would not be more than 12,922,402 Shares, representing no more than approximately 0.5% of the total number of Shares in issue as at the date of the adoption of the 2024 Share Option Scheme and the 2024 Share Award Scheme. Details of the 2024 Share Option Scheme and 2024 Share Award Scheme are set out in the circular of the Company dated 14 May 2024.

During the six months ended 30 June 2024, no share options were granted under the 2024 Share Option Scheme and no Shares were awarded under the 2024 Share Award Scheme. As at 30 June 2024, the total number of Shares which may be issued in respect of all share options and awards under the 2024 Share Option Scheme and the 2024 Share Award Scheme was 129,224,025 Shares, representing approximately 5% of the Shares in issue and the total number of Shares which are subject to grants in the financial year ending 31 December 2024 was 12,922,402 Shares, representing no more than approximately 0.5% of Shares in issue.

Restricted Share Award Scheme

The total number of Restricted Shares available for grant under the 2016 Restricted Share Award Scheme at 1 January 2024 and 30 June 2024 were 91,263,191 Shares and 90,173,907 Shares respectively. As at 30 June 2024, the number of issued Shares was 2,584,480,506 Shares and the maximum number of Shares which may be administered under the 2016 Restricted Share Award Scheme was 129,224,025 Shares. During the six months ended 30 June 2024, 240,200 Restricted Shares were granted by the Company represented approximately 0.01% of the weighted average number Shares in issue during the period. No new Shares will be issued under the 2016 Restricted Share Award Scheme.

Other Information (Continued)

Details of movements of the Restricted Shares granted under the 2016 Restricted Share Award Scheme for the six months ended 30 June 2024 are set out below and in note 29 to the condensed consolidated interim financial information.

Grantees	Date of grant	Fair value per Restricted Share (Note 1) HK\$	Number of Restricted Shares					As at 30/06/2024	Purchase price (Note 3) HK\$	Vesting period	Closing price of Shares immediately before the date of grant of the Restricted Shares HK\$	Weighted average closing price of Shares immediately before the date of vesting during the period HK\$
			As at 01/01/2024	Granted during the period	Vested during the period	Lapsed/cancelled during the period	As at 30/06/2024					
Directors												
Li Ning (Note 2)	11/01/2022	76.10	1,230,630	-	217,170	-	1,013,460	Nil	01/04/2023 to 01/04/2026	76.80	20.80	
Kosaka Takeshi (Note 2)	19/09/2019	22.40	370,650	-	-	-	370,650	Nil	01/09/2020 to 01/09/2024	23.30	N/A	
	11/01/2022	76.10	865,980	-	-	152,820	713,160	Nil	01/04/2023 to 01/04/2026	76.80	N/A	
Li Qilin	11/01/2022	76.10	164,135	-	28,965	-	135,170	Nil	01/04/2023 to 01/04/2026	76.80	20.80	
Koo Fook Sun, Louis	24/06/2022	67.70	17,334	-	8,666	-	8,668	Nil	01/04/2023 to 01/04/2025	64.55	20.80	
Wang Ya Fei	24/06/2022	67.70	17,334	-	8,666	-	8,668	Nil	01/04/2023 to 01/04/2025	64.55	20.80	
Chan Chung Bun, Bunny	24/06/2022	67.70	17,334	-	8,666	-	8,668	Nil	01/04/2023 to 01/04/2025	64.55	20.80	
Five highest paid individuals (Note 2)												
In aggregate	11/01/2022	76.10	2,051,220	-	-	361,980	1,689,240	Nil	01/04/2023 to 01/04/2026	76.80	N/A	
In aggregate	11/12/2023	18.30	215,900	-	-	-	215,900	Nil	01/09/2024 to 01/09/2026	21.35	N/A	
Other employees of the Group												
In aggregate	20/10/2020	40.70	800	-	-	-	800	Nil	20/10/2022 to 20/10/2030	38.20	N/A	
In aggregate	31/03/2021	50.50	17,368	-	17,368	-	-	Nil	01/04/2022 to 01/04/2024	50.85	20.80	
In aggregate	20/08/2021	89.20	5,378	-	-	2,689	2,689	Nil	01/09/2022 to 01/09/2024	94.75	N/A	
In aggregate	11/10/2021	79.35	18,268	-	-	-	18,268	Nil	01/09/2022 to 01/09/2024	80.95	N/A	
In aggregate	20/12/2021	79.95	3,668	-	-	-	3,668	Nil	01/09/2022 to 01/09/2024	84.00	N/A	
In aggregate	11/01/2022	76.10	51,534	-	-	25,766	25,768	Nil	01/04/2023 to 01/04/2025	76.80	N/A	
In aggregate	11/01/2022	76.10	1,805,400	-	-	431,230	1,374,170	Nil	01/04/2023 to 01/04/2026	76.80	N/A	
In aggregate	21/03/2022	62.15	417,902	-	184,866	28,132	204,904	Nil	01/04/2023 to 01/04/2025	60.60	20.80	
In aggregate	21/03/2022	62.15	492,405	-	-	86,895	405,510	Nil	01/04/2023 to 01/04/2026	60.60	N/A	

