



CHICAGO BULLS



TWO
BRANDS,
ONE
FAITH



ANTA Sports Products Limited
Incorporated in the Cayman Islands with limited liability

Stock Code: 2020

ANNUAL REPORT 2014



As the sportswear partner of the COC, we have provided high-quality winning outfits to the CSD since 2009. We are proud to extend our partnership with the COC successfully for the 2013 to 2016 Olympic cycle.



● International sporting events of the 2013-2016 Olympic cycle

- | | | |
|---|--|--|
| 1. The 4th Asian Indoor and Martial Arts Games
June-July 2013
Incheon, South Korea | 4. The 22nd Winter Olympic Games
February 2014
Sochi, Russia | 8. The 2nd Winter Youth Olympic Games
February-March 2016
Lillehammer, Norway |
| 2. The 2nd Asian Youth Games
August 2013
Nanjing, China | 5. The 2nd Summer Youth Olympic Games
August 2014
Nanjing, China | 9. The 5th Asian Beach Games
May 2016
Nha Trang, Vietnam |
| 3. The 6th East Asian Games
October 2013
Tianjin, China | 6. The 17th Asian Games
September-October 2014
Incheon, South Korea | 10. The 31st Summer Olympic Games
August 2016
Rio de Janeiro, Brazil |
| | 7. The 4th Asian Beach Games
November 2014
Phuket, Thailand | |



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Corporate Profile

As one of the leading branded sportswear enterprises in China, ANTA Sports Products Limited primarily designs, develops, manufactures and markets ANTA sportswear, including sports footwear, apparel and accessories. We have established extensive distribution network with a leading presence in second and third tier cities in China under the management of regional distributors. We place great emphasis on branding by integrating sports resources and sponsorship, advertising and promotional activities and consistent store image to enhance brand and product differentiation. For the past 13 years, our footwear has been enjoying a leading position in China composed index on market share.

CORPORATE INFORMATION

Board

Executive Directors

Ding Shizhong (Chairman) Ding Shijia (Deputy Chairman)

Independent Non-Executive Directors

Lai Shixian Wang Wenmo Wu Yonghua Zheng Jie
Yeung Chi Tat Lu Hong Te Dai Zhongchuan

Company Secretary

Ling Shing Ping *FCPA FCCA*

Board committees

Audit Committee

Yeung Chi Tat (Chairman) Lu Hong Te Dai Zhongchuan

Remuneration Committee

Lu Hong Te (Chairman) Dai Zhongchuan Ding Shizhong

Nomination Committee

Lu Hong Te (Chairman) Yeung Chi Tat Lai Shixian

Authorised representatives

Lai Shixian Ling Shing Ping

Registered offices

Cayman Islands Office

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

Hong Kong Office

Unit 4408, 44th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong

Head offices in the PRC

Jinjiang Office

Dongshan Industrial Zone, Chidian Town, Jinjiang City Fujian Province, PRC
Postal code: 362212

Xiamen Office

No. 99 Jiayi Road, Guanyinshan, Xiamen, Fujian Province, PRC
Postal code: 361008

Share registrars and transfer offices

Cayman Islands Principal Register

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House, 24 Shedden Road, George Town,
Grand Cayman KY1-1110, Cayman Islands

Hong Kong Branch Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Norton Rose Fulbright Hong Kong

Legal adviser

Auditor

KPMG

Internal control review adviser

KPMG Advisory (China) Limited

Public relations consultant

Hill+Knowlton Strategies Asia

Principal bankers

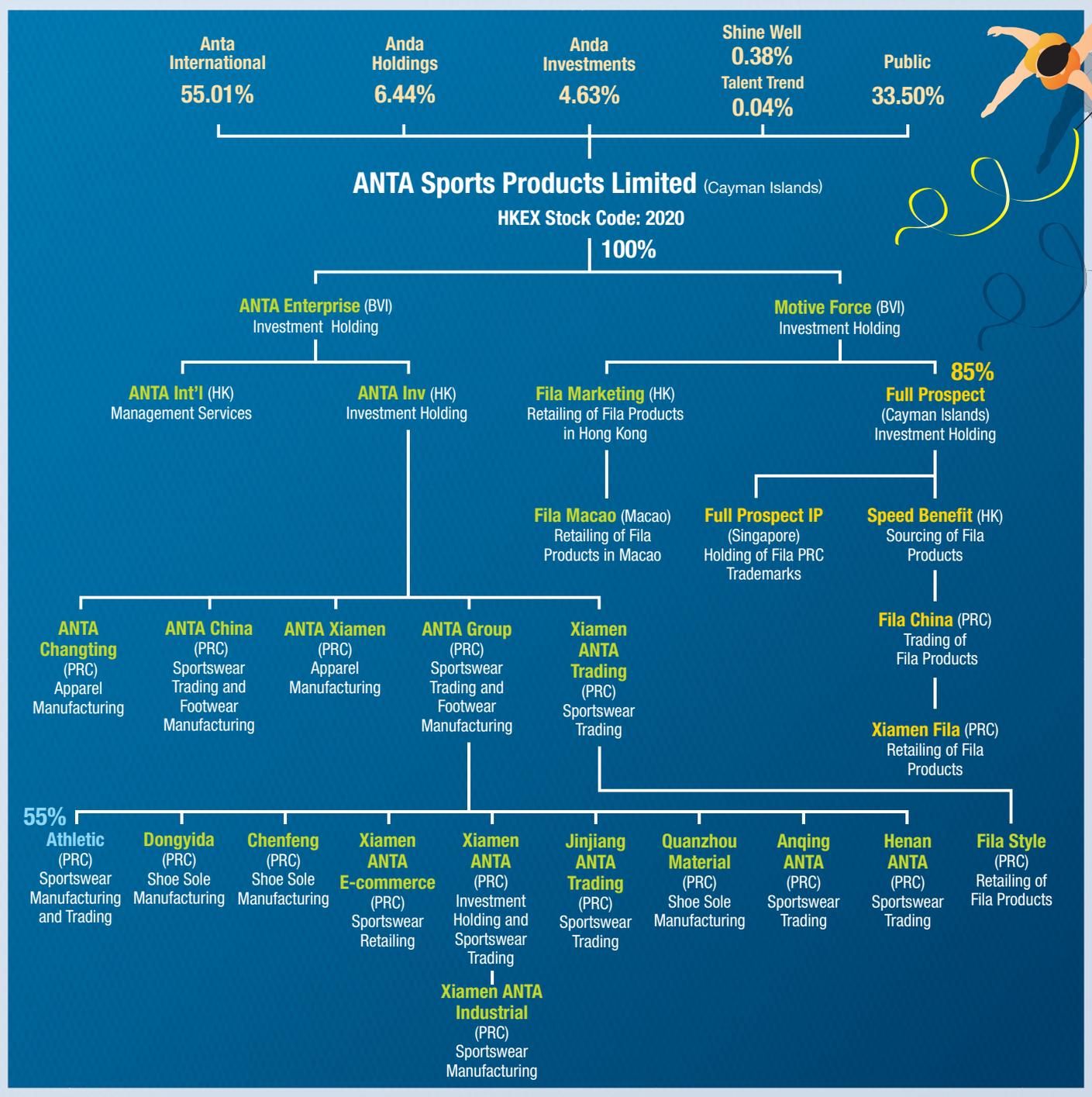
Agricultural Bank of China Bank of China Limited Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China China Construction Bank Corporation Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited



GROUP STRUCTURE

Offshore Companies

Domestic Companies





Chandler Parsons,
a small forward with the
Dallas Mavericks of the NBA

BASKETBALL
IS MY LIFE

籃球是生命



FINANCIAL OVERVIEW

Year ended 31 December	2014	2013	Changes
	(RMB million)	(RMB million)	(%)
Turnover	8,922.7	7,281.3	↑ 22.5
Gross profit	4,026.8	3,039.3	↑ 32.5
Profit from operations	2,018.9	1,565.6	↑ 29.0
Profit attributable to equity shareholders	1,700.3	1,314.8	↑ 29.3
Free cash inflow	1,427.1	941.7	↑ 51.5
	(RMB cents)	(RMB cents)	(%)
Earnings per share			
– Basic	68.12	52.71	↑ 29.2
– Diluted	67.98	52.61	↑ 29.2
Shareholders' equity per share	312.19	286.69	↑ 8.9
	(HK cents)	(HK cents)	(%)
Dividends per share			
– Interim	25	19	
– Final	28	22	
– Special	8	7	
	61	48	↑ 27.1
	(%)	(%)	(% point)
Gross profit margin	45.1	41.7	↑ 3.4
Operating profit margin	22.6	21.5	↑ 1.1
Margin of profit attributable to equity shareholders	19.1	18.1	↑ 1.0
Effective tax rate	22.7	24.1	↓ 1.4
Advertising and promotional expenses ratio (as a percentage of turnover)	12.0	11.1	↑ 0.9
Staff costs ratio (as a percentage of turnover)	11.0	10.3	↑ 0.7
R&D costs ratio (as a percentage of cost of sales)	4.3	4.0	↑ 0.3

As at 31 December	2014	2013	Changes
	(%)	(%)	(% point)
Gearing ratio ⁽¹⁾	11.8	4.8	↑ 7.0
Return on average total shareholders' equity ⁽²⁾	22.7	18.9	↑ 3.8
Return on average total assets ⁽³⁾	15.8	13.0	↑ 2.8
Average total shareholders' equity to average total assets	69.5	69.0	↑ 0.5
	(days)	(days)	(days)
Average inventory turnover days ⁽⁴⁾	58	59	↓ 1
Average trade receivables turnover days ⁽⁵⁾	35	38	↓ 3
Average trade payables turnover days ⁽⁶⁾	54	65	↓ 11

Cautionary Statement Regarding Forward-Looking Statements

This Annual Report 2014 contains certain forward-looking statements with respect to the financial conditions, results of operations and business of the Group. These forward-looking statements represent the Group's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Certain statements, that include wordings like "potential", "estimated", "expects", "anticipates", "objective", "intends", "plans", "believes", "estimates", and similar expressions or variations on such expressions may be considered "forward-looking statements".

Forward-looking statements involve inherent risks and uncertainties. Readers should be cautioned that a number of factors could cause actual results to differ in some instances materially, from those anticipated or implied in any forward-looking statement. Forward-looking statements speak only at the date they are made, and it should not be assumed that they have been reviewed or updated in the light of new information or future events. Trends and factors that are expected to affect the Group's results of operations are described in the section "Management Discussion and Analysis".

Notes:

- (1) Gearing ratio is equal to the bank loans divided by the total assets at the end of the relevant year.
- (2) Return on average total shareholders' equity is equal to the profit attributable to equity shareholders divided by the average balance of total shareholders' equity.
- (3) Return on average total assets is equal to the profit attributable to equity shareholders divided by the average balance of total assets.
- (4) Average inventory turnover days is equal to the average balance of inventories divided by the cost of sales and multiplied by the number of days in the relevant year.
- (5) Average trade receivables turnover days is equal to the average balance of trade receivables divided by the turnover and multiplied by the number of days in the relevant year.
- (6) Average trade payables turnover days is equal to the average balance of trade payables divided by the cost of sales and multiplied by the number of days in the relevant year.

RESULTS HIGHLIGHTS

FINANCIAL PERFORMANCE

- Turnover increased by 22.5% to RMB8.92 billion
- Gross profit margin increased by 3.4% point to 45.1%
- Profit attributable to equity shareholders increased by 29.3% to RMB1,700.3 million
- Basic earnings per share increased by 29.2% to RMB68.12 cents
- 71.0% payout of the profit attributable to equity shareholders

OPERATIONAL PERFORMANCE

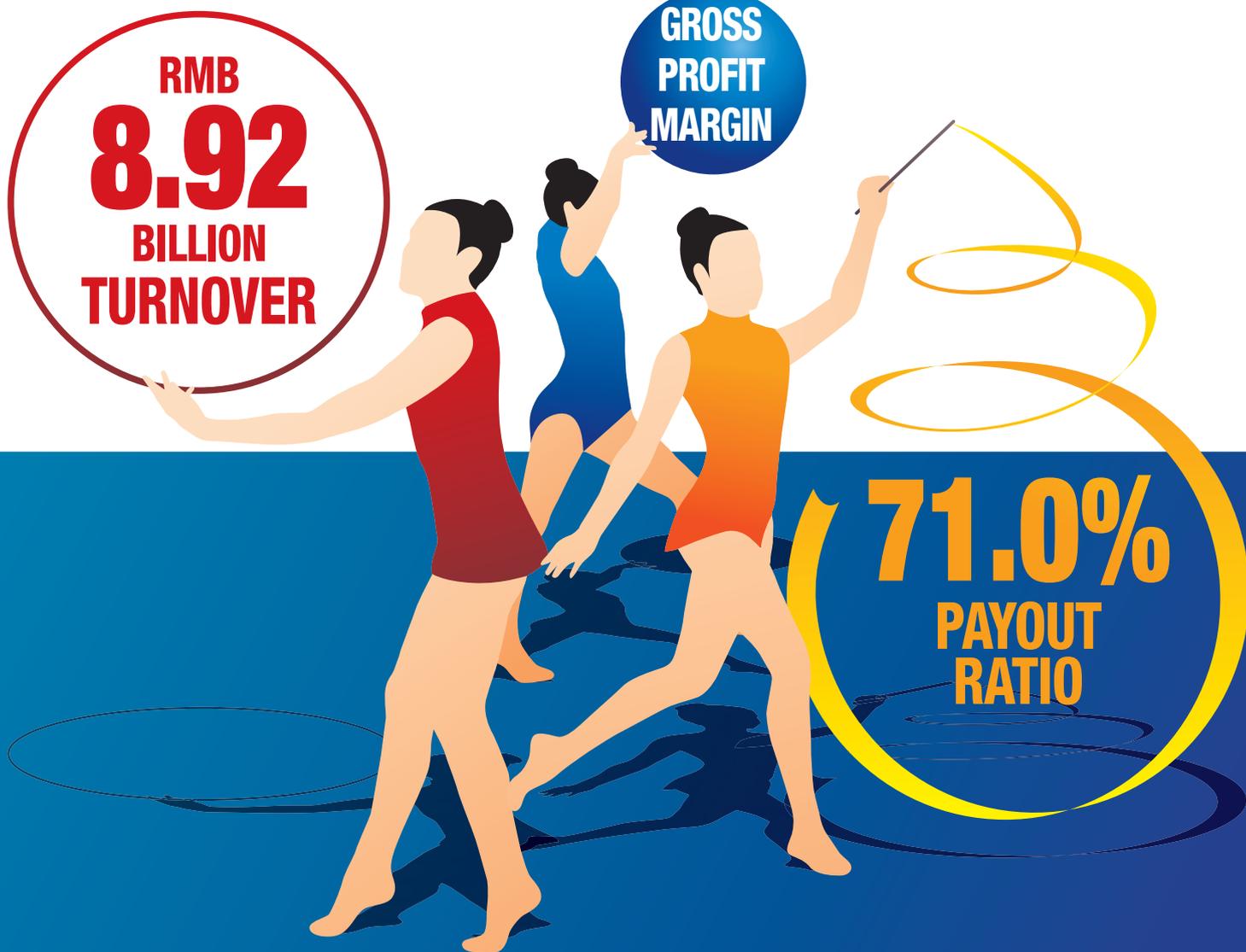
- Number of ANTA stores stood at 7,622
- Number of Kids sportswear series stores stood at 1,228
- Number of FILA stores in China, Hong Kong and Macao stood at 519

45.1%

**GROSS
PROFIT
MARGIN**

**RMB
8.92
BILLION
TURNOVER**

**71.0%
PAYOUT
RATIO**



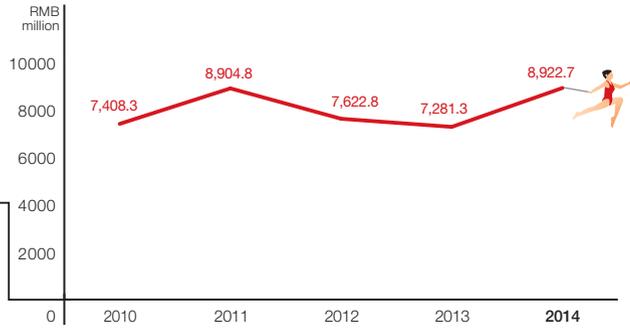
FIVE-YEAR FINANCIAL SUMMARY

	2014	2013	2012	2011	2010
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Turnover	8,922,692	7,281,263	7,622,808	8,904,767	7,408,309
Gross profit	4,026,816	3,039,254	2,893,166	3,762,397	3,170,554
Profit from operations	2,018,863	1,565,599	1,563,310	2,011,496	1,736,811
Profit attributable to equity shareholders	1,700,310	1,314,835	1,358,701	1,730,122	1,551,113
Non-current assets	2,036,754	1,931,008	1,933,589	1,424,610	1,309,436
Current assets	9,346,996	8,187,139	8,102,474	6,769,707	5,745,055
Current liabilities	3,184,693	2,573,654	2,897,909	1,604,374	1,163,393
Net current assets	6,162,303	5,613,485	5,204,565	5,165,333	4,581,662
Total assets	11,383,750	10,118,147	10,036,063	8,194,317	7,054,491
Total assets less current liabilities	8,199,057	7,544,493	7,138,154	6,589,943	5,891,098
Non-current liabilities	194,477	195,368	205,448	171,393	160,366
Total liabilities	3,379,170	2,769,022	3,103,357	1,775,767	1,323,759
Non-controlling interests	209,423	195,137	180,466	46,660	52,701
Shareholders' equity	7,795,157	7,153,988	6,752,240	6,371,890	5,678,031
	(RMB cents)	(RMB cents)	(RMB cents)	(RMB cents)	(RMB cents)
Basic earnings per share	68.12	52.71	54.48	69.37	62.21
Diluted earnings per share	67.98	52.61	54.40	69.20	62.04
Shareholders' equity per share	312.19	286.69	270.72	255.47	277.68
	(HK cents)	(HK cents)	(HK cents)	(HK cents)	(HK cents)
Dividends per share					
– Interim	25	19	23	26	20
– Final	28	22	17	26	25
– Special	8	7	8	–	–
	(%)	(%)	(%)	(%)	(%)
Gross profit margin	45.1	41.7	38.0	42.3	42.8
Operating profit margin	22.6	21.5	20.5	22.6	23.4
Margin of profit attributable to equity shareholders	19.1	18.1	17.8	19.4	20.9
Effective tax rate	22.7	24.1	21.6	20.2	16.1
Advertising and promotional expenses ratio (as a percentage of turnover)	12.0	11.1	10.5	13.7	13.6
Staff costs ratio (as a percentage of turnover)	11.0	10.3	9.7	8.5	8.9
R&D costs ratio (as a percentage of cost of sales)	4.3	4.0	3.8	3.7	3.2
Gearing ratio ⁽¹⁾	11.8	4.8	9.9	–	–
Return on average total shareholders' equity ⁽¹⁾	22.7	18.9	20.7	28.7	28.8
Return on average total assets ⁽¹⁾	15.8	13.0	14.9	22.7	23.6
Average total shareholders' equity to average total assets	69.5	69.0	72.0	79.0	81.8
	(days)	(days)	(days)	(days)	(days)
Average inventory turnover days ⁽¹⁾	58	59	51	38	36
Average trade receivables turnover days ⁽¹⁾	35	38	34	26	19
Average trade payables turnover days ⁽¹⁾	54	65	47	37	36

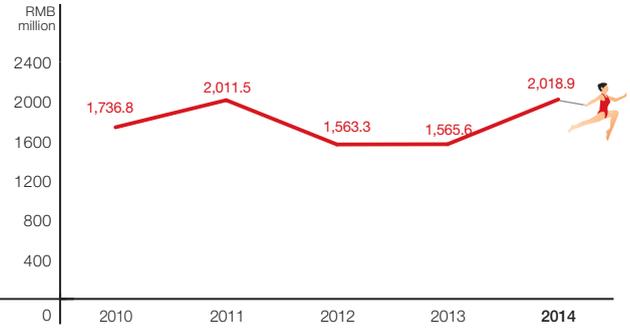
Notes:

(1) Please refer to notes on page 6 of the annual report for the definitions of gearing ratio, return on average total shareholders' equity, return on average total assets, average inventory turnover days, average trade receivables turnover days and average trade payables turnover days.