Other Information (Continued)

Grantees	Date of grant	Fair value per Restricted Share (Note 1) HK\$	Number of Restricted Shares					As at 30/06/2024	Purchase price (Note 3) HK\$	Vesting period	Closing price of Shares immediately before the date of grant of the Restricted Shares HK\$	Weighted average closing price of Shares immediately before the date of vesting during the period HK\$
			As at 01/01/2024	Granted during the period	Vested during the period	Lapsed/cancelled during the period	As at 30/06/2024					
In aggregate	25/05/2022	50.65	18,668	–	9,332	–	9,336	Nil	01/04/2023 to 01/04/2025	52.25	20.80	
In aggregate	30/06/2022	72.70	3,200	–	1,600	–	1,600	Nil	01/04/2023 to 01/04/2025	70.60	20.80	
In aggregate	19/08/2022	69.10	4,334	–	–	–	4,334	Nil	01/09/2023 to 01/09/2025	69.85	N/A	
In aggregate	23/09/2022	62.65	3,600	–	–	–	3,600	Nil	01/09/2023 to 01/09/2025	64.00	N/A	
In aggregate	28/10/2022	42.35	175,780	–	–	–	175,780	Nil	01/09/2023 to 01/09/2026	45.70	N/A	
In aggregate	03/01/2023	69.35	9,700	–	3,233	–	6,467	Nil	01/04/2024 to 01/04/2026	67.75	20.80	
In aggregate	03/01/2023	69.35	720,760	–	–	108,114	612,646	Nil	01/04/2024 to 01/04/2027	67.75	N/A	
In aggregate	25/04/2023	55.45	160,400	–	53,465	–	106,935	Nil	01/04/2024 to 01/04/2026	56.90	20.80	
In aggregate	31/05/2023	42.00	11,900	–	3,966	–	7,934	Nil	01/04/2024 to 01/04/2026	43.35	20.80	
In aggregate	29/06/2023	41.40	235,800	–	78,600	–	157,200	Nil	01/04/2024 to 01/04/2026	44.15	20.80	
In aggregate	27/09/2023	32.00	56,300	–	–	–	56,300	Nil	01/09/2024 to 01/09/2026	32.05	N/A	
In aggregate	26/10/2023	23.95	79,200	–	–	–	79,200	Nil	01/09/2024 to 01/09/2026	30.20	N/A	
In aggregate	29/11/2023	21.35	10,800	–	–	–	10,800	Nil	01/09/2024 to 01/09/2025	22.10	N/A	
In aggregate	29/11/2023	21.35	81,600	–	–	–	81,600	Nil	01/09/2024 to 01/09/2026	22.10	N/A	
In aggregate	11/12/2023	18.30	171,000	–	–	–	171,000	Nil	01/09/2024 to 01/09/2025	21.35	N/A	
In aggregate	11/12/2023	18.30	72,000	–	–	–	72,000	Nil	01/09/2024 to 01/09/2026	21.35	N/A	
In aggregate	18/01/2024	16.10	–	41,000	–	–	41,000	Nil	01/04/2025 to 01/04/2027	16.32	N/A	
In aggregate	27/03/2024	19.92	–	66,400	–	–	66,400	Nil	01/04/2025 to 01/04/2027	20.10	N/A	
In aggregate	08/05/2024	20.90	–	132,800	–	–	132,800	Nil	01/04/2025 to 01/04/2027	21.30	N/A	
			9,578,282	240,200	624,563	1,197,626	7,996,293					

Other Information (Continued)

Notes:

1. The fair values of the Restricted Shares were based on the closing price per Share quoted on the Stock Exchange as at the date of grant.
2. The five individuals whose emoluments were the highest in the Group for the six months ended 30 June 2024 included two Directors. The aggregate information reported under this category represent the movements of the Restricted Shares for the remaining three individuals.
3. Selected participants are not required to make any payment for application or to accept Restricted Shares. Save for the aforesaid expenses incurred which shall be borne by the selected participant, the Restricted Shares were granted at nil consideration.