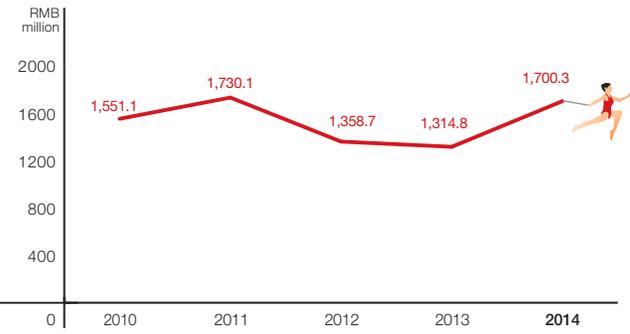
TURNOVER



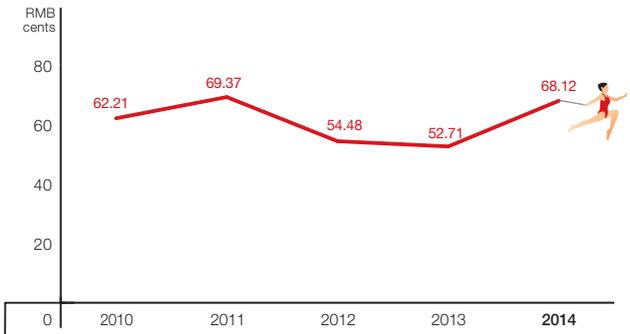
PROFIT FROM OPERATIONS



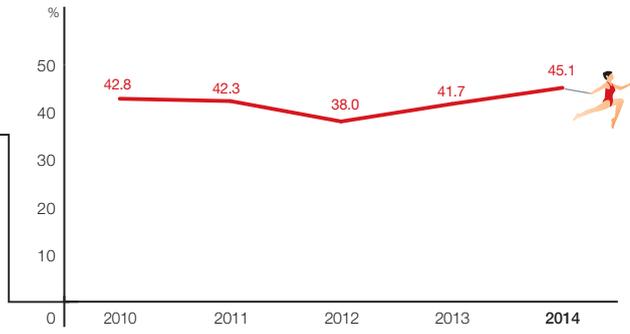
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS



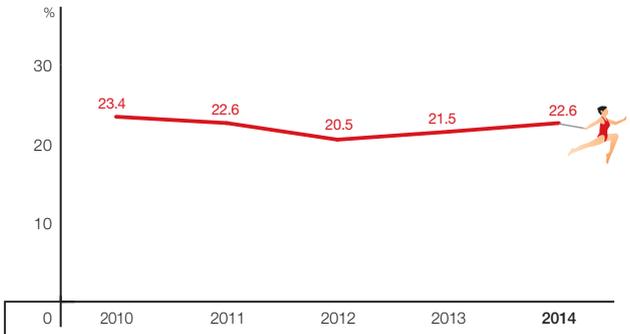
BASIC EARNINGS PER SHARE



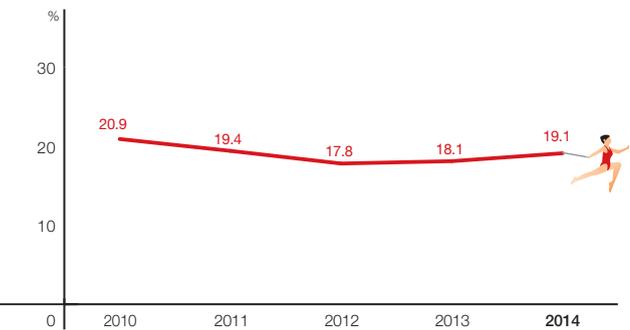
GROSS PROFIT MARGIN



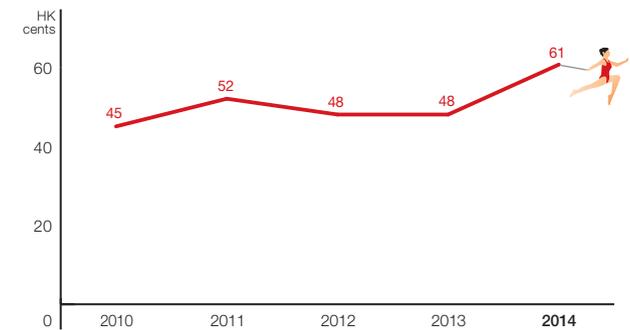
OPERATING PROFIT MARGIN



MARGIN OF PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS



TOTAL DIVIDENDS PER ORDINARY SHARE





Lee Min Ho Becomes FILA's Ambassador at Grand Launch of "Anna Sui for FILA" Collection

February Recommend · Reply · Forward 2020

FILA, another brand of the Group, started cooperation with world-renowned ethnic Chinese fashion designer Anna Sui to roll out the brand new "Anna Sui for FILA" collection. Meanwhile, popular Korean actor Lee Min Ho officially became a FILA ambassador to endorse FILA's stylish products in the PRC.



Led in Market Share in China's Travel and Sports Shoes and Named "Top 100 China Light Industry Enterprises" Continuously

March and June Recommend · Reply · Forward 2020

According to "China Retail Consumption Statistical Analysis" conducted by the China General Chamber of Commerce and the China National Commercial Information Centre, we ranked first in terms of market share in China's Travel and Sports Shoes for the 13th consecutive year due to the prominent consumer recognition of our brand and products. We were also recognised as the "Top 100 Light Industry Enterprise" by the China Light Industry Federation for the third consecutive year by virtue of our immense strength, solid growth and outstanding profitability.



Endorsement Contract with NBA Player Chandler Parsons

February Recommend · Reply · Forward 2020



We signed a basketball endorsement contract with NBA player Chandler Parsons, who is affectionately described as "tall, rich and handsome" by his fans in China. The addition of Chandler Parsons further strengthens ANTA's brand equity and cements its leading position in China's basketball market.



Tailor-made "Champion Dragon Outfit" for CSD

February and September Recommend · Reply · Forward 2020

As the sportswear partner of the COC, we made bold breakthroughs in terms of fashionable design and technological innovation in the gorgeous "Champion Dragon Outfit" for the CSD. It was constantly in the spotlight as Chinese medalists stood on the victory podium at both the Sochi Winter Olympics and the Incheon Asian Games.



Launch of Revolutionary A-Web 2.0 Running Shoe

April Recommend · Reply · Forward 2020

We launched the brand new professional A-Web 2.0 running shoe, which employs the latest and most popular knitting technology with a breathing hole design in the vamp for excellent fit and breathability. The sole also applies the innovative A-Loop technology to provide greater comfort, springiness and energy return.

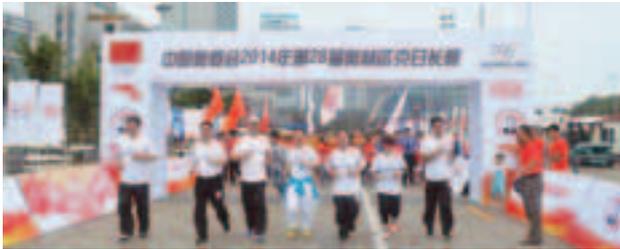




Contribution to Community through Olympic Day Run

June 👤 Recommend · Reply · Forward 👍 2020

We joined hands with the COC and regional sports bureaus to organise the Olympic Day Run in China for the sixth year in a row. We also launched the first-ever nationwide Olympic Day Run charity campaign to show that we care for poor children by donating ANTA sportswear to impoverished primary school students.



ANTA-endorsed NBA Player Rajon Rondo Visited China

September 👤 Recommend · Reply · Forward 👍 2020



ANTA-endorsed NBA player and top Dallas Mavericks point guard Rajon Rondo went on his first-ever China Tour held by ANTA in early September. He engaged in close interaction with numerous fans, sparking a frenzy in China, and worked together with us to train top Chinese point guards.



Leading Peers in Corporate Governance and Brand Value

October and November

👤 Recommend · Reply · Forward 👍 2020

We won the “Outstanding Company on Corporate Governance” award presented by Corporate Governance Asia magazine for the third time after winning in 2010 and 2013. Our self-established brand ANTA was also named “Best China Brand” for the fifth consecutive year by Interbrand, the world’s largest brand consultancy. We were the only Chinese sportswear brand to receive both of these prestigious honours.



Sponsorship of Chinese National Gymnastics, Weight Lifting, Wrestling and Judo Teams for the First Time

August and September

👤 Recommend · Reply · Forward 👍 2020

We collaborated with the Gymnastics Sports Management Centre and the Weight lifting, Wrestling and Judo Sports Management Centre for the first time, bringing the total number of Chinese national teams equipped with ANTA professional sportswear outfits for competition, training and daily use to 24.



Alliance with NBA China to Launch Co-branded Products in China

October 👤 Recommend · Reply · Forward 👍 2020

We have become the official marketing partner of NBA China and a licensee of the NBA. “ANTA-NBA” co-branded adult and kids basketball shoes and accessories carrying logos of the NBA, the 30 teams of NBA and ANTA are now available at both online and offline ANTA stores. This is the first time that the NBA launched co-branded products in China with a domestic sportswear brand.



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present our annual results for the year ended 31 December 2014.

We Picked up Growth Momentum and Delivered Sustainable Results

Facing rapid changes and intense competition in China's sportswear industry, we further enhanced product differentiation and implemented retail-oriented measures aimed at offering innovative products that fully match consumer demand, thereby gaining market share and improving retailers' profitability for the long term. Our turnover increased by 22.5% to RMB8.92 billion for the year (2013: RMB7.28 billion), not only due to the growing demand for our differentiated value-for-money ANTA products, but also due to notable growth in other businesses, particularly in the Kids, Fila and e-commerce businesses. Profit attributable to equity shareholders also rose by 29.3% to RMB1.70 billion (2013: RMB1.31 billion), with basic earnings per share amounting to RMB68.12 cents (2013: RMB52.71 cents). To provide attractive returns to our shareholders, the Board proposed a final dividend of HK28 cents per ordinary share (2013 final dividend: HK22 cents) and a special dividend of HK8 cents per ordinary share (2013 special dividend: HK7 cents), together with the interim dividend of HK25 cents (2013 interim dividend: HK19 cents), representing a payout ratio of 71.0% of profit attributable to equity shareholders for the year (2013: 72.4%).



We Adopted a Focused Marketing Strategy to Enhance Brand Equity

We have consistently positioned ANTA as a functional sportswear brand that focuses on the mass market and we have always enriched and leveraged our unique sports resources to differentiate ANTA from its peers. During the year, we put forth our best efforts to reinforce our influence and leading position in China's basketball market by entering an alliance with the NBA China. We are not only the official marketing partner of NBA China, but also the first Chinese sportswear brand to be a licensee of the NBA, allowing us to launch co-branded products carrying both the NBA and ANTA logos in China. Furthermore, Chandler Parsons, a rising NBA player has joined our star-studded lineup of endorsers to promote our professional, high functionality, yet affordable basketball products. We also held a China tour for top NBA point guard Rajon Rondo, another ANTA-basketball endorser, which stirred up a basketball craze in China and drew considerable attention to ANTA. As an official partner of the COC, we tailor-made impressive winning outfits for the CSD to the Sochi Winter Olympics as well as the Incheon Asian Games. We have also started our first-ever collaboration with China's Gymnastics, Weight Lifting, Wrestling and Judo Sports Management Centres. ANTA-designed winning outfits and professional competition gear for 24 Chinese national teams consistently appeared in the spotlight at different sporting events, not only demonstrating our bold breakthroughs in fashion design and technological innovation, but also further deepening our brand image as representing China's sports essence and boosting Chinese consumers' sense of pride in their national brand.

We Develop and Refine Value-for-Money Sportswear to Serve Consumers

Innovation is one of the keys to our success. Our strong capacity for innovation continues to bring us greater differentiation and helps us extend our leading position in China's sportswear market. During the year, we launched a revolutionary new running shoe featuring A-Web 2.0 technology with cutting-edge technologies applied to both the vamp and sole. The A-Web 2.0 technology featured in the vamp employs the most popular knitting technology used today, enhancing breathability and providing wearers a better fit and a more comfortable wearing experience. In addition, the sole adopts the innovative A-Loop technology, which provides greater comfort, springiness, energy return as well as sustainability in support for different runners' body forms. Adhering to the principle of providing value-for-money of ANTA products, the A-Web 2.0 running shoe featuring excellent functionality and sports performance, the premium basketball shoes designated for ANTA-endorsed NBA players and the "ANTA-NBA" co-branded products which have been very well-received by China's NBA fans are all selling at affordable prices for mass-market consumers. Due to our strong product differentiation and effective pricing strategy, we were named the top seller of travel and sports shoes in China in terms of market share for the 13th consecutive year.



CHAIRMAN'S STATEMENT



We Optimise Retail-oriented Measures to Improve the Profitability of Our Retailers

We have always strived to help our retailers stay competitive and to improve their profitability by taking comprehensive retail-oriented measures since the onset of the industry downturn. In addition to implementing a streamlined distribution structure and emphasising retail efficiency in our corporate culture and values, we have engaged in thorough analysis of real-time retail performance and inventory movements gathered from our ERP system and provided our retailers more precise guidelines at trade fairs according to the most up-to-date market trends. Meanwhile, we have further strengthened our product differentiation and optimised the flexibility and efficiency of replenishment so as to satisfy the unforeseeable demand for our in-season signature products. Furthermore, we have continued to enhance store efficiency and maintain a strong presence in second- and third-tier cities across China. We believe these measures not only help minimise our retailers' inventory risks, but also improve their operational performance as well as their confidence in our future order planning, consumer demand forecasting and replenishment arrangements. More importantly, we have further strategically expanded our e-commerce business to capture tremendous demand from increasing online shoppers and to bring synergy to both our online and offline retailers.

We Outperform through Stronger Execution and Operational Capabilities

China's sportswear industry is generally expected to still face intense competition and consolidation in the near-term. Nevertheless, we have made good progress in our retail-oriented measures and are the first domestic sportswear branded enterprise to achieve a turnaround in the sector through continuous, positive growth in our trade fair results and stronger confidence in our brand and products among retailers. Meanwhile,

the Chinese government's support in expanding domestic demand, accelerating the development of the sports industry and the growing popularity of sports participation in China are favourable factors spurring the domestic sportswear market in the mid-to-long term. To stand out and to gain market share from our competitors, we will leverage the influence of our unique sponsorship resources as well as our endorsers to strengthen our brand equity and recognition. We will offer more innovative and differentiated value-for-money products that fit consumer preferences and needs. Besides, we will formulate precise ordering, replenishment and store opening plans for our retailers through our sophisticated ERP system, which will help them effectively maximise profitability and prevent excess inventory. We will also strategically expand our "ANTA-NBA" co-branded series, Kids sportswear series, e-commerce business and Fila business in the PRC to bolster sales and to capture the growing demand from both online and offline consumers in various markets.

On behalf of the Board, I would like to express my sincere gratitude to our shareholders for their steadfast support and to all of our staff members for their unmatched dedication. We will strive to ensure the steady development of ourselves, our supply chain partners, distributors and franchisees, and to create greater value for our stakeholders over the long run.



Ding Shizhong
Chairman

Hong Kong, 11 February 2015





**BASKETBALL
IS PRICE**

實力無價



L
CELESS

Rajon Rondo,
a point guard with the
Dallas Mavericks of the NBA

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

China's Economy Maintained Solid and Steady Growth

To maintain momentum in economic growth, it is generally believed that the Chinese government has continued to implement economic reforms, adopted a new urbanisation plan and considered to further loosen its one-child policy. China maintained steady GDP growth in 2014, while the ongoing expansion in domestic demand drove an increase in total retail sales of consumer goods. Per capita annual disposable income of urban residents also continued to rise as a result of the implementation of policies aimed at narrowing the income gap, improving livelihoods and spurring consumption.

In 2014, China's CPI grew at its slowest pace in recent years, reflecting the slowdown trend in country's inflation rate. Furthermore, the persistent decline in PPI has raised concerns among the general public about China's economic outlook. To minimise the risk of economic slowdown, it is generally believed that Chinese policymakers are engaging in more effective measures targeting at driving the country's economy with a healthier, more sustainable growth model based on domestic consumption rather than on investment and exports in the long-term.

Stronger Sportswear Brands Gain Advantage amid Industry Consolidation

Over the past few years, China's sportswear industry as a whole has been facing challenges associated with lack of brand identity and product differentiation, over-

expansion of stores and poor inventory management. While industry players are striving for revival by enhancing the accuracy of orders by distributors, closing less efficient stores, launching well-received products, reforming retail channels and improving operations management, the varied performance across different brands depends on their fundamentals, competitiveness as well as innovation and execution capabilities.

Stronger sportswear brands are generally expected to outperform their peers and to achieve sustainable growth by leveraging their core strengths, including effective brand positioning and marketing strategies, sound management of distribution networks, sophisticated retail monitoring systems, cost-efficient and responsive supply chains, strong R&D capabilities and highly differentiated products.

The ongoing urbanisation, improving livelihoods and growing popularity of sports in China are also boosting consumer demand for sportswear with better functions, quality and designs. Chinese policymakers also plan to adopt measures to accelerate the development of the sports industry and to boost sport-related consumption. Therefore, sportswear brands that are better recognised, more responsive to market trends and more capable of delivering value-for-money and innovative products to consumers are expected to gain market share amid rapid changes and consolidation in the sector in the longer term.



CHINA'S ECONOMIC DATA

National Income	GDP	RMB63,646.3 billion	YoY ↑ 7.4%
Urban Residents' Income	Per capita annual disposable income	RMB28,844	YoY ↑ 6.8%*
Consumption	Total retail sales of consumer goods	RMB26,239.4 billion	YoY ↑ 12.0%
	Clothing sector (including sports footwear and apparel)	RMB1,256.3 billion	YoY ↑ 10.9%
Inflation	CPI	102.0 (2013=100)	YoY ↑ 2.0%
	PPI	98.1 (2013=100)	YoY ↓ 1.9%

* Actual growth after deducting price factors

Source: National Bureau of Statistics of China (as at 31 December 2014)

PESTEL AND COMPETITIVE ADVANTAGES



Competitive Advantages

Strong Brand Equity

- Diversified sponsorship resources
- Brand internationalisation
- Nationwide brand recognition and awareness

Product Differentiation

- A wide range of product mix and lines
- Qualify for setting national quality standards
- Strong alliance with designers and R&D institutions

Corporate Social Responsibility

- Corporate citizenship and public relations
- Close communication with stakeholders

Nationwide Distribution Network

- Quick response to the market demand
- Wide spread of our network
- Effective management of distributors and franchisees

Cost Leadership and Capital Adequacy

- Enjoy economies of scale
- Highly efficient supply chain management
- Offer value-for-money products
- Sufficient funding for future business development
- Low gearing ratio

External Environment

Economic

- Per capita disposable income growth rate
- Degree of urbanisation

Legal and Political

- Compliance
- Health and safety
- Government's concern of citizens' health
- Promotion of sports activities in schools

Technological

- Products' functionality
- Performance-based sportswear products
- Trendy leisure sportswear products

Environmental

- Protection and education
- Seasonality

Social

- Sports participation rate
- Consumers' taste and preference
- Individual expenditure on sportswear products

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

BRAND-DRIVEN BUSINESS MODEL

We position ourselves as a brand management company that integrates our sponsorship and endorsement resources, advertising and promotional campaigns, CSR and store image; as well as our value-for-money performance-based and stylish sportswear products that reinforce ANTA's brand image and the level of brand association. Our retail-oriented strategy links up the distribution network and the supply chain in order to serve our consumers and to achieve our mission, vision and core values.