Save as disclosed above, at no time during the period was the Company or its subsidiaries a party to any arrangement to enable the Directors or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

The total number of Shares that may be issued in respect of options and Restricted Shares granted under all schemes of the Company during the period of 3,407,700 Shares divided by the weighted average number of Shares in issue for the period less Shares held for the 2016 Restricted Share Award Scheme and Shares repurchased for cancellation of 2,575,185,539 Shares was approximately 0.13%.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register required to be kept under Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, are as follows:

Name of Directors	Capacity	Number of Shares held	Number of underlying Shares	Total (Long Position)	Approximate % of total issued Shares*
Li Ning	Personal interest & Interest of controlled corporation	276,546,696	1,013,460	277,560,156 (Note 1)	10.74%
Kosaka Takeshi	Personal interest	894,270	3,924,110 (Note 2)	4,818,380	0.19%
Li Qilin	Personal interest & Beneficiary of a discretionary trust	273,254,473	135,170	273,389,643 (Note 3)	10.58%
Koo Fook Sun, Louis	Personal interest	17,332	258,668 (Note 4)	276,000	0.01%
Wang Ya Fei	Personal interest	387,477	8,668 (Note 5)	396,145	0.02%
Chan Chung Bun, Bunny	Personal interest	20,462	8,668 (Note 6)	29,130	0.00%

* The percentage has been calculated based on 2,584,480,506 Shares in issue as at 30 June 2024.

Other Information (Continued)

Notes:

1. Mr. Li Ning is interested in 277,560,156 Shares, among which 4,426,153 Shares are held as personal interest, and he is deemed to be interested in 272,120,543 Shares held by Viva China Development Limited (“Viva China BVI”). Moreover, Mr. Li Ning is interested in 1,013,460 underlying Shares. Details are as follows:
 - (a) Viva China BVI, a wholly-owned subsidiary of Viva Goods Company Limited (“Viva Goods”), is interested in 272,120,543 Shares. As at 30 June 2024, Viva Goods is owned as to approximately 17.28% by Victory Mind Assets Limited (“Victory Mind”), approximately 21.93% by Lead Ahead Limited (“Lead Ahead”), approximately 20.57% by Dragon City Management (PTC) Limited (“Dragon City”) and approximately 0.62% by Mr. Li Chun, the brother of Mr. Li Ning and a substantial shareholder of the Company, respectively. Mr. Li Ning has personal interest of approximately 0.22% shareholding in Viva Goods. Lead Ahead is owned as to 60% by Mr. Li Ning and 40% by Mr. Li Chun respectively. Victory Mind is owned as to 57% by Ace Leader Holdings Limited (which is wholly-owned by a discretionary trust of which Mr. Li Ning is a settlor) and 38% by Jumbo Top Group Limited (which is wholly-owned by a discretionary trust of which Mr. Li Chun is a settlor). Dragon City is the trustee of a unit trust, the units of which are owned as to 60% by a discretionary trust of which Mr. Li Ning is a settlor and 40% by a discretionary trust of which Mr. Li Chun is a settlor. As a result, by virtue of the SFO, Mr. Li Ning is deemed to be interested in the 272,120,543 Shares held by Viva Goods. Mr. Li Ning is also an executive director, the chairman and chief executive officer of Viva Goods.
 - (b) Mr. Li Ning is interested in 1,013,460 unvested Restricted Shares under the 2016 Restricted Share Award Scheme.
2. Mr. Kosaka Takeshi is interested in 2,840,300 share options granted under the 2014 Share Option Scheme at an exercise price of HK\$22.52 each and 1,083,810 unvested Restricted Shares under the 2016 Restricted Shares Award Scheme.
3. Mr. Li Qilin is interested in 273,389,643 Shares, among which 1,133,930 Shares are held as personal interest, and he is deemed to be interested in 272,120,543 Shares held by Viva Goods by virtue of the SFO. Moreover, Mr. Li Qilin is interested in 135,170 unvested Restricted Shares under the 2016 Restricted Share Award Scheme. Mr. Li Qilin is the nephew of Mr. Li Ning and the son of Mr. Li Chun, a substantial shareholder of the Company. He is also an executive director of Viva Goods.
4. Mr. Koo Fook Sun, Louis is interested in 250,000 share options granted under the 2014 Share Option Scheme at an exercise price of HK\$13.16 each and 8,668 unvested Restricted Shares under the 2016 Restricted Shares Award Scheme.
5. Ms. Wang Ya Fei is interested in 8,668 unvested Restricted Shares under the 2016 Restricted Shares Award Scheme.
6. Dr. Chan Chung Bun, Bunny is interested in 8,668 unvested Restricted Shares under the 2016 Restricted Shares Award Scheme.