-  Strategic brand management
-  Association of our brand with consumers
-  Retail-oriented strategy

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

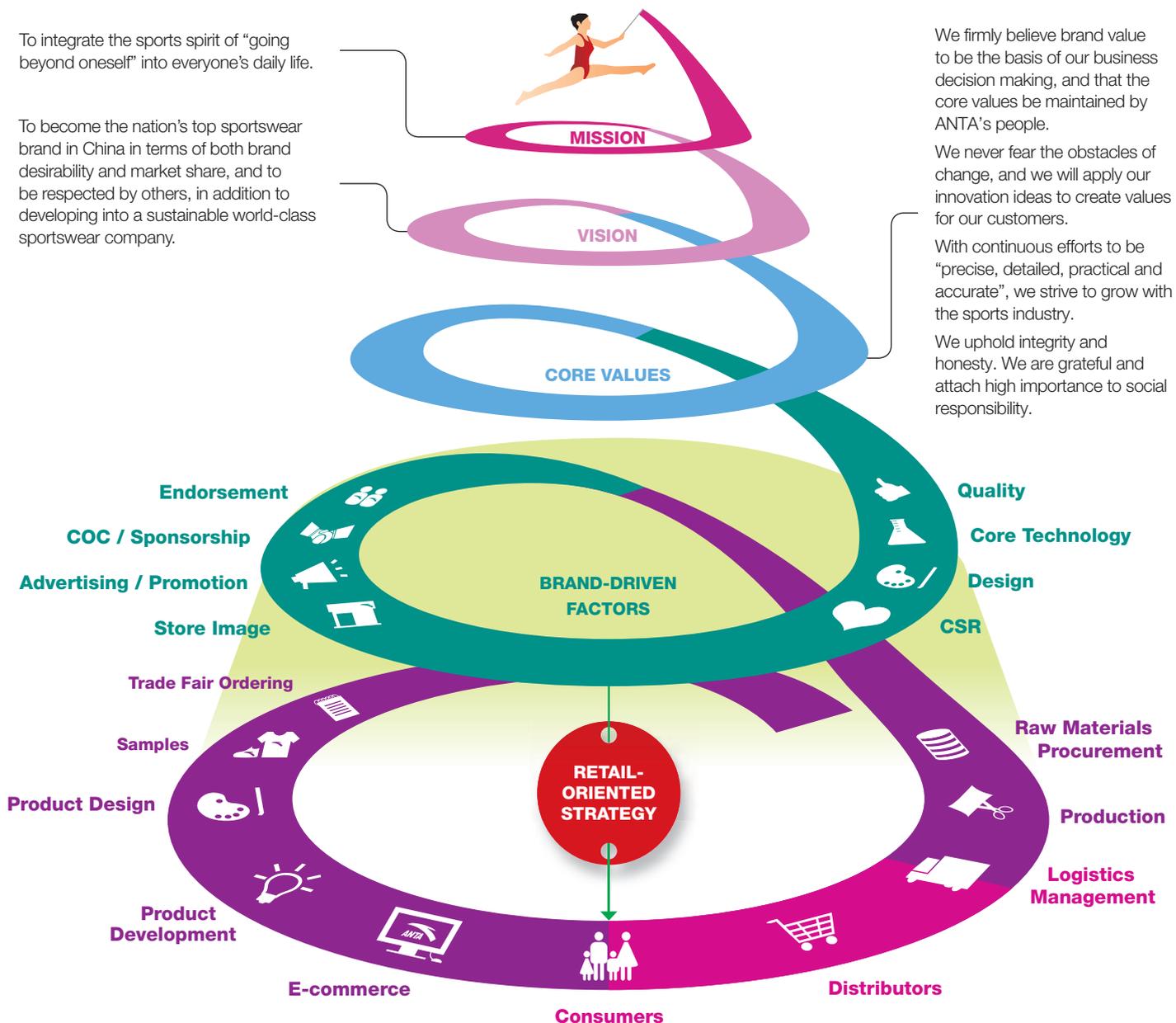
To become the nation's top sportswear brand in China in terms of both brand desirability and market share, and to be respected by others, in addition to developing into a sustainable world-class sportswear company.

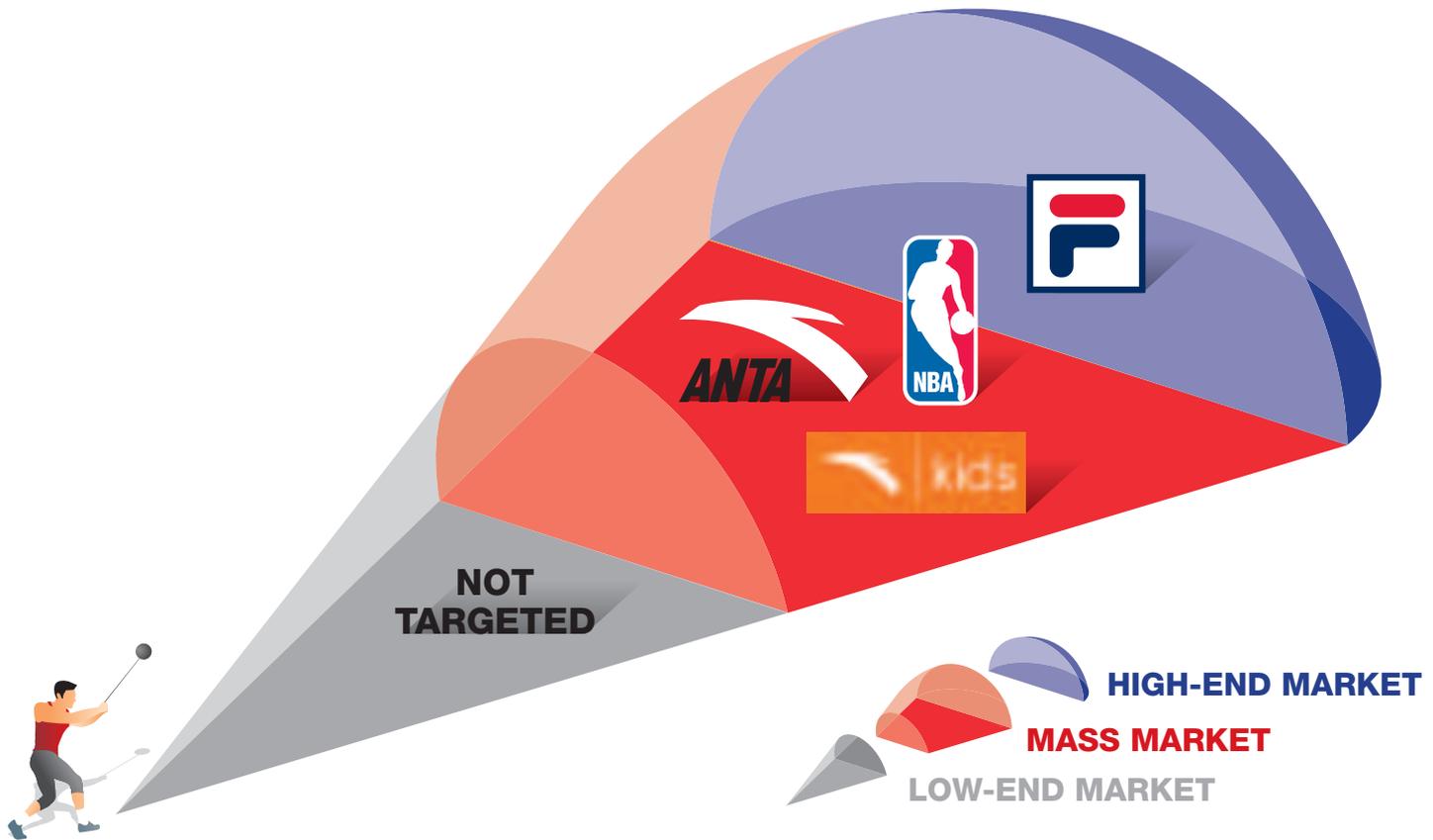
We firmly believe brand value to be the basis of our business decision making, and that the core values be maintained by ANTA's people.

We never fear the obstacles of change, and we will apply our innovation ideas to create values for our customers.

With continuous efforts to be "precise, detailed, practical and accurate", we strive to grow with the sports industry.

We uphold integrity and honesty. We are grateful and attach high importance to social responsibility.





BRAND PORTFOLIO MODEL

Although the domestic sportswear market has undergone drastic changes in the past few years, demand for differentiated and value-for-money sportswear products has always been strong. Furthermore, while rapid market consolidation brings short-term uncertainty to the industry, it also offers opportunities for established brands to gain further market share in the long-term. To capitalise on the growth in various market segments, we adopted a multi-brand strategy to capture opportunities in the mass to high-end market. ANTA has been positioned as a functional sportswear brand that focuses on the mass market, while FILA

represents a stylish and sporty image that taps the high-end segment. Meanwhile, our Kids sportswear series plays a strategic role in the portfolio with the aim of building brand loyalty among children of ages 3-14 to our brand. During the year, we became the official marketing partner of NBA China and a licensee of the NBA, allowing us to use the NBA logo as well as logos of the current 30 NBA teams, NBA's legendary teams and NBA events on its adult and kids basketball shoes and accessories.

We have received a number of awards, demonstrating our competitive advantages and brand leadership. We were named "Best China Brand 2014", the fifth consecutive year Interbrand, the world's largest brand

consultancy, has honoured us with this designation. In the latest ranking, ANTA ranked 27th in terms of brand value, yet again making it the only shortlisted Chinese sportswear brand to be ranked. This not only underscores the unrivaled strength of ANTA's brand equity and competitive edge, but also reflects the public's strong recognition of ANTA and its products. In addition, we were recognised as being among the "Top 100 China Light Industry Enterprises" for the third consecutive year. The list has been issued annually since 2011, and is organised by the China Light Industry Federation. The list emphasises enterprises' balanced development, which not only focuses on brand building efforts but also product quality and corporate sustainability.

KEEPING
CHAMPION
SPIRIT ALIVE
冠軍的心 永不止步

15



MANAGEMENT DISCUSSION AND ANALYSIS



BRAND MANAGEMENT

Brand equity is the most powerful asset to sustain long term growth. Our devotion to advanced planning and preparation in our brand management strategy has enabled us to enjoy leading brand recognition and desirability. Riding on our effective and focused brand management strategy, ANTA has become one of the most desired sportswear brands in China. During the year, we continued to integrate our influential sponsorship resources with innovative promotional channels to reinforce the functional image of ANTA and our level of brand association. Apart from our exclusive alliances with national sports associations and athletes, we also made keen efforts to sponsor international sports resources to reach more target customers. Leveraging the growing influence of digital marketing, we have been cooperating with various popular digital social networks and broadcast media channels to enhance our reach in a cost-effective manner. Meanwhile, we have also been enhancing our in-store marketing, and have upgraded our store image to attract consumers.

ANTA Representing China's Sports Essence

Our strategic partnerships with the COC and CSD since 2009 not only provide an excellent platform for ANTA-designed outfits to appear on elite athletes at award ceremonies at influential sporting events, but also raises our brand profile locally and globally. More importantly, our exclusive partnership with the COC helps us stand out among our peers and makes ANTA the representative of China's sports essence. To strengthen the association between ANTA and the COC, as well as to maximise the effectiveness of digital marketing, we launched joint marketing campaigns with various media channels during the Sochi Winter Olympics and the Incheon Asian Games. Furthermore, we began cooperation with China's Gymnastics, Weight Lifting, Wrestling and Judo Sports Management Centres, bringing the number of Chinese national teams equipped with ANTA professional gear to 24, which not only makes our sponsorship resources to China's national teams more comprehensive, but also creates synergy with our cooperation

with the COC and elite Chinese athletes in solidifying ANTA's brand image as the representative of China's sports essence.

"Champion Dragon Outfit" Draws Attention at the Sochi Winter Olympics and Incheon Asian Games

Since 2009, we have been working closely with the COC and the CSD to provide quality winning outfits for top Chinese athletes at influential sporting events. The 22nd Winter Olympics kicked off in Sochi, Russia in February 2014. The CSD sent 66 athletes to participate in nine different kinds of sports including short-track speeding skating, speed skating, freestyle skating etc., and won a total of nine medals. Zhang Hong, the champion in women's 1,000m speed skating who also earned China its first Olympic gold medal in speed skating, stood on the podium together with China's remaining Olympic medalists wearing the "Champion Dragon Outfit" to receive their honours. The "Champion Dragon Outfit" not only incorporates concepts of Chinese traditional culture, but also demonstrates



bold breakthroughs in fashion design and technological innovation. We also took this opportunity to promote the development of the sports industry in China and our differentiated brand image.

In October 2014, Chinese athletes achieved excellent results at the Incheon Asian Games and were awarded top honours at the victory podium wearing our tailor-made “Champion Dragon Outfit”. This not only enhanced our brand exposure, but also greatly reinforced our brand image of representing China’s sports essence and honour. Nearly 900 athletes of the CSD participated at the Asian Games, including more than 30 Olympic champions. The Chinese athletes achieved remarkable results in competition and won a total of 151 gold medals, 108 silver medals and 83 bronze medals, giving China the top ranking in both the number of gold

medals won and in the overall metal tally for the seventh consecutive Asian Games. Our tailor-made “Champion Dragon Outfit” not only demonstrated China’s sports spirit when Chinese athletes stepped up to the podium at the Asian Games for a total of 342 times, but also attracted the attention of both local and overseas media on the “Champion Dragon Outfit” combining high-tech elements and fashionable design. In addition, ANTA-endorsed Chinese table tennis players Zhang Jike and Liu Shiwen, who each won two gold medals, further deepened consumers’ sense of national pride and belonging in association with our brand and products.

Moreover, we entered into an agreement of strategic partnership with CCTV in which all front-line and on-camera CCTV reporters wore our outfits during the Asian Games.



We also participated in a special CCTV programme entitled “Fengyunhui”, which focused on in-depth interviews with athletes and helped strengthen our association with the Asian Games. Advertisements, product placement, micro movie, websites and online games in various media and social channels such as television, WeChat and Weibo received positive responses from consumers, illustrating our efficiency and differentiation in sports marketing. Our strong sponsorship resources and brand strategy will further strengthen our association with sports in China in the eyes of consumers, and will reinforce our brand leadership in China’s sportswear industry.



MANAGEMENT DISCUSSION AND ANALYSIS



Sponsoring Chinese National Gymnastics, Weight Lifting, Wrestling and Judo Teams

During the year, we began strategic cooperation with the Gymnastics Sports Management Centre and Weight Lifting, Wrestling and Judo Sports Management Centre under the General Administration of Sports of China, bringing the number of Chinese national teams equipped with our professional gear to 24 and further promoting public recognition of our unique brand image as representative of China's sports essence. More importantly, we also built a new portfolio of branding resources in China's sports sector, working with numerous top premium sports resources including the COC and the five Sports Management Centres-namely Water Sports, Winter Sports, Boxing and Taekwondo, Gymnastics and Weight Lifting, Wrestling and Judo as well as top athletes like two-time Olympic boxing gold medalist Zou Shiming. Our comprehensive and exclusive sponsorship resources help speed up the promotion of our differentiated products, the development the sports in China, and the achievement of a win-win marketing outcome.



In order to help athletes improve their performance and demonstrate the beauty of the sports, we not only provide professional competition sportswear outfits featuring our cutting-edge technology for athletes from the newly-sponsored Chinese national Gymnastics, Weight Lifting, Wrestling and Judo Teams, but also offer outfits for competition, medal presentation ceremony, training and daily use for athletes on the aforementioned national teams, and enhance product quality in terms of material, design, R&D, and craftsmanship.

In addition, we are actively involved in campaigns to promote the development of gymnastics so as to help nurture young talents as well as to boost the influence of gymnastics in spreading the "Sports for All" spirit in China. By participating in a series of campaigns such as "Gymnastics on Campus" and "Joy of Gymnastics" that promote gymnastics, we strive to enhance the popularity of gymnastics in China and to further step up its contribution to China's sport development.



BROOKLYN



CHICAGO BULLS



ATLANTA HAWKS



**TWO BRANDS,
ONE FAITH**



兩個品牌 一種信念



NBA官方市场合作伙伴

MANAGEMENT DISCUSSION AND ANALYSIS



ANTA as a Functional and Mass Market Brand

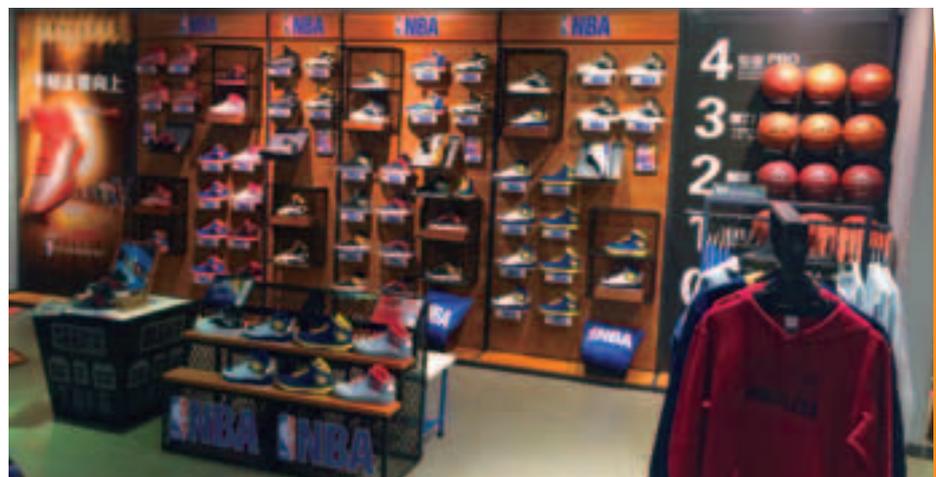
Over the years, we have focused on promoting our functional sportswear brand image with an effective pricing strategy. The year 2014 was a fruitful one for us as we enhanced marketing resources for our key product segments, particularly in the basketball, running and cross-training categories. During the year, we became the official marketing partner of NBA China and a licensee of the NBA. Furthermore, we struck deals with Chandler Parsons, a rising NBA star and starting small forward for the Dallas Mavericks, which complement our deals with NBA standouts Kevin Garnett, Luis Scola and Rajon Rondo to form the most solid basketball resources. During the year, we integrated different media channels with our new A-Web 2.0 running shoe to enhance our influence in the running segment in the mass market, and more importantly, to educate the public of the significance of choosing the right running shoe to offer maximum protection and functions that meet their particular needs. Furthermore, we sponsored the Olympic Day Run for the sixth consecutive year to promote the joy of running. To maximise the effects of our marketing efforts and to make a bigger contribution to the community, we integrated the Olympic Day Run and digital marketing by launching a nationwide

Olympic Day Run charity campaign which was hailed by thousands of runners.

As we aim to stand out from our peers, we have always been committed to maintaining a smart and sporty store image. We encouraged our retailers to follow our sixth-generation store image standard so as to attract consumers with a refreshing shopping experience. Store decorations and promotional materials such as in-store posters are provided to retail stores to highlight the marketing themes and the main products of the season. We further optimised the “COC Corners” and “Grand Basketball Corners” at key stores to put our special product series in the spotlight.

Alliance with NBA China to Launch Co-branded Products in China

In October 2014, we gladly became the official marketing partner of NBA China and a licensee of the NBA, allowing us to use the NBA logo as well as logos of the current 30 NBA teams, NBA’s legendary teams and NBA events on our adult and kids basketball shoes and accessories. This marks the first time that the NBA has launched co-branded products with a domestic sportswear brand. In order to cater to the differentiated demand from adults and children, we launched a series of basketball shoes with the NBA, including the “League Series” featuring the





NBA logo and the “Team Series” inspired by the NBA team logos and colour schemes.

The “ANTA-NBA” co-branded basketball shoes featuring eight popular teams such as Houston Rockets, San Antonio Spurs, Chicago Bulls, Los Angeles Lakers, etc., were the first batch of co-branded products launched to the China market. Apart from basketball shoes, we also launched NBA-themed accessories that include backpacks, socks and wristlets. Consumers are not only able to purchase these co-branded products at over 2,000 offline stores in China, but can also purchase related shoes and accessories via our e-commerce channel. We believe that our collaboration with the NBA China and the launch of co-branded products can help boost our professional brand image and influence in the basketball market.

Moreover, we will fully leverage our brand’s influence and strengths in the local market to promote the continuous development of the basketball market in China with the NBA participation in fan interaction events such as “NBA Nation”, “NBA All-star Balloting in China” and the “Basketball is Priceless-ANTA Universities League”. We hope to see more Chinese people, especially teenagers, experience the joy of basketball.



MANAGEMENT DISCUSSION AND ANALYSIS

Chandler Parsons Joins Our “Basketball is Priceless” Team

During the year, we entered a basketball endorsement contract with Chandler Parsons, a rising star in the NBA and starting small forward of the Dallas Mavericks. He joined forces with fellow ANTA-endorsed NBA players Kevin Garnett, Luis Scola and Rajon Rondo to form the most solid of basketball resources, which not only further strengthen our “Basketball is Priceless” strategy, but also enhance our brand equity and cement our leading position in China’s basketball market. He has been equipped with tailor-made ANTA basketball shoes for NBA games. Our endorsers’ designated basketball shoes, namely RR1, KG IV and Chandler Parsons’ basketball shoes, have been positioned as “National Basketball

Shoes”, and are priced as low as RMB399 with numerous styles.

Stirring up the Basketball Craze with the “Rajon Rondo China Tour 2014”

To promote the popularity of practical basketball and to demonstrate the value of our professional, high-quality and good value-for-money basketball shoes to consumers, the “Rajon Rondo China Tour 2014”, featuring endorsed NBA all-star player Rajon Rondo, was held in early September. During the tour, he travelled to Beijing, Guangzhou and Xiamen, visiting the flagship store at the Capital Indoor Stadium in Beijing and attending the first “ANTA Ball Control Training Camp” in Guangzhou and the opening ceremony of our flagship store in Xiamen, as well as visiting Headquarters in





Jinjiang. He also engaged in close interaction with mainland fans during the tour, which helped to raise basketball lovers' and consumers' awareness of our brand.