Save as disclosed above, so far as was known to any Director, as at 30 June 2024, none of the Directors or chief executives of the Company had, pursuant to Divisions 7 and 8 of Part XV of the SFO, nor were they taken or deemed to have under such provisions of the SFO, any interest or short position in any shares or underlying shares or interest in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange, or any interest which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or any interests which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, the register of substantial shareholders kept under Section 336 of the SFO shows that the Company had been notified of the following substantial Shareholders' interests and short positions which represent 5% or more of the Company's issued share capital:

Name of Directors	Capacity	Number of Shares held	Number of underlying Shares	Total (Long Position)	Approximate % of total issued Shares*
Li Ning	Personal interest & Interest of controlled corporation	276,546,696	1,013,460	277,560,156 <i>(Note 1)</i>	10.74%
Li Qilin	Personal interest & Beneficiary of a discretionary trust	273,254,473	135,170	273,389,643 <i>(Note 2)</i>	10.58%
Li Chun	Interest of controlled corporation	272,120,543	–	272,120,543 <i>(Note 3)</i>	10.53%
Viva Goods Company Limited	Interest of controlled corporation	272,120,543	–	272,120,543 <i>(Note 1(a))</i>	10.53%
Brown Brothers Harriman & Co.	Investment manager	181,516,998	–	181,516,998	7.02%
FIL Limited	Investment manager	177,881,838	–	177,881,838	6.88%
Pandanus Associates Inc.	Investment manager	177,881,838	–	177,881,838	6.88%
Pandanus Partners L.P.	Investment manager	177,881,838	–	177,881,838	6.88%

* The percentage has been calculated based on 2,584,480,506 Shares in issue as at 30 June 2024.

Notes:

- Mr. Li Ning is interested in 277,560,156 Shares, among which 4,426,153 Shares are held as personal interest, and he is deemed to be interested in 272,120,543 Shares held by Viva China BVI. Moreover, Mr. Li Ning is interested in 1,013,460 underlying Shares. Details are as follows:
 - Viva China BVI, a wholly-owned subsidiary of Viva Goods, is interested in 272,120,543 Shares. As at 30 June 2024, Viva Goods is owned as to approximately 17.28% by Victory Mind, approximately 21.93% by Lead Ahead, approximately 20.57% by Dragon City and approximately 0.62% by Mr. Li Chun, the brother of Mr. Li Ning and a substantial shareholder of the Company, respectively. Mr. Li Ning has personal interest of approximately 0.22% shareholding in Viva Goods. Lead Ahead is owned as to 60% by Mr. Li Ning and 40% by Mr. Li Chun respectively. Victory Mind is owned as to 57% by Ace Leader Holdings Limited (which is wholly-owned by a discretionary trust of which Mr. Li Ning is a settlor) and 38% by Jumbo Top Group Limited (which is wholly-owned by a discretionary trust of which Mr. Li Chun is a settlor). Dragon City is the trustee of a unit trust, the units of which are owned as to 60% by a discretionary trust of which Mr. Li Ning is a settlor and 40% by a discretionary trust of which Mr. Li Chun is a settlor. As a result, by virtue of the SFO, Mr. Li Ning is deemed to be interested in the 272,120,543 Shares held by Viva Goods. Mr. Li Ning is also an executive director, the chairman and chief executive officer of Viva Goods.
 - Mr. Li Ning is interested in 1,013,460 unvested Restricted Shares under the 2016 Restricted Share Award Scheme.

Other Information (Continued)

2. Mr. Li Qilin is interested in 273,389,643 Shares, among which 1,133,930 Shares are held as personal interest, and he is deemed to be interested in 272,120,543 Shares held by Viva Goods by virtue of the SFO. Moreover, Mr. Li Qilin is interested in 135,170 unvested Restricted Shares under the 2016 Restricted Share Award Scheme. Mr. Li Qilin is the nephew of Mr. Li Ning and the son of Mr. Li Chun, a substantial shareholder of the Company. He is also an executive director of Viva Goods.
3. As disclosed in Note 1(a) above, Mr. Li Chun is deemed to be interested in 272,120,543 Shares held by Viva Goods. He is the brother of Mr. Li Ning and the father of Mr. Li Qilin.

Save as disclosed above, as at 30 June 2024, the Company had not been notified by any person (other than a Director or chief executive of the Company or their respective associate(s)) of any interest and short position in the Shares and underlying Shares which were required to be recorded in the register kept under Section 336 of the SFO.

CONVERTIBLE SECURITIES

The Company issued convertible securities (the "2013 Convertible Securities") with an aggregate principal amount of HK\$1,847,838,349 which is convertible into a total of 527,953,814 Shares on 22 April 2013. Please refer to the announcement of the Company dated 18 April 2013 for details.

On 16 December 2014, the Company announced the 2015 Open Offer of offer securities (i.e. new Shares and/or convertible securities (the "2015 Convertible Securities")) (the "Offer Securities") on the basis of 5 Offer Securities for every 12 existing Shares held on 8 January 2015. Details of the 2015 Open Offer and the terms thereof are set out in the Company's announcement dated 16 December 2014 and prospectus dated 9 January 2015 respectively.

After the 2015 Open Offer became unconditional, the Company issued a total of 597,511,530 Offer Securities, which included 450,630,034 new Shares and the 2015 Convertible Securities with an aggregate principal amount of HK\$381,891,889.60 which is convertible into a total of 146,881,496 Shares on 2 February 2015. Please refer to the announcement of the Company dated 30 January 2015 for details.

As a result of the 2015 Open Offer and pursuant to the terms and conditions of the 2013 Convertible Securities, the conversion price of the 2013 Convertible Securities was adjusted from HK\$3.50 per Share to HK\$3.183 per Share on 2 February 2015. Based on the outstanding 2013 Convertible Securities in the aggregate principal amount of approximately HK\$529,251,713 on 2 February 2015, the conversion rights attaching to the outstanding 2013 Convertible Securities were adjusted from 151,214,775 Shares to 166,274,493 Shares. Please refer to the announcement of the Company dated 30 January 2015 for details.

During the six months ended 30 June 2024, the 2013 Convertible Securities in an aggregate principal amount of approximately HK\$10,497.53 had been converted into 3,298 Shares and no 2015 Convertible Securities were converted into Shares. As at 30 June 2024, the outstanding 2013 Convertible Securities amounted to approximately HK\$3,396,122.58 and the outstanding 2015 Convertible Securities amounted to HK\$200.20 which are convertible into a total of 1,066,956 Shares and 77 Shares respectively.

Other Information (Continued)

Assuming all outstanding CS were converted into Shares as at 30 June 2024, set out below is the shareholding structure of the Company before and after such conversion:

Name of substantial Shareholders (Note 1)	No. of Shares before conversion of outstanding CS	% of holdings	No. of Shares convertible under the CS	No. of Shares after including shares convertible under the outstanding CS	% of holdings
Li Ning	276,546,696 (Note 2)	10.70%	–	276,546,696	10.70%
Public	2,307,933,810	89.30%	1,067,033	2,309,000,843	89.30%
Total	2,584,480,506	100.00%	1,067,033	2,585,547,539	100.00%

Notes:

- Substantial shareholder has the same meaning ascribed to it under the Listing Rules.
- Mr. Li Ning is interested in 276,546,696 Shares, among which:
 - 4,426,153 Shares are held as personal interest; and
 - 272,120,543 Shares are held by Viva Goods.

Mr. Li Qilin, the nephew of Mr. Li Ning and the son of Mr. Li Chun, is deemed to be interested in 272,120,543 Shares held by Viva Goods. Please refer to Notes 1(a) and 2 in the section headed "Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares" of this report for details of his deemed interest.

Mr. Li Chun, the brother of Mr. Li Ning and the father of Mr. Li Qilin, is deemed to be interested in 272,120,543 Shares held by Viva Goods. Please refer to Notes 1(a) and 3 in the section headed "Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares" of this report for details of his deemed interest.

As the Company has no contractual obligation to settle the CS in cash, it is at the Company's own discretion to determine whether or not to redeem all or part of the principal amount of the CS. The CS Holders have substantially the same economic interest as the equity holders (other than voting rights) and the CS are already included in the basic earning per share calculation. For details, please refer to note 27 to the condensed consolidated interim financial information.