Nurturing World-class Point Guards with Rajon Rondo in China

The main purpose of Rajon Rondo's China tour is to help cultivate world-class point guards in China and to create a Chinese version of Rajon Rondo. The first "ANTA Ball Control Training Camp", organised by us and the first free-of-charge basketball training camp focusing on training young point guards in China, also kicked off during Rajon Rondo's China tour. It provides a top-level platform in which young point

guards in China enjoy opportunities to develop their talent as they can receive professional training designed by Douglas Bibby, the personal coach of Rajon Rondo, and with Rajon Rondo himself sharing his basketball techniques and experience with them and demonstrating his ball control skills. To nurture outstanding young point guards in China, the "ANTA Ball Control Training Camp" will be one of our long term basketball programmes with the aim of establishing a long term online interaction platform by providing training courses for young point guards and guidance on basketball techniques from star instructors like Rajon Rondo. Furthermore, a limited edition version of autographed Rajon Rondo "Ball Control" training gear will be available for sale exclusively on JD.com, and will stir up yet another "Rajon Rondo storm" online.



MANAGEMENT DISCUSSION AND ANALYSIS



Introducing the A-Web 2.0 Running Shoe

To fulfill the different needs of sophisticated consumers, we launched the brand new A-Web 2.0 running shoe during the year. Apart from using A-Web 2.0 technology in the winning gear of the CSD for the Youth Olympic Games, the A-Web 2.0 running shoe was also exhibited at the 32th China Sports Show, demonstrating our persistence in technological innovation and commitment to promoting sports in China.

The launch of the revolutionary A-Web 2.0 running shoe is poised to become a landmark in the history of running shoe development. The A-Web 2.0 technology featured in the vamp employs today's most popular knitting technology, while the vamp itself is a single body to prevent unnecessary

patches and stitches. This not only improves cost efficiency during production, but can also provide a better fit and wearing experience by holding the foot tightly inside the shoe. A-Web 2.0 technology adopts breathing hole design, and different parts of the vamp are of different knitting densities so as to substantially enhance breathability. Special material is also added into the threads used in knitting to enhance strength and durability of the vamp for outstanding stability and support.

In addition, the sole adopts the innovative A-Loop technology, which was inspired by the double layer structure of a car chassis to provide sustainability in support. This design provides the advantage of taking into account a variety of runners' body forms. Slim runners will be able to feel the outsole periphery of the rebound effect, while for

overweight runners, the peripheral outsole's hollow cylinders are adjusted to the different body weight to allow the middle part of the outsole to partially touch the ground, giving them additional support. The sole of the A-Web 2.0 running shoe also adopts durable and slip resistant rubber, which helps runners avoid slipping while running. With a selling price ranging from RMB350 to RMB450, the A-Web 2.0 running shoe received an overwhelming response after its launch this year.





Supporting the Olympic Day Run

As a long term strategic partner of the COC that has long devoted to promoting running in China, we sponsored the Olympic Day Run for the sixth consecutive year. This year, the 28th Olympic Day Run, jointly organised by the COC, regional bureaus of sport and us, with the theme "19 Cities Running Together", kicked off simultaneously in 19

cities in China, including Beijing, Shanghai, Xiamen, Qingdao, Taiyuan, Hohhot, Shenyang, etc. More than 80,000 running enthusiasts across the country celebrated the birth of the modern Olympic Games with a long run. We also launched professional and stylish running products, including the A-Web 2.0 running shoe, to provide a comfortable running experience for the runners participating in the Olympic Day Run.

To maximise the effectiveness of marketing and to make a bigger contribution to the community, we integrated the Olympic Day Run with our digital marketing efforts by launching a national-wide Olympic Day Run charity campaign in which runners recorded the calories they consumed during the run. For every 100 calories consumed by the runners, we donated RMB1 to children living in remote mountain areas. This campaign was not only a pageant promoted the "Sports for All" spirit and highlighted the Olympic spirit and culture, but was also a journey of public love, enabling a number of running enthusiasts across the country to show their love to poor children with every step they took.



MANAGEMENT DISCUSSION AND ANALYSIS



KIDS SPORTSWEAR SERIES

While maintaining our leading position in the performance-based sportswear market for youngsters and adults, we also launched our Kids sportswear series in 2008 to penetrate the high potential kids sportswear market in China. This market is widely expected to grow more rapidly as the Chinese government intends to further loosen the One-child Policy. Moreover, this market is still fragmented, and well-established brands are generally considered to possess advantages over less mature new players. As ANTA is the first domestic sportswear brand to enter this market, our Kids sportswear series has been well-received and is well-positioned

to capture the tremendous opportunities ahead due to our products' credibility and affordability. To increase our market share and enhance overall store efficiency, we strive to reinforce the competitiveness of our distribution network. The number of Kids sportswear series stores in China stood at 1,228 (2013: 881) at the end of 2014. Meanwhile, we continued to upgrade our store image, optimise our product display quality and standardise the mix-and-match of clothing in line with the quarterly theme stories of our signature products.

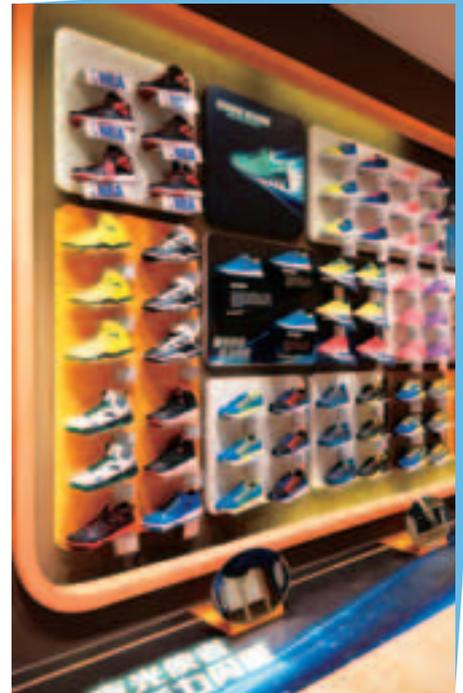
Driven by urbanisation, improving livelihoods and rising affluence in China, more parents are demanding branded kids sportswear for the higher levels of quality, safety and

functionality. Therefore, we are dedicated to offering the most stylish, protective and comfortable products for children aged 3-14. In addition to Kids basketball, outdoor, cross-training and lifestyle series, "ANTA-NBA" co-branded shoes and accessories have been added to our Kids product portfolio since the start of our alliance with the NBA China in October 2014. Popular NBA team logos are used in the design of these co-branded products, making them exceptionally popular among young basketball fans. Also, our experienced R&D experts thoroughly studied the characteristics of children's feet and bodies at each stage of physical growth in order to develop products that fit their shapes and sizes. Our advanced technologies such

as A-Web 2.0, A-Loop, A-Silo, Super Flexi and A-Jelly were applied to our footwear products to offer kids excellent lightweight, soft, breathable and comfortable wearing experience during exercise. Moreover, we integrated quick dry and lightweight fabrics, the cutting edge A-Warm technology series, as well as other breathable and waterproof technologies into our trendy and colourful windbreakers, velvet jackets and light down jackets. These apparel products can keep kids dry and warm in wet and cold weather conditions.

With the aim of letting children grow up happily and healthily, our Kids sportswear series not only help build strong brand loyalty to ANTA among children aged 3-14, but also meets their developmental needs in childhood. We always make the best use of our brand website and popular social networks to promote our high-quality products and arouse kids' enthusiasm in sports through a series of promotional

activities. During the year, we advocated a new concept of "Let's Go" so as to enhance the physical and intellectual development of the next generation by motivating children to participate in more sports activities. Adhering to this concept, we launched an integrated "Let's Go and Be Smarter"-themed promotional campaign on both television and Internet media. Our "Let's Go" TVC not only received extensive exposure on the Aniworld Cartoon, one of the most popular parent-child satellite television channels in China, but also captured consumers' attention through pre-roll advertising on China's video websites Youku and iQiyi with 200 million views within just two weeks. We also helped to promote the way sports participation positively influences brain development in childhood by supporting the publication of the parent-child edition of "Let's Go and be Smarter" written by John Ratey, an associate professor at Harvard Medical School, who is a world renowned expert on the brain-fitness connection.



MANAGEMENT DISCUSSION AND ANALYSIS

Retail-oriented Strategy



DISTRIBUTION NETWORK MANAGEMENT

Retail-oriented Strategy

Our well-defined retail-oriented strategy successfully improved our retailers' competitiveness, responsiveness to the fast-changing market and store efficiency. During the year, we further cooperated with our retailers and optimised our retail-oriented strategy to capture market opportunities. Details of our strategy are as follows:

1. Build Retail-oriented Mindset and Appraisal System

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

2. Share Retail Data and Market Trends with Suppliers and Retailers

Effective communication contributes to the success of our retail-oriented strategy. From the product planning stage, we work closely with retailers to gather customer feedback in order to develop products that are truly welcomed by the mass market. Analysis of and feedback on product sales



performance gathered by our real-time monitoring system are shared with our retailers on a regular basis. This timely market information and retail data also enable us to stay abreast of consumer demand and to formulate more accurate product development plans, ordering guidelines and replenishment forecasts for retailers.

3. Provide Precise Order Guidelines to Retailers to Prevent Inventory Pile-up

Healthy inventory levels can prevent deep retail discounts and stabilise retailers' profitability and sustainability. Therefore, we provide precise order guidelines on a per store basis so as to allow greater accuracy in orders and to stabilise in-store inventory levels. We also encourage our retailers to be flexible in taking replenishment orders so as to reduce their inventory risks and to capture market potential. Meanwhile, our well-managed clearance channels – including factory outlets, discount stores and e-commerce platforms – enable our retailers to reduce inventory pressure at a faster pace.



MANAGEMENT DISCUSSION AND ANALYSIS



4. Strictly Require Retailers to Comply with Our Retail Related Policies

Apart from regular training on inventory management and product knowledge, we thoroughly examine our retailers' store opening plans and strictly require them to follow our retail policies so as to strengthen their competitiveness and profitability. Furthermore, we insist on projecting a consistent store image across our nationwide distribution network and the standardisation of product display equipment and POP materials which highlight quarterly marketing themes. Therefore, we continued to encourage retailers to upgrade their store layouts in line with our sixth-generation store image during the year.

5. Optimise Retailers' Operating Performance and Store Efficiency

We have adopted flattened sales management and have streamlined our already lean and effective distribution structure so as to facilitate better interaction with retailers. Through our comprehensive monitoring system – which includes a real-time ERP system, weekly reports submitted by POS and frequent channel checks by our sales people – we are able to closely monitor

retailers' performance and carry out immediate measures to help improve the operational efficiency of their stores.

6. Our Brand Reaches Ultimate Customers through Nationwide Distribution Network

An attractive store image and a pleasant shopping experience also play a key role in enhancing retail efficiency and boosting customer traffic. The eye-catching layouts at our flagship stores in prime locations and the sixth-generation store layout help showcase our distinctive and unified brand image. Store decor and promotional materials such as in-store posters and product display props are provided to retail stores to highlight the marketing theme and product story of the season.

We also further optimised our visual merchandising during the year to put our signature products-such as the COC series, "ANTA-NBA" co-branded series, "Basketball is Priceless" series as well as high-tech running series-in the spotlight.

7. Formulate Optimal Store Opening Plans with Retailers Based on Actual Market Conditions

We believe that the sustainability of a distribution network is mainly driven by

store quality, including aspects such as location, size, store layout, etc., rather than on the number of stores. Therefore, we remain prudent in the expansion of our distribution network and are devoted to enhancing our retailers' store efficiency and profitability in the ever-changing market. The number of ANTA stores by the end of 2014 was 7,622, representing a slight decrease of 1.7% from 7,757 by the end of 2013.

Overseas Markets

To drive our future growth, we have selectively intensified our penetration into the international market. Our overseas retailers operate ANTA stores and concessionary counters in Southeast Asia, Eastern Europe and the Middle East. During the year, we further expanded our presence in emerging markets to capture the market opportunities and to sustain our business growth. In addition, we continue to leverage our exclusive sponsorship resources, renowned endorsers and eye-catching advertising campaigns to enhance our international exposure and to improve sales performance in overseas markets.



E-commerce Business

Nowadays, online shopping plays an increasingly important role in our daily lives. Instead of going to traditional brick-and-mortar stores, consumers can turn to online shopping, which provides a convenient platform for a variety of products on the Internet. To cope with this significant demand, we implemented a multi-channel strategy by launching our e-commerce business. Since 2009, apart from operating our official online flagship store (Anta.cn), we cooperate with prevailing e-commerce platforms in China, including Tmall.com, JD.com, Vip.com, Amazon.cn, etc. Meanwhile, some webstores are managed by third party online retailers under our stringent guidance and policy.

Selling in-season products, off-season products and online exclusive products from our ANTA, Kids and FILA lines, our e-commerce business is no longer a channel for clearing aging inventory but has gradually become a new and interactive platform for selling our unique products. Our existing distinctive products, including A-Web 2.0 and A-Silo running shoe, and

ANTA-endorsed NBA players' designated basketball shoes have been gaining popularity at our self-owned online flagship store, capturing demand in this fast-growing market successfully. During the year, we widened product range by introducing basketball products carrying NBA logos to our e-commerce platform so as to strengthen our presence and to promote our innovative and value-for-money products to both online and offline shoppers. Exclusive products can only be found online so as to prevent product cannibalisation.

During the year, e-commerce business continued to become more significant in our business due to growing Internet popularisation, improved infrastructure and a wider range of available products. We have progressively expanded the selection of new products by launching online exclusive products according to ever-changing market trends and online shoppers' preferences. We have also started cooperating with outstanding offline distributors aiming to maximise mutual benefits between web-based and brick-and-mortar stores by allowing them to operate online stores.

We believe broader product selections, better-looking and more user-friendly online stores, more efficient logistics and comprehensive after-sales services are the keys to outperforming the market. Supported by our experienced online sales team, we are committed to attracting more online shoppers. To achieve this, we optimised our online store interface, improved product descriptions and displays and enhanced our product search and sorting functions. Product launch schedules, priorities and styles of our e-commerce platforms are all standardised to create synergy and to prevent competition between online and offline retailers. More importantly, we have also enhanced our well-established supply chain, warehouse and logistics management systems to help third party online retailers stay ahead of competition and to provide online shoppers the fastest and the most reliable delivery service.

ANTA'S APPAREL TECHNOLOGY

A-ORGANIC COTTON

Planted and produced in a natural and eco-friendly process, A-ORGANIC COTTON offers better breathability, softness and comfort, and is also allergy-free, making it suitable for human skin

A-PROOFRAIN I

A-PROOFRAIN I protects wearers from light rain, keeping them dry inside

A-SEAMLESS

A-SEAMLESS allows stereoscopic cutting based on characteristics of body shape to achieve a perfect combination of sports and fashion

A-STATIC

A-STATIC effectively reduces static electricity generated from the clothes so as to prevent static shocks

A-FROZEN SKIN

A-FROZEN SKIN helps keep wearers' skin dry and refreshing as they exercise

A-PROOFRAIN III

A-PROOFRAIN III can protect wearers from heavy rain and snow storms efficiently and enduringly, while quickly drawing moisture from the body surface, always keeping human body comfortable and dry

A-ANTISEPTIC

A-ANTISEPTIC restrains bacterial growth on the fabric, keeping clothes fresh and clean even longer

SORONA

SORONA is bright in color and is fade resistant, its unique molecular structure features excellent resilience; the fiber groove section provides a natural hygroscopic and sweat releasing function

A-COOL

A-COOL helps keep wearers dry and comfortable so as to improve athletic performance

A-FROZEN SKIN

A-FROZEN effectively regulates the temperature of the body surface and helps keep the skin dry and refreshing even in hot and humid environments

A-PROOFRAIN II

A-PROOFRAIN II protects wearers from moderate rain, keeping the outfit dry while at the same time enabling moisture to evaporate from the body surface and keeping human body comfortable and dry



A-WARM reduces heat loss and regulates body temperature, making wearers experience the warmth and comfort of sports in cold environments



HEATING A-WARM features special thermal insulation materials which can absorb moisture and sweat from human body and convert it to heat, making wearers feel warm and comfortable



REFLECTING A-WARM applies the principle of heat reflection, helping to reflect human heat through heat convection so as to preserve warmth



GREEN A-WARM uses the next-generation DuPont Sorona fiber thermal insulation material, which is partly derived from renewable natural resources, and features warmth and comfort



Clothes featuring LIGHT A-WARM are woven from superfine high density fiber, together with lightweight and excellent warm heat preserving filling materials



HOLLOW A-WARM adopts a special manufacture process using hollow fiber with a still air layer; the low thermal conductivity of the still air layer and its low heat dissipation characteristics help keep wearers warm

ANTA'S FOOTWEAR TECHNOLOGY

A-LOOP

A-LOOP is inspired by the double layer structure of a car chassis. The hollow cylinders at the outsole periphery are as similar to tires, and provide greater comfort, springiness and energy return. The middle part of outsole along the forefoot and rearfoot is hollow which is similar to a car chassis to provide sustainability in support

A-WEB 2.0

A-WEB 2.0 employs today's most popular knitting technology, while the vamp itself is a single body which can provide a better fit and wearing experience by holding the foot tightly inside the shoe. It also adopts breathing hole design extensively, and different parts of the vamp are of different knitting densities so as to substantially enhance breathability

SIDE-BACKER

SIDE-BACKER is a support system of the lateral side of shoe soles' fore part that reduces the risk of twisting

A-SILO

A-SILO is an innovative sole featuring individual nodes that provide advanced energy return performance and plantar pressure comfort. The nodes of the newly developed A-SILO 3.0 are arranged and distributed in different sizes according to the bone structure and pressure points of the feet so as to provide better support and cushioning for runners

A-JELLY

A-JELLY is made of environmental friendly material that provides excellent anti-compression and anti-deformation capabilities for enhancing stability

A-CORE

A-CORE is a shock absorption technology for sports shoe soles that reduces the force of impact

SUPER FLEXI

SUPER FLEXI helps make the flexing joint on the fore foot feel snug and comfortable

A-HARDCOURT RB

A-HARDCOURT RB is a super tough rubber offering maximum durability for outdoor activities

A-XFOAM

A-XFOAM adopt special material to provide superior shock resistance and excellent resilience ability

A-SPRING

A-SPRING is an elastic arch structure that offers maximum torsibility and provides excellent performance in shock absorption

TALOON

TALOON is a claw-like clasp system providing excellent support and protection for the upper

A-COOL

A-COOL ensures maximum breathability and comfort with its efficient ventilation design

A-HELMET

A-HELMET uses encapsulated design of wear-resistant material in toe cap to prevent excessive wear of the shoe toe cap and protect toes from injury

A-WEARABLE RB

A-WEARABLE RB is a rugged material that offers both anti-slip and abrasion resistance

AUTO-ARCH

AUTO-ARCH enables greater torsion control and improves stability

A - TWIST

A-TWIST applies multi-direction flexing design to improve the softness of mid shoe sole and enhance comfort

PRS

PRS rotate system facilitates greater agility on the feet when spinning

A-FORM

A-FORM lowers the rate of foot injury by absorbing the impact on the heel

A-STICKY

A-STICKY RB possesses high Tensile strength and excellent flexibility. The slip resistance ability has better traction on smooth and wet surface which suitable for outdoor activities

MANAGEMENT DISCUSSION AND ANALYSIS



SUPPLY CHAIN MANAGEMENT

Given our retail-oriented strategy, we continue to emphasise the importance of product innovation, responsiveness in our supply chain, and cost and quality controls, which are our core competitive advantages and make us stand out from our peers. During the year, we further optimised our R&D capabilities to bring us greater product differentiation. In addition to maximising the differentiation of our value-for-money sportswear products, we also enhanced the effectiveness and cost-leadership of our supply chain to drive long-term sustainability. We were named the top seller of travel and sports shoes in the “2013 China Retail Consumption Statistical Analysis” conducted by the China General Chamber of Commerce and the China National Commercial Information Centre, giving us the top ranking for the 13th consecutive year and underscoring our leading position in the industry.

Product Innovation

Technological invention and cutting-edge design are the most powerful weapons for improving product differentiation. We regularly upgrade our signature technologies such as A-Jelly, A-Silo, A-Web, etc. to maximise the value of our diverse range of products. During the year, we introduced over 1,800, 3,000 and 1,500 new styles to our footwear, apparel and accessories portfolios, respectively, to cater to both professional and casual users. To fulfill the different needs of our more sophisticated



consumers, we launched a revolutionary brand new A-Web 2.0 running shoe during the year. The enhanced A-Web 2.0 technology featured in the vamp applies the most modern and popular knitting technology to provide a better fit and greater breathability. The sole adopts the innovative A-Loop technology and durable and slip-resistant rubber. The hollow cylinders at the outsole periphery provide greater comfort, springiness and energy return, while the middle part of outsole along the forefoot and rearfoot is hollow to provide sustainability in support. The bottom of the running shoe also adopts durable and slip-resistant rubber, which helps runners avoid slipping while running. The A-Web 2.0 running shoe was priced at only RMB399 at its first launch

in the second quarter of 2014, and received an overwhelming response from consumers. Furthermore, we adopted advanced fabrics and self-invented apparel technologies such as A-Cool, A-Proofrain and A-Warm, etc. into our functional clothing for running and outdoor sports to allow wearers to enhance their athletic performance and to resist unfavourable weather conditions.

Quality Control

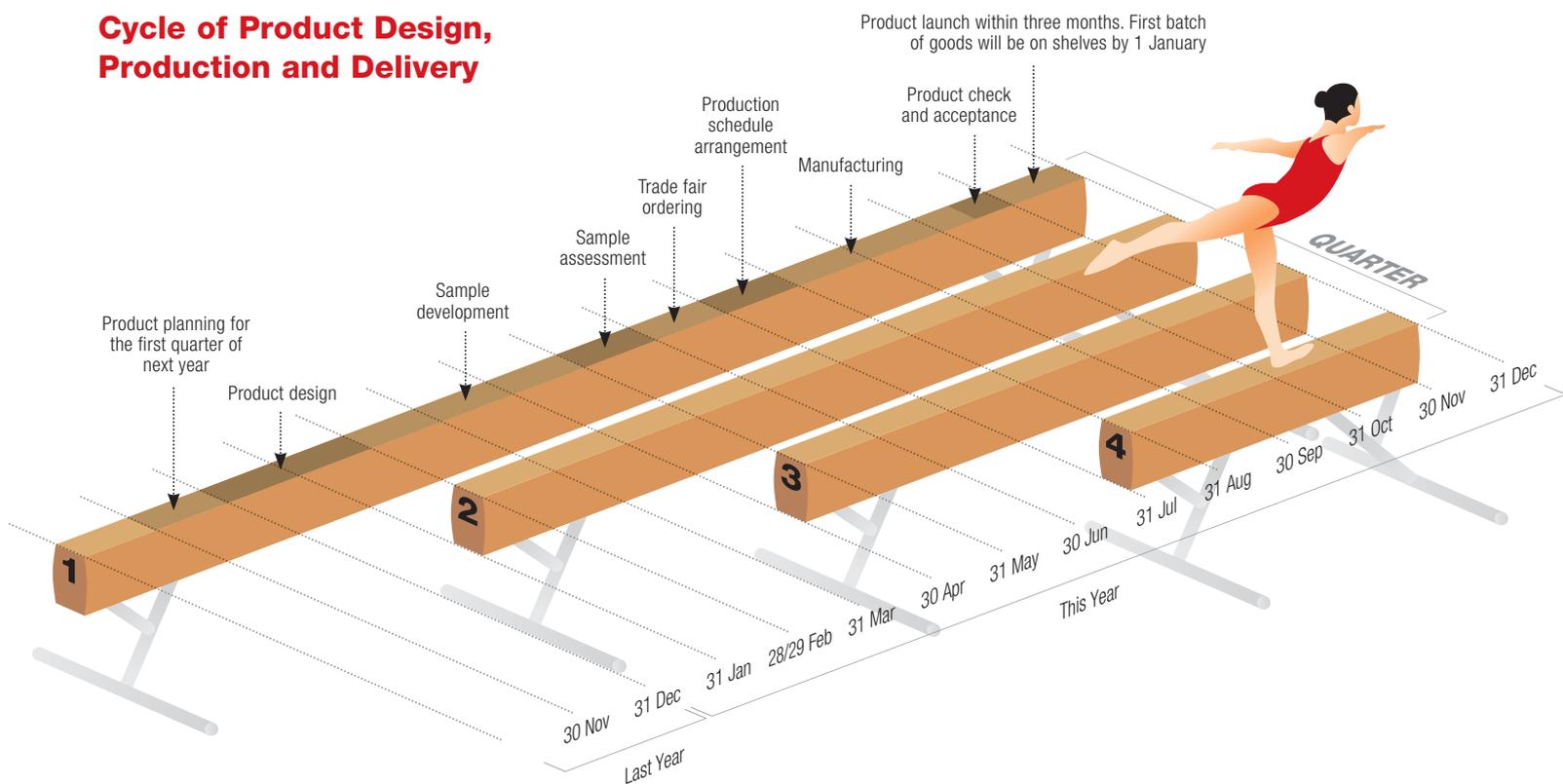
Our retail-oriented strategy not only aims to enhance controls over our retail channels, but to also develop products that are truly welcomed by consumers. Therefore, offering comfortable and protective products to consumers has always been our top priority for us in gaining market share. We continue to enhance our quality control capabilities throughout the entire manufacturing process at both of our own factories and in our suppliers' production facilities. We have also adopted ISO international testing standards to ensure that the quality of all products complies with international standards.

Supply Chain and Operational Management

An effective and responsive supply chain is an important factor for outperforming the market. Our cohesive relationships with quality OEM and ODM, as well as our solid in-house production capabilities, grant us extra flexibility to meet unforeseeable demand in a timely and cost-effective



Cycle of Product Design, Production and Delivery



manner. To allow better visibility on consumer demand, we have further strengthened our supply chain so as to shorten the production lead time. Furthermore, we fully support our supply chain partners to enhance their quality controls and workflow efficiency and to improve their responsiveness to market changes.

Production Capabilities

Our strategic mix of in-house and outsourced production allows us to better respond to market conditions and changes in consumer preferences. In order to enhance our flexibility in replenishment and to maintain cost-leadership, we have further enhanced our production efficiency. During the year, the respective proportions of self-produced footwear and apparel and procured footwear and apparel were 54.4% and 15.9%, respectively (2013: 48.9% and 17.0%).



科莫湖

Lago di Como 

ITALIAN  HERITAGE

2014 F/W NEW COLLECTION

Shu Qi (left) and Lee Min Ho (right), FILA's Ambassadors in the PRC





MANAGEMENT DISCUSSION AND ANALYSIS





FILA BUSINESS IN THE PRC

FILA is a well-known global sportswear brand that targets the high-end market segment. Since acquiring the Fila business in the PRC in 2009, we have integrated our R&D capabilities, design talents, experienced retailers, supply chain partners and FILA's worldwide marketing resources to help us tap the promising potential in the high-end sportswear market. During the year, we spared no effort in strengthening our presence by progressively opening stores at key locations in major cities in the PRC. As at the end of 2014, there were 519 FILA stores operating in China, Hong Kong and Macao (end of 2013: 416). We also fostered the quality of store decor and product displays to drive in-store traffic, bolster sales and enhance store efficiency so as to maximise the profitability of the Fila business in the PRC.



In addition to optimising our distribution network and retail management, we are dedicated to raising awareness of FILA and deepening FILA's impact on the young elite segment in the PRC. In February 2014, a large-scale FILA event was held in Shanghai to announce that popular Korean star actor Lee Min Ho has officially become a FILA ambassador and will endorse FILA's trendy lifestyle brand image and stylish products with fellow FILA ambassador Shu Qi. He appeared at the event to witness the launch of the brand new "Anna Sui for FILA" collection. This is an unprecedented case of cross-border cooperation between FILA and world-renowned ethnic Chinese fashion designer Anna Sui. Moreover, the latest designs for FILA's "Santorini Blue"-themed 2014 Spring/Summer collection and "Lago Di Como"-themed 2014 Fall/Winter collection are being fully demonstrated to our target consumers through our impressive advertising and promotional campaigns. In addition to being an Official Sports Uniform Sponsor for the Hong Kong, China Delegation, FILA is also the Official Apparel Sponsor for the Hong Kong Table Tennis Association and the Official Sponsor for the 2014 World Ladies Championship. More importantly, FILA tailor made uniforms for the CCTV sports channel reporters at the 2014 FIFA World Cup, enabling the heritage and uniqueness of FILA products to capture the attention of yet more consumers at major international sporting events.



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MANAGEMENT DISCUSSION AND ANALYSIS

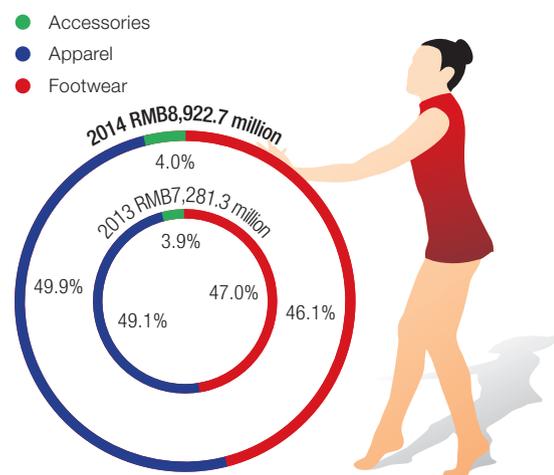
FINANCIAL REVIEW

Turnover Breakdown by Product Category

The following table sets out the contribution to the turnover by product category for the financial year:

	Year ended 31 December				
	2014		2013		Changes
	(RMB million)	(% of turnover)	(RMB million)	(% of turnover)	
Footwear	4,110.5	46.1	3,420.7	47.0	↑ 20.2
Apparel	4,451.2	49.9	3,574.5	49.1	↑ 24.5
Accessories	361.0	4.0	286.1	3.9	↑ 26.2
Overall	8,922.7	100.0	7,281.3	100.0	↑ 22.5

During the financial year, the Group's turnover increased by 22.5% which is higher than the growth rate of the order value of 2014 trade fairs for ANTA products as announced before because the growth rates of other businesses are also promising.



Gross Profit and Gross Profit Margin Breakdown by Product Category

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

	Year ended 31 December				
	2014		2013		Changes
	Gross profit (RMB million)	Gross profit margin (%)	Gross profit (RMB million)	Gross profit margin (%)	
Footwear	1,907.7	46.4	1,522.9	44.5	↑ 1.9
Apparel	1,981.9	44.5	1,416.7	39.6	↑ 4.9
Accessories	137.2	38.0	99.7	34.8	↑ 3.2
Overall	4,026.8	45.1	3,039.3	41.7	↑ 3.4

Amid the successful retail-oriented strategy, the Group's overall gross profit margin for the financial year has greatly improved as compared with 2013 because of relatively higher gross profit margin for FILA branded products, reducing incentives to the distributors for clearing their inventories and reversal of write-down of inventories previously provided.

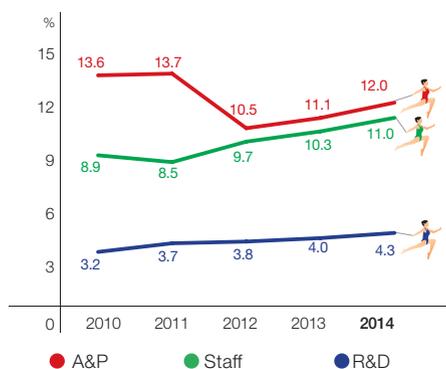
Other Revenue

Other revenue for the financial year mainly represented government grants of RMB89.8 million (2013: RMB90.5 million).

Operating Expenses Ratios

The ratio of advertising and promotional expenses to turnover has increased by 0.9% point for the financial year due to increase in sponsorship activities and endorsements, such as NBA players and Chinese national teams. The ratio of staff costs to turnover has increased by 0.7% point mainly due to increase in operating activities. The ratio of R&D costs to cost of sales has increased by 0.3% point mainly due to increase in R&D spending.

OPERATING EXPENSES RATIOS



Operating Profit Margin

Operating profit margin increased by 1.1% point which was less than the 3.4% point increase in the gross profit margin for the financial year, which was mainly due to increase in selling and distribution expenses such as advertising and promotional expenses.

Net Finance Income

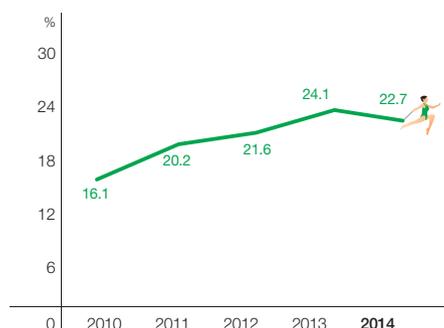
The increase in interest income was mainly due to placement of longer tenor deposits with higher interest rates during the financial year.

Finance expenses mainly included the interest expense on short-term bank loans during the financial year.

Effective Tax Rate

Effective tax rate decreased from 24.1% for 2013 to 22.7%, mainly because a subsidiary in the PRC is entitled to tax concessions whereby the profits of the subsidiary are taxed at a preferential income tax rate.

EFFECTIVE TAX RATE



Margin of Profit Attributable to Equity Shareholders

Margin of profit attributable to equity shareholders increased by 1.0% point for the financial year which was mainly due to the 1.1% point increase in operating profit margin.

Write-down of Inventories

For the financial year, the reversal of write-down of inventories credited to profit or loss was RMB58.7 million (2013: write-down of inventories charged to profit or loss of RMB7.7 million). This reflects the Group has strived to clearing slow-moving inventories and the market responded positively on the selling prices in 2014.

Provision for Doubtful Debts

For the financial year, the reversal of provision for doubtful debts credited to profit or loss was RMB46.1 million (2013: provision for doubtful debts charged to profit or loss of RMB25.8 million).

Dividends

The Board has recommended a final dividend of HK28 cents per ordinary share and a special dividend of HK8 cents per ordinary share in respect of the financial year, together with payment of an interim dividend of HK 25 cents per ordinary share, representing a total payout of RMB1,206.5 million (2013: RMB952.2 million), or a distribution of 71.0% (2013: 72.4%) of the current year's profit attributable to equity shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

As at 31 December 2014, the cash and cash equivalents of the Group amounted to RMB4,933.7 million, representing an increase of RMB589.4 million as compared with the cash and cash equivalents of RMB4,344.3 million as at 31 December 2013.

The net cash and cash equivalents (including fixed deposits held at banks with maturity over three months, pledged deposits and other current financial assets, minus bank loans) was RMB5,430.8 million as at 31 December 2014 (as at 31 December 2013: RMB5,074.5 million). This is mainly attributable to:

- Net cash inflows from operating activities amounted to RMB1,685.9 million, which was nearly equal to the profit attributable to equity shareholders, representing effective cash generating process.
- Net cash outflows from investing activities amounted to RMB864.7 million, mainly including capital expenditures amounting to RMB262.7 million, net amount of placement of fixed deposits held at banks with maturity over three months of RMB605.0 million, uplift of pledged deposits of RMB5.0 million and net increase in other financial assets amounting to RMB6.0 million.
- Net cash outflows from financing activities amounted to RMB238.2 million, which represented the payment of the final and special dividends in respect of the financial year 2013 and the interim dividend in respect of the financial year, dividend paid to non-controlling interests of a subsidiary, and the payment of interest expense on bank loans, offsetting with the new drawdowns of bank loans.

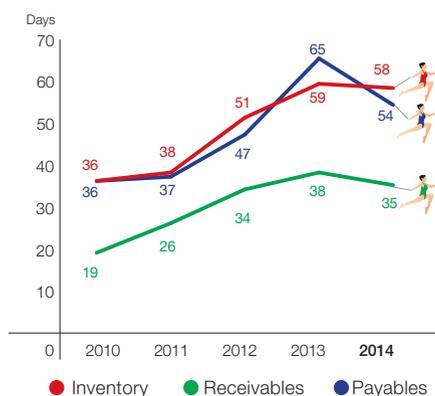
	2014 (RMB million)	2013 (RMB million)
Year ended 31 December		
Operating cash inflow	1,685.9	1,128.1
Capital expenditures	(262.7)	(178.7)
Acquisition of interest in subsidiaries	–	(15.2)
Others	3.9	7.5
Free cash inflow	1,427.1	941.7
As at 31 December		
Cash and cash equivalents	4,933.7	4,344.3
Fixed deposits held at bank with maturity over three months	1,100.0	495.0
Pledged deposits	210.4	215.4
Other current financial assets	535.0	510.0
Bank loans	(1,348.3)	(490.2)
Net cash and cash equivalents	5,430.8	5,074.5

As at 31 December 2014, total assets of the Group were RMB11,383.8 million of which current assets were RMB9,347.0 million. Total liabilities and non-controlling interests were RMB3,588.6 million and total equity attributable to equity shareholders of the Company amounted to RMB7,795.2 million. The Group's gearing ratio was 11.8% as at 31 December 2014 (as at 31 December 2013: 4.8%), being a ratio of bank loans of RMB1,348.3 million (as at 31 December 2013: RMB490.2 million) to total assets. Such bank loans were denominated in Hong Kong dollar and at fixed interest rates.

Assets/Liabilities Turnover Ratios

The average inventory turnover days slightly decreased by 1 day. The average trade receivables turnover days slightly decreased by 3 days. The average trade payables turnover days decreased by 11 days. This represents a better managed cash generating process and a healthy operating cash inflow for the financial year.

Assets/Liabilities Turnover Days



Pledge of Assets

As at 31 December 2014, the Group had bank deposits of RMB210.4 million (as at 31 December 2013: unlisted available-for-sale investments amounting to RMB510.0 million and bank deposits amounting to RMB215.4 million) pledged to secure bankers' documentary credits for certain construction projects and contracts.

Capital Commitments and Contingencies

As at 31 December 2014, the Group had capital commitments of RMB278.7 million, primarily relating to the maintenance of information management systems and the expansion of in-house production facilities.

As at 31 December 2014, the Group had not provided any form of guarantee for any company outside the Group. The Group is not involved in any current material legal proceedings, nor are there any pending or potential material legal proceedings involving the Group.

Financial Management Policies

The Group continues to control financial risks in a prudent manner and proactively adopts internationally recognised corporate management standards to safeguard the interests of shareholders. As the functional currency of the Company is the Hong Kong dollar and the Company's financial statements are translated into Renminbi for reporting and consolidation purposes, foreign exchange differences arising from the translation of financial statements are directly recognised in equity as a separate reserve. As the Group conducts business transactions principally in Renminbi, the exchange rate risk at the Group's operational level is not significant. Nevertheless, the management continues to monitor the foreign exchange exposure and is prepared to take prudent measures such as hedging when needed.

Significant Investments and Acquisitions

During the financial year, the Group has made no significant investments or any material acquisition or disposal of subsidiaries. The Group continues to seek business opportunities such as acquisition of and cooperation with international sportswear brands to operate brand management business so as to increase the returns on shareholders' equity.

Strong Financial Position

Solid capital base
Shareholders' equity
68%

High Liquidity
Current assets
82%

Low gearing
Liabilities and others
32%

Light assets
Non-current assets
18%



MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

The lack of product differentiation and intense competition are generally expected to speed up consolidation in China's sportswear industry in the short-term. However, our strong fundamentals and effective retail-oriented measures make us capable of outperforming our peers and delivering sustainable growth and profitability. Moreover, it is generally believed that the expansion of domestic demand, the improvement in livelihoods, the acceleration of the development of the sports industry and the popularisation of sports in China will further drive demand for affordable sportswear with good features. Therefore, we will leverage our core strengths to maintain our leading position in various markets and to tap the market potential in the long run.

Strengthening Our Brand with Effective Marketing Strategy

We have always focused on effectiveness and the synergy between our diverse sports resources and our branding strategies. Our collaboration with the NBA China



will popularise basketball and strengthen ANTA's professional brand image in China's basketball market. More eye-catching "ANTA-NBA" co-branded products will be launched to cater to the tremendous demand from the growing number of NBA fans and basketball lovers in China. We will also enhance customer loyalty to ANTA and to boost sales of ANTA's value-for-money premium basketball products through our "Basketball is Priceless" team's strong influence and popularity in China. To further differentiate our brand among our peers, we will continue to leverage our long-term

partnership with the COC to root ANTA's unique image of representing the essence of China's sports. We will also make every effort to provide a full range of high-quality gear to our 24 sponsored China national teams, including the legendary gymnastics team, which has always been a strong contender for gold medals and a symbol of China's pride in sports during different major sporting competitions in coming years.

Enhancing Product Differentiation through Continuous Innovation

We always make the best use of our R&D resources and regularly develop unprecedented functional technologies to enhance our customers' athletic performance and to cater to their specific needs. We will continue to provide comfort and foot protection for adults and kids by upgrading our advanced technologies such as A-Web 2.0 and A-Loop, which feature excellent breathability and shock absorption, respectively, into our value-for-money footwear products. Moreover, all forms of apparel technologies and high-quality advanced fabrics for different sports and weather conditions are applied to our diverse range of apparel products. In addition, more eye-catching FILA collections and new product lines will be launched through our highly-effective publicity campaigns and in-store POPs featuring our brand ambassador to continuously showcase FILA's unique brand image and trendy lifestyle to high-end consumers.



Optimising Retail-oriented Measures to Stay Competitive

In order to maintain a sustainable distribution network, we will continue to implement retail-oriented measures to help our retailers improve their retail performance, maximise their profitability, enhance their store efficiency and manage their orders and in-store inventory. Our solid presence at prime locations in high-potential cities in China brings us more opportunities to gain market share. We expect there to be total of between 7,400 to 7,500 ANTA stores, 1,500 to 1,600 Kids sportswear series stores and 550 to 600 FILA stores in the PRC by the end of 2015. In view of the rapid growth of online shopping, we will roll out more brand new online exclusive products on our ever-expanding e-commerce platforms, and will further cooperate with outstanding offline distributors to maximise mutual benefits between web-based and brick-and-mortar stores.

Achieving Sustainability through the Optimisation of Operations

To better control over our distributors and franchisees from different regions, we will establish a business management platform which enables us to monitor and enhance retail store operations more effectively with



the support of comprehensive data collected from our ERP system. We will also build an all-round human resources platform, refine our organisational structure and strategically recruit, nurture and retain talented people to strengthen our execution capability. Besides, our sustainable supply chain backs up and brings synergy to the long-term development of all our high-potential businesses. Therefore, we will further optimise our supply chain and quality management systems to reinforce our suppliers' level of quality controls, and to enhance overall production efficiency and cost effectiveness through technological innovations in manufacturing.



Kevin Garnett,
*a power forward with the
Brooklyn Nets of the NBA*

RE



ACH

HIGHER

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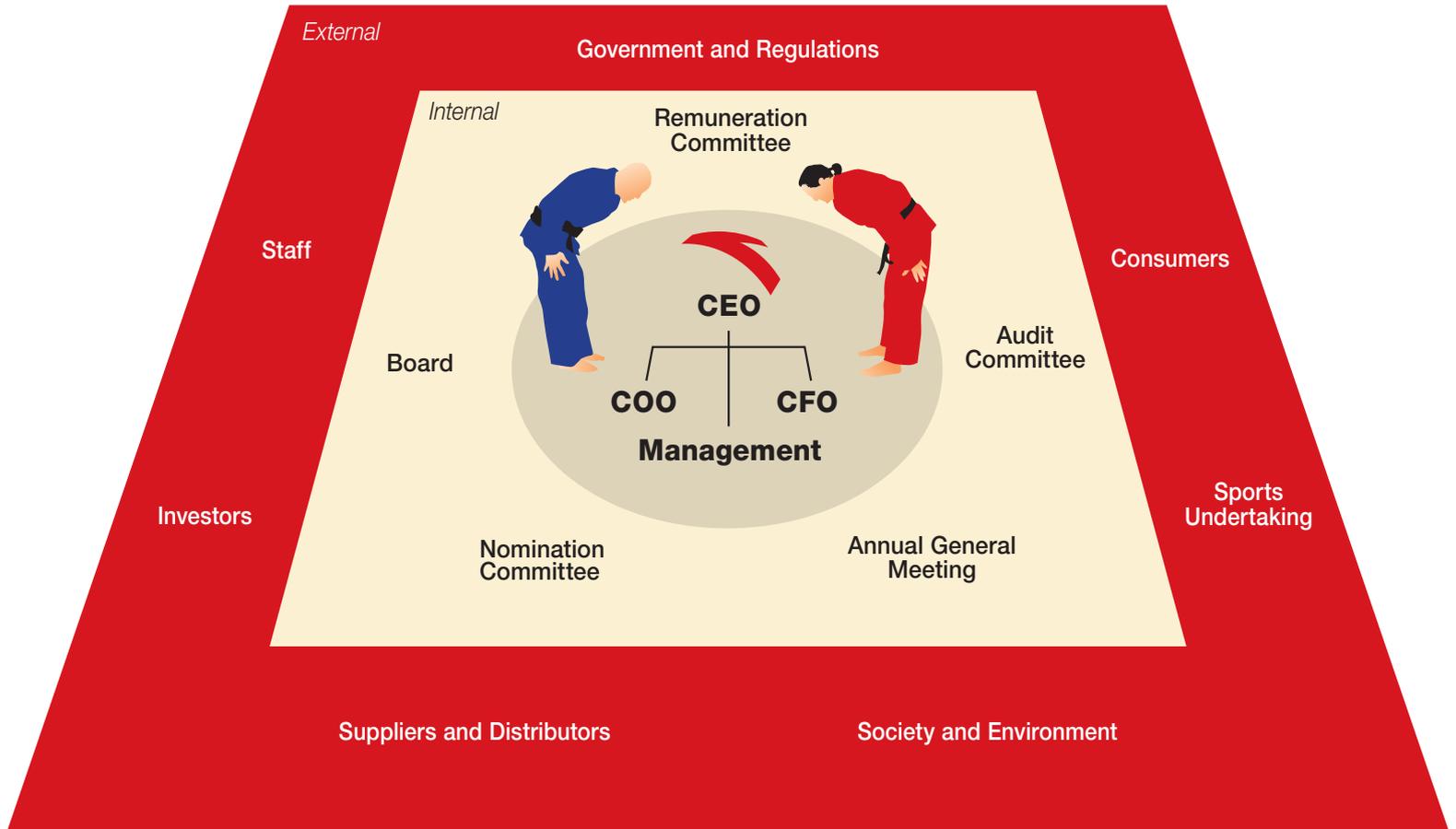


CORPORATE SOCIAL RESPONSIBILITY REPORT

Over the years, we believe that good corporate governance is an indispensable organisational element for sustainable development. As a responsible corporate citizen, we conduct fair and equitable business transactions, maintain high ethical standards and comply with all laws and regulations by incorporating CSR principles into our business practices. To nurture a harmonious society, we have also been actively involving many charitable activities by leveraging our strengths and resources. During the year, we cooperated with a variety of organisations to support our community in a wide range of campaigns that include charitable donations, sports development, youth education, environmental protection, etc. in promoting social prosperity and stability.

Community Involvement

In order to give back to society, we are devoted to protecting underprivileged people from social unfairness and cultivating interest in sports among young people. Since 2013, we have been partnering with the COC, the Champion Fund and the Juan Antonio Samaranch Foundation to establish the “Olympic Charity Collaboration Alliance”, which focuses on the development of the sports industry and the popularisation of sports at schools in China. In 2013 and 2014, the “Olympic Charity Collaboration Alliance” ran a wide range of “Sport-All for All” charity projects in Beijing, Heilongjiang, Qinghai, Shanxi, and Yunnan, etc., and donated ANTA sportswear to nearly 200 schools across 31 provinces and municipalities in China. In July, our Chairman





and CEO Mr Ding Shizhong personally participated in “ANTA and Sport-All for all” charity project in Xining, Qinghai along with the COC and a number of renowned Chinese athletes to promote sports among youngsters. To show our support for child development, a staff volunteer team led by our senior management visited children in Yuxian, Hebei in April. We spent a fulfilling and pleasant day playing fun games and delivering dedicated gifts to children. During the year, we also donated our products to support the “Sowers Action Cycling for Education” campaign with the aim of promoting education-related aid in rural areas of China by helping poor and disabled students complete their educations. Furthermore, in the aftermath of natural disasters, we provide support to areas in need of rescue and relief work. In response to the severe earthquake that hit Ludian County in Zhaotong, Yunnan Province in August, we donated supplies to victims, demonstrating our continuous efforts to help them rebuild their homes.



As young people are the future pillars of our society, supporting all-round education and youth development is one of our key focuses. One of our basketball endorsers, NBA player Rajon Rondo, took part in our first “ANTA Ball Control Training Camp” in early September. This new top-level learning platform provides an opportunity for young Chinese point guards to reach world-class levels and become the Chinese version



CORPORATE SOCIAL RESPONSIBILITY REPORT

of Rajon Rondo. The professional training program is specifically designed by Douglas Bibby, the personal coach of Rajon Rondo, with Rajon Rondo himself also sharing his techniques and experience with the young Chinese point guards and demonstrating his ball control skills. Furthermore, in order to improve the teaching standards of physical education teachers in rural areas, we have established the “Olympic Training Program”, which provides professional training courses in cooperation with the COC. In November, we are gladly named as “Project Hope 25-Year Outstanding Contribution Award” by China Youth Development Foundation in recognition of our efforts in promoting sports among young people over the years.

In addition, we are committed to promoting the popularisation of sports and healthy lifestyles across China. During the year, we were not only devoted to arousing people’s enthusiasm for sports, but also encouraged sports lovers to make contributions to the community through participation in sports events. Apart from organising the “Keep Moving for Healthier Lives – Cycling in Jinjiang with Olympic Champions” cycling event, we also sponsored the Olympic Day Run for the sixth consecutive year, attracting more than 80,000 running enthusiasts from 19 cities across the country. By integrating the Olympic Day Run and online marketing, we donated RMB1 to children living in remote mountain areas for every 100 calories burned by runners. With 100 million calories consumed, we donated a total of RMB1 million worth of ANTA sportswear to impoverished primary school students in Mabian Yi Autonomous County in Sichuan Province. To promote running and achieve the sports charity objective of “You Run, I Donate”, we jointly sponsored the “JAS Run” public welfare project with the Beijing Olympic Development Association and the Juan Antonio Samaranch Foundation with the further support of Xiaomi Technology Co., Ltd. The project was launched to create a high-tech charity running platform combined with our sports outfits and a Xiaomi bracelet. Participants can download a specially-developed app which they can use to check their data and status as they exercise, and can choose the appropriate mode of exercise. When charity running groups achieve their assigned mileage targets, we will donate products or money



to the designated beneficiaries via the Juan Antonio Samaranch Foundation. “JAS Run”, a breakthrough public welfare project, allows the general public to personally participate in charity work through healthy running activities.

Environmental Protection

We are committed to building an environmentally-friendly corporation that pays close attention to conserving the Earth’s natural resources. To incorporate environmental sustainability into our operations, we strive to minimise our environmental impact while ensuring high standards in our product quality and investigating the introduction of eco-friendly materials into our products. Meanwhile, our factories operate in strict compliance with the relevant environmental regulations and rules. We have received all necessary permission and approval from the relevant Chinese regulators, and have obtained ISO14001 Environmental Management Systems certification since 2005. For the purpose of formulating environmental management targets, monitoring our

emissions and initiating environmental protection-related activities, we have implemented an Environmental Management System based on ISO14001 at both our offices and factories. This system helps us address environmental issues and improve environmental performance, and the related analysis is regularly reported to the senior management for review and improvement. In order to meet national standards, we have engaged a third-party consultant on a regular basis to monitor the impacts on the environment. In addition to providing the “Chemical Safety Guidelines on Apparel, Footwear and Accessories”, and the “Supplier Chemical Safety Handbook” as well as consultation on environmental issues to our major suppliers, we require them to sign a declaration letter to ensure that their manufacturing processes and products are eco-friendly and safe. To promote a sense of environmental consciousness and allow suppliers to participate in environmental protection, we regularly conduct inspections of our suppliers and encourage them to obtain certifications to improve their environmental protection standards.



We have established “3Rs” - which stands for “Reduce, Reuse and Recycle” - environmental strategies focusing on the water, electricity and paper usage throughout all of our operational processes. “3Rs” not only plays an important role in reducing costs effectively, but also helps us avoid adding to the environmental burden caused by producing and disposing of unnecessary materials. During the year, we passed assessments on waste gas, waste water and noise, and hired a professional company to collect waste after sorting. Moreover, we have always been devoted to reducing energy consumption. Aside from utilising energy-saving light bulbs and natural light, we also educate our employees to be more involved in executing our environmental guidelines in order to raise their awareness on energy conservation and environmental protection. In addition, we closely monitor energy consumption at our offices and factories and encourage our staff to make use of natural light. Permission is required for lighting and air conditioning during non-business hours. By limiting the use of company vehicles, we encourage our employees to take public transportation to

work. Moreover, we constantly maintain a certain green coverage ratio at each floor of our workplace to beautify the environment.

Harmonious Workplace

We believe employees hold strong positions in the success of our business. Therefore, we are determined to promote workplace diversity, protect employee rights and encourage a friendly corporate culture. With the aim of motivating our employees to demonstrate our core values and to ultimately boost their sense of belongings to us, we strictly implement employment practices, internal equality and non-discrimination principles. As at 31 December 2014, we had about 14,300 employees (2013: 12,700 employees), of which 48% were male and 52% were female.

In order to assist employee in reaching the “keep moving” spirit, we support individual learning and self-improvement among our employees at all levels by providing tailor-made training sessions and education subsidies. During the year, we organised over 1,000 training classes totalling over 50,000 training hours, which included mentorship programmes, technical training sessions, safety courses, retail training camps and on the job trainings. Meanwhile, anti-corruption seminar and whistleblowing policy were conducted to prevent corruption, fraud and other inappropriate behavior. We also optimised the process for internal promotion. Through the establishment of a new programme called “Champion Intelligent”, potential participants underwent comprehensive trainings to hold managerial

positions. These training sessions are beneficial for our employees in adopting professional knowledge and improving efficiency in processes, which ultimately increase their job satisfaction and morale. In addition, we implemented a fair and transparent performance evaluation system to reward employees for their work contributions. During the year, we organised 55 internal evaluations and promoted more than 300 employees.

By offering competitive remuneration packages and comprehensive fringe benefits to our employees, our staff turnover rate remains stable, while job performance and productivity are maintained at high levels. Apart from an attractive bonus system, staff vouchers, staff discounts, transport services and meal subsidies, we have expanded the scope of health assessment in our annual employee health check-ups for disease prevention. Moreover, our annual employee satisfaction survey provides a direct platform for us to hear the opinions of our employees and improve our deficiencies. The results of 2014 employee satisfaction survey shows that we have made gains in satisfaction and support among our employees over last year. To facilitate a harmonious work culture, we organised the “Appreciation Month Campaign” to motivate our employees to live with a positive mindset via sharing sessions and parties throughout the year. Our internal monthly newsletter, “ANTA Youth”, also provides the latest updates on ANTA news so as to deepen our employees’ sense of attachment. To encourage a harmonious corporate culture and to promote a healthy work-life balance,



CORPORATE SOCIAL RESPONSIBILITY REPORT



we provide sports and leisure amenities such as tennis and basketball courts, leisure centres and gymnastics facilities to our staff, as well as a variety of educational, social, sports and volunteer activities that include birthday parties, annual parties, singing contests, outings, sports club events as well as basketball and badminton competitions. To raise awareness on sports among employees and to boost support for athletes competing at the Sochi Winter Olympics, more than 10,000 employees participated in a signature campaign, and medal winners were invited to our headquarters to share their experiences after the Games. In the meantime, we set up our own "Love Charities Foundation" to sponsor medical expenses for sick employee or their relatives.

As a responsible employer, we fulfill the relevant legal responsibilities to build a safe and healthy workplace. Apart from complying with all relevant labour laws, regulations and industry practices - including minimum wages, gender equality and the prohibition on child labour - we have established internal employee handbooks to ensure that our employees and business partners follow these identical and well-defined employment policies. To prevent workplace injuries, we

work in strict compliance with our "Safety Handbook" as well as the "Environmental and Occupational Health Handbook", and our employees are required to follow all safety precautions and procedures. Obtaining the "Occupational Health and Safety Management Systems Certificate" proves that our products, manufacturing processes and sales management fulfill the relevant safety standards and requirements. Our well-trained safety officers also constantly monitor and examine our safety measures to ensure that our production line workers receive the relevant safety training and are equipped with protective gear.

Corporate Governance

We have established corporate governance policies to ensure that our business operates in accordance with our well-defined corporate governance principles. We conduct efficient communications with our suppliers, distributors, business partners and shareholders to ensure that they comply with our corporate governance framework. We provide competent support, retail data analysis and updated market insights to distributors and retailers while also actively sharing with our suppliers the best practices



for enhancing their management, operations and R&D capabilities. These measures not only enable us to reinforce our continuous relationships with our business partners, but also help all parties comply with our code of business ethics, and more importantly, to achieve a win-win outcome.

In order to comply with the changing trends and the Listing Rules, we constantly review our corporate governance practices in a timely, fair and transparent manner so as to circulate up-to-date information to our investors and to the public. We understand that effective communication and accurate information disclosure not only give us credibility, but also facilitate the flow of constructive feedback and ideas that are beneficial to good approaches to investor relations and our future corporate development. Besides annual reports, interim reports and announcements, we facilitate our communication between stakeholders by explaining financial and operational information through meetings and roadshows. Company, trade fair and store visits also allow them to have a deeper understanding of our business.

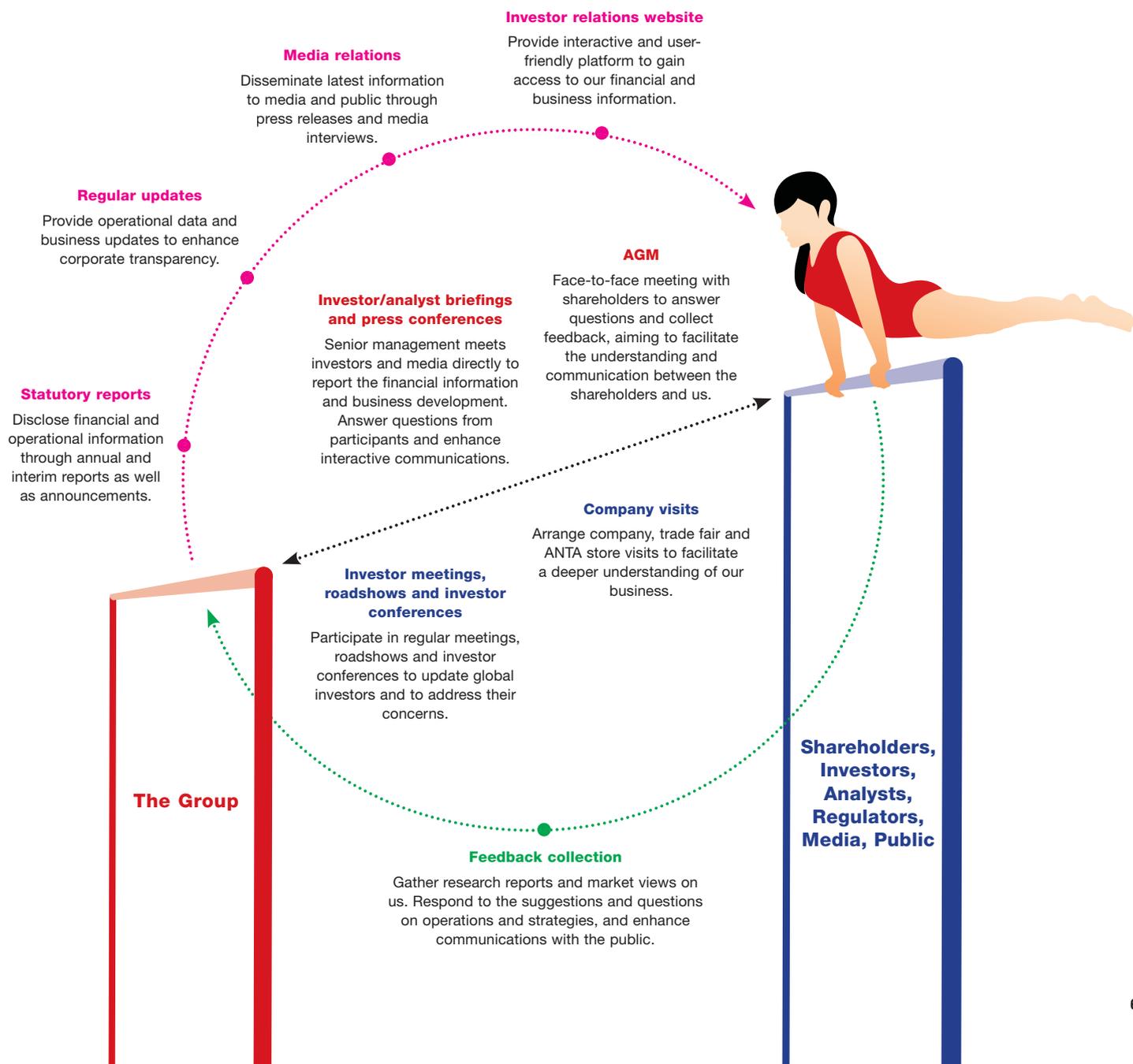


To enhance information accessibility and efficiency, we have launched user-friendly brand and investor relations websites (<http://www.anta.com> and <http://ir.anta.com>) so that stakeholders can obtain the most recent information on us anywhere and anytime. We not only announce our financial results and hold AGMs without delay, but also instantly upload a wide range of relevant information onto our investor relations website such as annual and interim reports, press releases, announcements and webcast presentations

for interim and annual results. To stay abreast of the rapid development of mobile communications, our mobile version of our investor relations website (<http://m.ir.anta.com>) provides an additional convenient channel to online users to review our information. During the year, our outstanding 2013 Annual Report was not only named the “Bronze Winner of Annual Report - Overall Presentation (Sporting Goods)” at the Galaxy Awards 2014, but also earned the “Citation for Design” at the Hong Kong Management

Association’s Best Annual Report Awards 2014. We also won the “Asia’s Outstanding Company on Corporate Governance” award for the third time since 2010 and 2013 at the “10th Corporate Governance Asia Recognition Awards - The Class of 2014” presented by Corporate Governance Asia magazine, demonstrating public recognition of our excellence in corporate governance.

Interactions between the Group and the Investing Public



INVESTORS INFORMATION

Investor 🤖

May I have the share information and stock codes of ANTA Sports?

Share Information 📄

Listing Day: 10 July 2007
Board lot size: 1,000 shares
Numbers of shares outstanding: 2,496,932,000 shares
(As at 31 December 2014)

Stock Codes 📄

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

Investor 🤖

What was the dividend per ordinary share paid by ANTA Sports for the year?

Dividends 🐷

HK cents	2010	2011	2012	2013	2014
Interim dividend	20	26	23	19	25
Final dividend	25	26	17	22	28
Special dividend	-	-	8	7	8

Investor 😊

When will the 2014 final dividend and special dividend to be paid?

Important Dates 📅

11 February 2015	Annual results announcement
1 April 2015	Annual general meeting
10 April 2015 4:30 p.m.	Record date of 2014 final dividend and special dividend
On or about 23 April 2015	Payment date of 2014 final dividend and special dividend
31 December 2015	Financial year end date of 2015

Investor 🤖

Could you give me ANTA Sports' contact details?

Investor Relations Contacts 📞

If you have any inquiries, please contact:
Investor Relations Department - ANTA Sports Products Limited
Unit 4408, 44th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong
Telephone: (852) 2116 1660 Fax: (852) 2116 1590 E-mail: ir@anta.com.hk
Investor Relations website: ir.anta.com Brand website: www.anta.com
Hill+Knowlton Strategies Asia
36/F, PCCW Tower, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
Telephone: (852) 2894 6378 Fax: (852) 2576 1990 Email: anta@hkstrategies.com

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2014.

Principal Place of Business

The Company was incorporated in the Cayman Islands and is domiciled in Hong Kong and has its registered office at Unit 4408, 44/F, COSCO Tower, 183 Queen's Road Central, Hong Kong. The Group's principal place of business is in the PRC.

Principal Activities

The principal activities of the Group are the manufacturing, trading and distribution of sporting goods, including footwear, apparel and accessories, in the PRC. The principal activities and other particulars of the subsidiaries are set out on pages 125 to 127 of the annual report.

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

Major Customers and Suppliers

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

	2014		2013	
	Percentage of the Group's total Sales	Percentage of the Group's total Purchases	Percentage of the Group's total Sales	Percentage of the Group's total Purchases
The largest customer	4.7%		5.1%	
Five largest customers in aggregate	19.2%		19.2%	
The largest supplier		5.2%		4.7%
Five largest suppliers in aggregate		22.5%		19.1%

At no time during the financial year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 8 and 9 of the annual report.

Financial Statements

The profit of the Group for the year ended 31 December 2014 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 85 to 127 of the annual report.

Transfer to Reserves

Profits attributable to equity shareholders, before dividends, of RMB1,700,310,000 (2013: RMB1,314,835,000) have been transferred to reserves. Other movements in reserves are set out in note 26 to the financial statements.

An interim dividend of HK25 cents per ordinary share (2013: HK19 cents per ordinary share) was paid on 3 September 2014. The Directors now recommend the payment of a final dividend of HK28 cents per ordinary share (2013: HK22 cents per ordinary share) and a special dividend of HK8 cents per ordinary share (2013: HK7 cents per ordinary share) in respect of the year ended 31 December 2014.

REPORT OF THE DIRECTORS

Charitable Donations

Charitable donations made by the Group during the financial year amounted to RMB3,021,000 (2013: RMB2,046,000).

Non-current Assets

Details of acquisitions and other movements in non-current assets (including property, plant and equipment, construction in progress, lease prepayments and intangible assets) during the financial year are set out in notes 10 to 13 to the financial statements.

Bank Loans

Particulars of bank loans of the Group as at 31 December 2014 are set out in note 20 to the financial statements.

Share Capital

Details of the movements in share capital of the Company during the financial year are set out in note 25 to the financial statements.

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the financial year.

Pre-emptive Rights

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

Directors

The Directors during the financial year were:

Executive Directors

Mr. Ding Shizhong (*Chairman*) (*R*)
Mr. Ding Shijia (*Deputy Chairman*)
Mr. Lai Shixian (*N*)
Mr. Wang Wenmo
Mr. Wu Yonghua
Mr. Zheng Jie

Independent Non-Executive Directors

Mr. Yeung Chi Tat (*A, N*)
Mr. Lu Hong Te (*A, R, N*)
Mr. Dai Zhongchuan (*A, R*)

A: Member of Audit Committee

R: Member of Remuneration Committee

N: Member of Nomination Committee

Details of the Directors' biographies have been set out on pages 82 and 83 of the annual report.

In accordance with article 87 of the Company's articles of association, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Yeung Chi Tat will retire from office by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

Each of the Directors in the Board has entered into a service contract with the Company for a term of 3 years until terminated by giving 3 month's notice in writing thereof by either party to the other.

None of the Directors, including those proposed for re-election at the forthcoming AGM, has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within 1 year without payment of compensation, other than statutory compensation.

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

As at 31 December 2014, the Directors and chief executives of the Company and their associates had the following interests in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"):

Interests in Shares and underlying Shares and associated corporations

Name of Directors	Company/ Name of associated corporation	Capacity/ Nature of interest	Number of Shares interested	Number of underlying Shares interested ⁽²⁾	Approximate percentage of interest in such corporation ⁽¹⁾
Mr. Ding Shizhong	Company	Founder of a discretionary trust	1,383,071,000 (L) ⁽³⁾	–	55.39%
	Anta International	Founder of a discretionary trust	4,144 (L) ⁽³⁾	–	41.44%
Mr. Ding Shijia	Company	Founder of a discretionary trust	1,374,625,000 (L) ⁽⁴⁾	–	55.05%
	Anta International	Founder of a discretionary trust	4,084 (L) ⁽⁴⁾	–	40.84%
Mr. Lai Shixian	Company	Interest of spouse	160,875,000 (L) ⁽⁵⁾	–	6.44%
	Company	Beneficial owner	–	5,250,000 (L)	0.21%
Mr. Wang Wenmo	Anta International	Founder of a discretionary trust	1,141 (L) ⁽⁶⁾	–	11.41%
Mr. Wu Yonghua	Anta International	Founder of a discretionary trust	601 (L) ⁽⁷⁾	–	6.01%
Mr. Zheng Jie	Company	Beneficial owner	300,000 (L)	–	0.01%
	Company	Beneficial owner	–	400,000 (L)	0.02%

(L) – Long Position

Notes:

- (1) As at 31 December 2014, the number of outstanding ordinary shares of the Company and of Anta International were 2,496,932,000 and 10,000 respectively.
- (2) The interests in underlying Shares represent the interests in share options granted pursuant to the Company's share option schemes, details of which are set out in the section entitled "Share Option Schemes" below.
- (3) 1,373,625,000 Shares were held through Anta International, an associated corporation, representing 55.01% of the issued share capital of the Company as at 31 December 2014, and 9,446,000 Shares were held through Shine Well (Far East) Limited ("Shine Well") directly. Shine Well is entitled to exercise or control the exercise of one third or more of the voting power at the general meeting of Anta International and therefore is deemed to be interested in all the Shares held by Anta International. The entire issued share capital of Shine Well is held by Top Bright Assets Limited. The entire issued share capital of Top Bright Assets Limited is in turn held by HSBC International Trustee Limited ("HSBC Trustee") acting as the trustee of the DSZ Family Trust. The DSZ Family Trust is an irrevocable discretionary trust set up by Mr. Ding Shizhong as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the DSZ Family Trust are family members of Mr. Ding Shizhong. Mr. Ding Shizhong as founder of the DSZ Family Trust is deemed to be interested in the Shares held by Anta International and Shine Well and 4,144 shares of Anta International held by Shine Well.

REPORT OF THE DIRECTORS

- (4) 1,373,625,000 Shares were held through Anta International, representing held 55.01% of the issued share capital of the Company as at 31 December 2014, and 1,000,000 Shares were held through Talent Trend Investment Limited ("Talent Trend") directly. Talent Trend is entitled to exercise or control the exercise of one third or more of the voting power at the general meeting of Anta International and therefore is deemed to be interested in all the Shares held by Anta International. The entire issued share capital of Talent Trend is held by Allwealth Assets Limited. The entire issued share capital of Allwealth Assets Limited is in turn held by HSBC Trustee acting as the trustee of the DSJ Family Trust. The DSJ Family Trust is an irrevocable discretionary trust set up by Mr. Ding Shijia as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the DSJ Family Trust are family members of Mr. Ding Shijia. Mr. Ding Shijia as founder of the DSJ Family Trust is deemed to be interested in the Shares held by Anta International and Talent Trend and 4,084 shares of Anta International held by Talent Trend.
- (5) The interests of Mr. Lai Shixian in the Company are held through Anda Holdings, which holds 160,875,000 Shares, representing 6.44% of the issued share capital of the Company as at 31 December 2014. Spring Star Assets Limited holds the entire issued share capital of Anda Holdings, which is in turn held by HSBC Trustee acting as the trustee of the DYL Family Trust. The DYL Family Trust is an irrevocable discretionary trust set up by Mr. Lai Shixian's spouse, Ms. Ding Yali, as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the DYL Family Trust are issue of Ms. Ding Yali. Ms. Ding Yali as founder of the DYL Family Trust is deemed to be interested in the Shares held by Anda Holdings and Mr. Lai Shixian is also deemed under the SFO to be interested in the interests of his spouse, Ms. Ding Yali.
- (6) The interests of Mr. Wang Wenmo in Anta International are held through Fair Billion Development Limited, which holds 1,141 shares of Anta International, representing 11.41% of the issued share capital of Anta International as at 31 December 2014. The entire issued share capital of Fair Billion Development Limited is held by Asia Bridges Assets Limited, which is in turn held by HSBC Trustee acting as the trustee of the WWM Family Trust. The WWM Family Trust is an irrevocable discretionary trust set up by Mr. Wang Wenmo as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the WWM Family Trust are family members of Mr. Wang Wenmo. Mr. Wang Wenmo as founder of the WWM Family Trust is deemed to be interested in the 1,141 shares of Anta International held by Fair Billion Development Limited.
- (7) The interests of Mr. Wu Yonghua in Anta International are held through Spread Wah International Limited, which holds 601 shares of Anta International, representing 6.01% of the issued share capital of Anta International as at 31 December 2014. The entire issued share capital of Spread Wah International Limited is held by Allbright Assets Limited, which is in turn held by HSBC Trustee acting as the trustee of the WYH Family Trust. The WYH Family Trust is an irrevocable discretionary trust set up by Mr. Wu Yonghua as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the WYH Family Trust are family members of Mr. Wu Yonghua. Mr. Wu Yonghua as founder of the WYH Family Trust is deemed to be interested in the 601 shares of Anta International held by Spread Wah International Limited.

Save as disclosed above, as at 31 December 2014, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had otherwise been notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Interests and Short Positions of Substantial Shareholders

As at 31 December 2014, the persons or corporations (not being a Director or chief executive of the Company) who had an interest or short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Interests in Shares/underlying Shares

Name of Shareholders	Capacity/Nature of interest	Number of Shares/ underlying Shares interested	Approximate percentage of interest in the Company
HSBC Trustee	Trustee (other than a bare trustee) ⁽¹⁾	1,660,446,000 (L)	66.50%
Anta International	Beneficial owner	1,373,625,000 (L)	55.01%
Allwealth Assets Limited	Interest in controlled corporation ⁽¹⁾	1,374,625,000 (L)	55.05%
Shine Well	Interest in controlled corporation ⁽¹⁾	1,373,625,000 (L)	55.01%
Talent Trend	Beneficial owner ⁽¹⁾	9,446,000 (L)	0.38%
	Interest in controlled corporation ⁽¹⁾	1,373,625,000 (L)	55.01%
	Beneficial owner ⁽¹⁾	1,000,000 (L)	0.04%
Top Bright Assets Limited	Interest in controlled corporation ⁽¹⁾	1,383,071,000 (L)	55.39%
Anda Holdings	Beneficial owner	160,875,000 (L)	6.44%
Ms. Ding Yali	Founder of a discretionary trust ⁽²⁾	160,875,000 (L)	6.44%
	Interest of spouse ⁽³⁾	5,250,000 (L)	0.21%
Spring Star Assets Limited	Interest in controlled corporation ⁽²⁾	160,875,000 (L)	6.44%

(L) — Long Position

Notes:

- (1) The interests of HSBC Trustee in the Company are held through Anta International, Anda Holdings, Anda Investments, Shine Well and Talent Trend, representing approximately 55.01%, 6.44%, 4.63%, 0.38% and 0.04% of the issued share capital of the Company, respectively.

HSBC Trustee was the trustee of the DSZ Family Trust and the DSJ Family Trusts and it held the entire issued share capital of Top Bright Assets Limited and Allwealth Assets Limited, which in turn held the entire issued share capital of Shine Well and Talent Trend, respectively. Each of Shine Well and Talent Trend was entitled to exercise or control the exercise of one third or more of the voting power at general meeting of Anta International and therefore each of them was deemed to be interested in all the 1,373,625,000 Shares held by Anta International. Accordingly, HSBC Trustee, Top Bright Assets Limited, Allwealth Assets Limited, Shine Well and Talent Trend were indirectly interested in the 1,373,625,000 Shares held by Anta International. 9,446,000 Shares were held by Shine Well directly. Accordingly, HSBC Trustee and Top Bright Assets Limited were also deemed to be interested in the 9,446,000 Shares held by Shine Well. 1,000,000 Shares were held by Talent Trend directly. Accordingly, HSBC Trustee and Allwealth Assets Limited were also deemed to be interested in the 1,000,000 Shares held by Talent Trend.

HSBC Trustee was the trustee of the DYL Family Trust and it held the entire issued share capital of Spring Star Assets Limited, which in turn was entitled to exercise or control the exercise of one third or more of the voting power at general meeting of Anda Holdings. Accordingly, HSBC Trustee and Spring Star Assets Limited were deemed to be interested in the 160,875,000 Shares held by Anda Holdings.

HSBC Trustee was the trustee of the DHM Family Trust and it held the entire issued share capital of Sackful Gold Limited, which in turn was entitled to exercise or control the exercise of one third or more of the voting power at general meeting of Anda Investments. Accordingly, HSBC Trustee and Sackful Gold Limited were deemed to be interested in the 115,500,000 Shares held by Anda Investments.

- (2) Spring Star Assets Limited was entitled to exercise or control the exercise of one third or more of the voting power at general meeting of Anda Holdings and therefore was deemed to be interested in all the 160,875,000 Shares held by Anda Holdings.

The entire issued share capital of Spring Star Assets Limited was held by HSBC Trustee acting as the trustee of the DYL Family Trust. The DYL Family Trust was an irrevocable discretionary trust set up by Ms. Ding Yali as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the DYL Family Trust were issue of Ms. Ding Yali. Ms. Ding Yali as founder of the DYL Family Trust was deemed to be interested in the 160,875,000 Shares held by Spring Star Assets Limited.

- (3) Ms. Ding Yali was deemed under the SFO to be interested in the 5,250,000 underlying Shares of her spouse. Mr. Lai Shixian, an Executive Director of the Company, which may be issued to Mr. Lai Shixian upon exercise of options granted to Mr. Lai Shixian under the Pre-IPO share option scheme, details of which are set out in the section entitled "Share Option Schemes" below.

Save as disclosed above, as at 31 December 2014, the Directors were not aware of any other person or corporation having an interest or short positions in Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Continuing Connected Transactions

Certain related party transactions as disclosed in note 30 to the financial statements also constituted continuing connected transactions under the Listing Rules which are required to be disclosed in this report in accordance with Chapter 14A of the Listing Rules. The following transactions between certain connected persons (as defined in the Listing Rules) ("connected persons") and the Group have been entered into and are ongoing for which relevant disclosure had been made by the Company in the announcements of the Company issued on 11 January 2013 and 2 July 2013.

1. Packaging Material Supply Agreement with Quanzhou Anda Packaging Co., Ltd. ("Quanzhou Anda")

On 11 January 2013, ANTA China and Quanzhou Anda entered into an agreement to renew the existing packaging material supply arrangement ("Packaging Material Supply Agreement") for a term of 3 years from 1 January 2013 to 31 December 2015 in relation to the supply of paper packaging materials, including but not limited to, cardboard cases, paper bags and shoe boxes, from Quanzhou Anda to the Group from time to time on normal commercial terms which are no less favourable than those terms made available to the Group from independent third parties.

Under the Packaging Material Supply Agreement, the prices for paper packaging materials shall be agreed in arm's length negotiation between Quanzhou Anda and the Group from time to time, and shall be comparable to and no less favourable than market prices of similar paper packaging materials offered by independent suppliers to the Group. The general credit period shall be 30 to 60 days, which shall be comparable to and no less favourable than such terms offered by other independent suppliers of similar paper packaging materials to the Group.

Quanzhou Anda is an associate of Mr. Ding Shizhong and Mr. Lai Shixian (both of them are Executive Directors of the Company) respectively under Rule 14A.12 of the Listing Rules and is therefore a connected person of the Company. The transactions under the Packaging Material Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

During the financial year, the Group's purchase of paper packaging materials from Quanzhou Anda amounted to RMB30,235,000.

REPORT OF THE DIRECTORS

2. Master Services Agreement with Mr. Ding Shijia

On 2 July 2013, the Company entered into an agreement with Mr. Ding Shijia (for and on behalf of certain entities) for a term of 2.5 years from 2 July 2013 to 31 December 2015 for the provision of certain services by those entities to the Group (“Master Services Agreement”). Those entities are entities or corporations which is directly or indirectly controlled by Mr. Ding Shijia and/or collectively with his associates (including without limitation his family members and or close relatives) or in which any of the above persons had an interest (“Relevant Entities”), and those services are the leasing of land and properties (including leases of land, factory premises, warehouses, staff quarters and offices), and provision of warehouse management services and logistic services by the Relevant Entities to the Group subject to the terms and conditions of the Master Services Agreement (“Relevant Services”).

Under the Master Services Agreement, the Relevant Entities shall provide the Relevant Services to the Group, as may be required by the Group from time to time during the term of the Master Services Agreement, at prevailing market price which reference to the nature of the relevant land and properties and the scope of the Relevant Services provided to the Group by the Relevant Entities (including location and area of the property, ancillary facilities and equipment, and transportation network). The service fees for the Relevant Services shall be agreed and determined on arm’s length basis between the relevant member companies of the Group and the Relevant Entities from time to time, which shall be comparable to and no less favourable than (i) the fair market rent or market prices of similar Relevant Services offered by independent third parties suppliers to the Group; and (ii) the service fees of similar Relevant Services provided by the Relevant Entities to third parties other than the Group. The general credit period shall be 30 to 60 days, or such other credit period as agreed in the specific lease agreement or service contract ancillary to the Master Services Agreement.

Mr. Ding Shijia (an Executive Director and a substantial shareholder of the Company) is a connected person of the Company. The Relevant Entities, being companies controlled by Mr. Ding Shijia, his family members and/or and close relatives, are associates of Mr. Ding Shijia under Rule 14A.12 of the Listing Rules, and are therefore connected persons of the Company. The transactions contemplated under the Master Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

During the financial year, service fee for the provision of Relevant Services to the Group by Mr. Ding Shijia (for and on behalf of the Relevant Entities) amounted to RMB13,572,000.

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

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms; and
- (3) according to the agreements governing them on terms which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

Directors’ Interests in Contracts

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

Directors' Remuneration

The Company's policy on remuneration is to maintain fair and competitive packages based on business needs and industry practice. For determining the remuneration packages of each Director, market rates and factors such as each Director's workload and required commitment will be taken into account. In addition, factors comprising economic and market situations, individual contributions to the Group's results and development as well as individual's potential are considered when determining the remuneration packages of Executive Directors.

Directors' and Officers' Insurance

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers.

Arrangements to Purchase Shares or Debentures

Save as disclosed under the section entitled "Share Option Schemes" below, at no time during the financial year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company or chief executives or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisitions of shares or debentures of the Company or any other body corporate.

Competing Business

None of the Directors had any interest in any competing business with the Company or any of its subsidiaries during the financial year.

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

Retirement Schemes

The Group participates in several defined contribution retirement schemes which cover the Group's eligible employees in the PRC, and a Mandatory Provident Fund Scheme for the employees in Hong Kong. Particulars of these retirement schemes are set out in note 22 to the financial statements.

Share Option Schemes

(a) Pre-IPO Share Option Scheme

Pursuant to the shareholders' written resolution passed on 11 June 2007, the Company adopted a Pre-IPO share option scheme. The purpose of the Pre-IPO share option scheme is to give the employees of the Group an opportunity to have a personal stake in the Company and help motivate employees to optimise their performance and efficiency, and also to retain employees whose contributions are important to the long-term growth and profitability of the Group.

Under the Pre-IPO share option scheme, 16,000,000 options were granted on 12 June 2007. A Director and 37 employees of the Group were given the rights to subscribe for shares of the Company at a consideration of HK\$1.00 for the grant of options. The exercise price per Share pursuant to the Pre-IPO share option scheme was determined at 20% discount to the global offering price. Each option granted under the Pre-IPO share option scheme has vesting periods of 1 year to 3 years commencing from the date of listing of the Company on the Main Board of the Hong Kong Stock Exchange ("Listing Date"). The Group has no legal or constructive obligation to repurchase or settle any of these options in cash. No option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time.

No further options were granted under the Pre-IPO share option scheme on or after the Listing Date.

The Pre-IPO share option scheme shall be valid and effective for a period of 10 years from the adoption of the scheme on 11 June 2007.

As at 31 December 2014, the total number of Shares which may be issued upon the exercise of all outstanding options granted under the Pre-IPO share option scheme is 7,681,000, representing 0.31% of the issued share capital of the Company.

REPORT OF THE DIRECTORS

The options outstanding under the Pre-IPO share option scheme during the financial year were as follow:

Name or category of participant	Number of options					As at 31 December 2014	Exercise price per Share	Date of grant	Vesting period	Exercise period
	As at 1 January 2014	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year					
Director										
Mr. LAI Shixian	1,575,000	-	-	-	-	1,575,000	HK\$4.224	12 June 2007	1 year from the Listing Date	10 July 2008 to 10 June 2017
	1,575,000	-	-	-	-	1,575,000	HK\$4.224	12 June 2007	2 years from the Listing Date	10 July 2009 to 10 June 2017
	2,100,000	-	-	-	-	2,100,000	HK\$4.224	12 June 2007	3 years from the Listing Date	10 July 2010 to 10 June 2017
	5,250,000	-	-	-	-	5,250,000				
Other employees (including ex-employees)										
In aggregate	495,000	-	(285,000) ⁽¹⁾	-	-	210,000	HK\$4.224	12 June 2007	1 year from the Listing Date	10 July 2008 to 10 June 2017
	825,000	-	(553,000) ⁽²⁾	-	-	272,000	HK\$4.224	12 June 2007	2 years from the Listing Date	10 July 2009 to 10 June 2017
	2,604,000	-	(655,000) ⁽³⁾	-	-	1,949,000	HK\$4.224	12 June 2007	3 years from the Listing Date	10 July 2010 to 10 June 2017
	3,924,000	-	(1,493,000)	-	-	2,431,000				
Total	9,174,000	-	(1,493,000)	-	-	7,681,000				

Notes:

- (1) The weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK\$15.13.
- (2) The weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK\$14.58.
- (3) The weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK\$13.88.

(b) Share Option Scheme

The Company has adopted a share option scheme ("Share Option Scheme") pursuant to the shareholders's written resolution passed on 11 June 2007. The purpose of the Share Option Scheme is to motivate Eligible Persons (as defined below) to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives (as defined below), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

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

- (a) any proposed executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group ("Employee"), any full-time or part-time Employee, or a person for the time being seconded to work full-time or part-time for any member of the Group ("Executive");
- (b) a director or proposed director (including an independent non-executive director) of any member of the Group;
- (c) a direct or indirect shareholder of any member of the Group;
- (d) a supplier of goods or services to any member of the Group;

- (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group;
- (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and
- (g) an associate of any of the foregoing persons.

(the persons referred above are the “Eligible Persons”)

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years after the adoption date to offer the grant of an option to any Eligible Person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Hong Kong Stock Exchange or an integral multiple thereof).

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

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in the Hong Kong Stock Exchange’s daily quotations sheet on the offer date; and
- (c) the average closing price of a Share as stated in the Hong Kong Stock Exchange’s daily quotation sheets for the five business days immediately preceding the offer date.

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

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

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

The Share Option Scheme shall be valid and effective for a period of 10 years from the adoption of the scheme on 11 June 2007.

As at 31 December 2014, the total number of Shares which may be issued upon the exercise of all outstanding options granted under the Share Option Scheme is 9,224,000, representing 0.37% of the issued share capital of the Company.

REPORT OF THE DIRECTORS

The options outstanding under the Share Option Scheme during the financial year were as follow:

Name or category of participant	Number of options					As at 31 December 2014	Exercise price per Share	Date of grant	Vesting period	Exercise period
	As at 1 January 2014	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year					
Director										
Mr. Zheng Jie	400,000	-	-	-	-	400,000	HK\$16.20	15 September 2010	1.5 years from the date of grant	15 March 2012 to 14 September 2020
	400,000	-	-	-	-	400,000				
Other employees (including ex-employees)										
In aggregate	8,912,000	-	(88,000) ⁽¹⁾	-	-	8,824,000	HK\$16.20	15 September 2010	1.5 years from the date of grant	15 March 2012 to 14 September 2020
	8,912,000	-	(88,000)	-	-	8,824,000				
Total	9,312,000	-	(88,000)	-	-	9,224,000				

Notes:

(1) The weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK\$17.41.

Corporate Governance

In respect of the year ended 31 December 2014, save as disclosed in the Corporate Governance Report on pages 75 to 81 of the annual report, all the code provisions set out in the Code (as defined in the Corporate Governance Report) were met by the Company.

Confirmation of Independence

The Company has received from each of the Independent Non-Executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the Independent Non-Executive Directors to be independent.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the latest practicable date prior to this annual report, the Company has maintained the prescribed public float under the Listing Rules throughout the year ended 31 December 2014 and at any time up to the latest practicable date.

Auditors

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

By order of the Board



Ling Shing Ping
Company Secretary

Hong Kong, 11 February 2015

CORPORATE GOVERNANCE REPORT

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

Saved as disclosed below, the Company complied with the code provisions of the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules (the “Code”) during the financial year. The Company periodically reviews its corporate governance practices to ensure its continuous compliance.

(A) The Board of Directors

The overall management of the Company’s operation is vested in the Board.

The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitoring of the performance of the senior management. The Directors make decisions objectively in the interests of the Company. Currently, the Board comprises 9 Directors, including 6 Executive Directors and 3 Independent Non-Executive Directors:

Executive Directors

Mr. Ding Shizhong (*Chairman*)
Mr. Ding Shijia (*Deputy Chairman*)
Mr. Lai Shixian
Mr. Wang Wenmo
Mr. Wu Yonghua
Mr. Zheng Jie

Independent Non-Executive Directors

Mr. Yeung Chi Tat
Mr. Lu Hong Te
Mr. Dai Zhongchuan

Their biographical details and relationships (some of the Directors are related to each other) are set out in the section entitled “Directors and Senior Management” in the annual report.

The Board delegates the authority and responsibility for implementing day-to-day operations, business strategies and management of the Group’s businesses to the Executive Directors, senior management and certain specific responsibilities to the Board committees.

Compliance with the Model Code for Directors’ Securities Transactions

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

Chairman and Chief Executive Officer

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

CORPORATE GOVERNANCE REPORT

Appointments, Re-election and Removal of Directors

Each of the Executive Directors and Independent Non-Executive Directors of the Company has entered into a service contract with the Company for a specific term. Such term is subject to his re-appointment by the Company at an AGM upon retirement. The articles of association of the Company provide that any Director appointed by the Board, (i) to fill a casual vacancy in the Board, shall hold office only until the next following general meeting of the Company and shall be subject to re-election at such meeting and (ii) as an addition to the Board shall hold office until the next AGM of the Company and shall then be eligible for re-election.

Independent Non-Executive Directors

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

All of the Independent Non-Executive Directors are appointed for a term of 3 years and are subject to retirement by rotation and re-election in accordance with the articles of association of the Company.

The Company has received annual confirmations of independence from each of the existing Independent Non-Executive Directors in accordance with Rule 3.13 of the Listing Rules. The Company considers that all the Independent Non-Executive Directors are independent in accordance with the Listing Rules.

Board Diversity Policy

The Board adopted the board diversity policy ("Board Diversity Policy") in accordance with the requirement set out in the Codes. Such policy aims to set out the approach to achieve diversity on the Board. All Board appointments shall be based on meritocracy, and candidates shall be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates shall be based on a range of diversity perspectives, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision shall be based on merit and contribution that the selected candidates shall bring to the Board. The Nomination Committee monitors, from time to time, the implementation of the policy, and reviews, as appropriate, the policy to ensure the effectiveness of the policy. The Nomination Committee will continue to give adequate consideration to these measurable objectives when making recommendations of candidates for appointment to the Board.

Training and Support for Directors

Directors must keep abreast of their collective responsibilities. Each newly appointed Director would receive an induction package covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company. The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills. The Group continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes are issued to Directors and senior management where appropriate, to ensure awareness of best corporate governance practices.

During the financial year, the Directors participated in the following trainings:

	Types of Training
<i>Executive Directors</i>	
Mr. Ding Shizhong	B
Mr. Ding Shijia	B
Mr. Lai Shixian	B
Mr. Wang Wenmo	B
Mr. Wu Yonghua	A, B
Mr. Zheng Jie	A, B
<i>Independent Non-Executive Directors</i>	
Mr. Yeung Chi Tat	A, B
Mr. Lu Hong Te	B
Mr. Dai Zhongchuan	A, B

A: attending seminars and/or conferences and/or forums relating to directors' duties or other relevant topics

B: reading newspaper, journals and updates relating to the economy, general business or directors' duties etc.

Board Committees

The Board has established Audit Committee, Remuneration Committee and Nomination Committee (collectively “Board Committees”) with defined terms of reference. The terms of reference of the Board Committees are posted on the websites of the Company and Hong Kong Stock Exchange. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company’s expenses.

Audit Committee

The Audit Committee is responsible for ensuring the establishment and compliance with the internal control system of the Company, the compliance with the applicable accounting principles and practices, any applicable laws and the listing rules of the stock exchange on which the shares of the Company are listed, and liaison among shareholders, management, certified independent auditors and internal auditors of the Group, etc. The Audit Committee meets regularly with the Company’s external auditors to discuss the audit process and accounting issues (and in the absence of management if appropriate). The terms of reference of the Audit Committee are in line with the code provisions of the Code. Members of the Audit Committee comprise Mr. Yeung Chi Tat (chairman), Mr. Lu Hong Te and Mr. Dai Zhongchuan, all of whom are Independent Non-Executive Directors.

To comply with the requirements under the Code in respect of the responsibilities for performing the corporate governance duties, the Board has delegated its responsibilities to the Audit Committee to develop, review and monitor the policies and practices on corporate governance of the Group and make recommendations to the Board, to review and monitor the Company’s policies and practices on the legal and regulatory compliance, to review and monitor the code of conduct and ethical behaviour applicable to the Directors and employees and the training and continuous professional development of Directors and senior management, and to review the Company’s compliance with the Code and disclosures in the corporate governance report.

The Audit Committee met 2 times during the financial year. During the meetings, the Audit Committee considered the annual results of the Group for the year ended 31 December 2013 and the interim results of the Group for the 6 months ended 30 June 2014 as well as the reports prepared by the external auditors relating to accounting and internal control issues and major findings in the course of audit/review. In addition, it reviewed the Company’s compliance with the Code and the regulatory and statutory requirements, and the disclosure in this Corporate Governance Report. All members of the Audit Committee attended the meetings.

Remuneration Committee

The Company has adopted the model whereby the Remuneration Committee makes recommendations to the Board on the remuneration packages of individual Executive Directors and senior management. The Remuneration Committee is also responsible for making recommendations to the Board on the Company’s policy and structure for remuneration of all directors of the Company and senior management of the Group and other matters relating to remuneration. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that their remuneration and compensation are reasonable. The terms of reference of the Remuneration Committee are in line with the code provisions of the Code. Members of the Remuneration Committee comprise Mr. Lu Hong Te (chairman), Mr. Dai Zhongchuan, both being Independent Non-Executive Directors, and Mr. Ding Shizhong, an Executive Director.

The Remuneration Committee met once during the financial year. During the meeting, the Remuneration Committee reviewed the remuneration packages of the Executive Directors and senior management for the year ended 31 December 2013. All members of the Remuneration Committee attended the meeting.

CORPORATE GOVERNANCE REPORT

Nomination Committee

The Nomination Committee is responsible for recommending suitable candidates to the Board for directorship, after considering the independence and competence of the nominees, to ensure that all nominations are fair and transparent. The Nomination Committee also reviews the structure, size and composition of the Board and assesses the independence of the Independent Non-Executive Directors. The terms of reference of the Nomination Committee are in line with the code provisions of the Code. Members of the Nomination Committee comprise Mr. Lu Hong Te (chairman), Mr. Yeung Chi Tat, both being Independent Non-Executive Directors, and Mr. Lai Shixian, an Executive Director.

The Nomination Committee met once during the financial year. During the meeting, the Nomination Committee reviewed the structure, size and diversity of the Board, reviewed the existing Board Diversity Policy and the implementation, assessed the independence of Independent Non-Executive Directors and the annual confirmations on their independence, and reviewed the re-appointment of Directors who retired from office by rotation at the past AGM and offered themselves for re-election.

Meetings

The Board meets regularly to discuss the overall strategy as well as the operational and financial performance of the Group. Directors may participate either in person or through electronic means of communications. The attendance of individual Directors at these meetings is set out below:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting
No. of meetings held for the year ended 31 December 2014	4	2	1	1
<i>Executive Directors</i>				
Mr. Ding Shizhong	4	N/A	1	N/A
Mr. Ding Shijia	4	N/A	N/A	N/A
Mr. Lai Shixian	4	N/A	N/A	1
Mr. Wang Wenmo	4	N/A	N/A	N/A
Mr. Wu Yonghua	4	N/A	N/A	N/A
Mr. Zheng Jie	4	N/A	N/A	N/A
<i>Independent Non-Executive Directors</i>				
Mr. Yeung Chi Tat	4	2	N/A	1
Mr. Lu Hong Te	4	2	1	1
Mr. Dai Zhongchuan	3	2	1	N/A

All Directors are provided with relevant materials relating to the matters brought before the meetings at least 3 days in advance. All Directors have access to relevant and timely information, and they can ask for further information or retain independent professional advisors if necessary. They also have access to the advice and services of the Company Secretary, who is responsible for providing Directors with Board papers and related materials and ensuring that Board procedures are followed. Where queries are raised by Directors, steps would be taken to respond as promptly and fully as possible. All Directors have the opportunity to include matters in the agenda for Board meetings. Reasonable notices of Board meetings are given to the Directors, and the Board's procedures comply with the articles of association of the Company, as well as relevant rules and regulations.

Conflict of Interest

If a Director has a conflict of interest in relation to a transaction or proposal to be considered by the Board, the individual is required to declare such interest and to abstain from voting. The matter is considered at a Board meeting attended by Directors who have no material interest in the transaction.

Company Secretary

Mr. Ling Shing Ping, the Company Secretary of the Company, is a full time employee of the Group and has day-to-day knowledge of the Company's affairs. During the financial year, the Company Secretary has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules. The biographical details of the Company Secretary is set out in the section entitled "Directors and Senior Management" in the annual report.

(B) Financial Reporting and Internal Control

Financial Reporting

The Board, supported by the Chief Financial Officer and the finance department, is responsible for the preparation of the financial statements of the Group and the Company. In the preparation of financial statements, the International Financial Reporting Standards and the Hong Kong Companies Ordinance have been adopted, the appropriate accounting policies have been consistently used and applied, and reasonable judgements and estimates are properly made. The Board aims to present a clear and balanced assessment of the Group's performance in the annual and interim reports to the shareholders, and make appropriate disclosure and announcements in a timely manner. The Board was not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The work scope and responsibilities of KPMG, the Company's external auditor, are stated in the section entitled "Independent Auditor's Report" in the annual report.

External Auditor's Remuneration

KPMG has been appointed as the Company's external auditor since 2004. The Audit Committee has been notified of the nature and the service charges of non-audit services to be performed by KPMG and considered that these non-audit services have no adverse effect on the independence of the auditor. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors.

During the financial year, the fee payable to KPMG in respect of its statutory audit services provided to the Company was RMB4,320,000 (2013: RMB3,680,000). Fees for non-audit services for the same period comprise service charges for the following:

	2014	2013
Review of interim results	RMB800,000	RMB800,000
Tax advisory	RMB267,000	–
Internal control review (service rendered by KPMG Advisory (China) Limited)	RMB530,000	RMB500,000
Tax compliance (service rendered by KPMG Tax Limited)	–	HK\$165,000
Other non-audit service	RMB60,000	RMB20,000

Internal Control

The Board is responsible for the internal control of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance of applicable laws, rules and regulations. The Group conducted general review and monitor of the Group's internal management and operation during the financial year.

In addition to the above, the Board and the Audit Committee have reviewed the effectiveness of its internal control systems on all major operations of the Group on a rotational basis by appointing a professional accounting firm on their behalf. The scope of review by the professional accounting firm has been determined and approved by the Audit Committee. The professional accounting firm has reported major internal control review findings to the Board and the Audit Committee. No major issue but areas for improvement have been identified. All recommendations from the professional accounting firm will be properly followed up to ensure that they are implemented within a reasonable period of time. The Board and the Audit Committee considered that the key areas of the Group's internal control systems are reasonably implemented and the Group has substantially complied with the code provisions of the Code regarding internal control systems.

CORPORATE GOVERNANCE REPORT

(C) Shareholders' Rights and Communications with Shareholders and Investor Relations

Enquiries to the Board

Shareholders are provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. In addition, shareholders can contact Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar of the Company, if they have any enquiries about their Shares and dividends. The contact details of the Company are set out in the section entitled "Investors Information" in the annual report.

The Company's AGM allows the Directors to meet and communicate with shareholders. The Company ensures that shareholders' views are communicated to the Board. The chairman of the AGM proposes separate resolutions for each issue to be considered. Members of the Audit, Remuneration and Nomination Committees and the external auditor also attend the AGM to answer questions from shareholders.

AGM proceedings are reviewed from time to time to ensure that the Company follows best corporate governance practices. The notice of AGM is distributed to all shareholders at least 20 clear business days prior to the AGM and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules. The chairman of the AGM exercises his power under the articles of association of the Company to put each proposed resolution to the vote by way of a poll. The procedures for demanding and conducting a poll are explained at the beginning of the meeting. Voting results are posted on the Group's website on the day of the AGM.

Convening Extraordinary General Meeting and Putting Forward Proposals at Shareholders' Meeting

Shareholder(s) holding not less than one-tenth of the paid up capital of the Company can make a written requisition to the Board or the Company secretary to convene an extraordinary general meeting pursuant to article 58 of the Company's articles of association. The written requisition must state the objects of the meeting, and must be signed by the relevant shareholder(s) and deposited at the registered office of the Company, which is presently situated at Unit No. 4408, 44th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong.

There are no provisions under the Company's articles of association or the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

The 2014 AGM was held on 9 April 2014. The attendance record of the Directors at the AGM is set out below:

	AGM
<i>Executive Directors</i>	
Mr. Ding Shizhong (<i>Chairman</i>)	1
Mr. Ding Shijia	1
Mr. Lai Shixian	1
Mr. Wang Wenmo	1
Mr. Wu Yonghua	1
Mr. Zheng Jie	1
<i>Independent Non-Executive Directors</i>	
Mr. Yeung Chi Tat	1
Mr. Lu Hong Te	1
Mr. Dai Zhongchuan	1

Constitutional Documents

During the financial year, there were no changes in any of the Company's constitutional documents.

Investor Relations

The management believes that effective communication with the investment community in a timely manner through various media is essential. The Company held regular briefings, attended investor conferences and participated in roadshows to meet institutional investors and financial analysts in the PRC, Hong Kong and overseas countries to keep them abreast of the Company's business and development.

Details of communications with shareholders and investor relations are stated in the "Corporate Governance" section entitled "Corporate Social Responsibility Report" on page 62 in the annual report.

By order of the Board

A handwritten signature in black ink, appearing to read 'Ling Shing Ping', written in a cursive style.

Ling Shing Ping
Company Secretary

Hong Kong, 11 February 2015

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Ding Shizhong (丁世忠), aged 44, is the Chief Executive Officer, the Executive Director and the Board Chairman of the Company. He is primarily responsible for the overall corporate strategies, brand management, planning and business development of the Group. He joined the Group in July 1994 and has dedicated to expand and promote the Group's business and to develop China's sporting goods industry.

He personally obtained the following recognition:

Year	Awards
1998	The Eminent Young Entrepreneur of Jinjiang
2000	Top Ten Eminent Young Entrepreneurs of Fujian
2004	Top Ten Brand Talents in China
2006	Top Ten Outstanding Young Persons in China