In view of the above, an analysis on the Company's share price at which it would be equally financially advantageous for the CS Holders to convert or redeem the CS based on implied internal rate of return at a range of dates in the future is not applicable.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company did not redeem any of its Shares during the six months ended 30 June 2024. Except for the purchase of Shares by the trustee of the 2016 Restricted Share Award Scheme pursuant to the trust deed and the rules of the 2016 Restricted Share Award Scheme, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities during the period.

CORPORATE GOVERNANCE

For the period from 1 January 2024 to 30 June 2024, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules with the exception of code provision C.2.1 of the CG Code.

According to code provision C.2.1 of the CG Code, the roles of the chairman and chief executive of a listed issuer should be separated and should not be performed by the same individual. During the six months ended 30 June 2024, Mr. Li Ning, the Executive Chairman and Joint Chief Executive Officer (the "Joint CEO"), and Mr. Kosaka Takeshi, the Executive Director and the Joint CEO, jointly assumed the role of chief executive officer of the Company. Therefore, there was no separation of the roles of the chairman and the chief executive as both roles were undertaken by Mr. Li Ning during the period. Notwithstanding the above, the Board is of the view that given that Mr. Li Ning is familiar with the business operations and management of the Group, the assumption of the roles of the Executive Chairman and the Joint CEO by Mr. Li Ning will provide the Group with consistent and steady leadership, and is particularly beneficial to the planning and implementation of the Group's business strategies. The Board also believes that Mr. Li Ning and Mr. Kosaka Takeshi can complement each other in performing the roles of the Joint CEOs, and create synergy effect which is in the interest of the Company and the Shareholders as a whole.

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors and reminded Directors regularly of their obligations under the Model Code. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2024.

The audit committee of the Company, consisting of three independent non-executive Directors, has reviewed the accounting principles and practices adopted by the Group, and has also reviewed the auditing, risk management, internal control and financial reporting matters, including the review of the interim results for the six months ended 30 June 2024.

The Company's external auditor, PricewaterhouseCoopers, has performed a review of the Group's interim financial information for the six months ended 30 June 2024 in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Based on their review, PricewaterhouseCoopers confirmed that nothing has come to their attention that causes them to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

By order of the Board
Li Ning
Executive Chairman and Joint CEO

Hong Kong, 15 August 2024

Information for Investors

SHARE INFORMATION

Listing: Main Board of the Hong Kong Stock Exchange on 28 June 2004
Stock code: 2331 (HKD counter) and 82331 (RMB counter)
Board lot: 500 Shares
No. of issued Shares as at 30 June 2024: 2,584,480,506 Shares
Market capitalization as at 30 June 2024: approximately HK\$43,677,720,551

INTERIM DIVIDEND FOR 2024

RMB37.75 cents per Share

FINANCIAL CALENDAR

Announcement of 2024 interim results: 15 August 2024
Announcement of 2024 annual results: March 2025

CORPORATE WEBSITES

Li Ning Official Website: <http://www.lining.com>
Li Ning IR Website: <http://ir.lining.com>

CONTACT FOR INVESTOR RELATIONS

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Glossary

In this interim report, unless the context states otherwise, the following expressions have the following meanings:

"2013 Open Offer"	the open offer of convertible securities issued by the Company as set out in the listing document of the Company dated 27 March 2013
"2014 Share Option Scheme"	the share option scheme adopted by the Company on 30 May 2014
"2015 Open Offer"	the open offer of offer securities issued by the Company as set out in the listing document of the Company dated 9 January 2015
"2016 Restricted Share Award Scheme"	the restricted share award scheme adopted by the Company on 14 July 2016
"2024 Share Award Scheme"	the share award scheme adopted by the Company on 13 June 2024
"2024 Share Option Scheme"	the share option scheme adopted by the Company on 13 June 2024
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Company" or "Li Ning Company"	Li Ning Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange
"CS"	convertible securities issued under 2013 Open Offer or 2015 Open Offer
"CS Holder(s)"	holder(s) of CS
"Director(s)"	the director(s) of the Company
"Group" or "Li Ning Group"	the Company and its subsidiaries
"HK\$"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"PRC" or "China"	the People's Republic of China
"Restricted Shares"	shares granted under the 2016 Restricted Share Award Scheme which are subject to restrictions and limitations

Glossary (Continued)

"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) of HK\$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent.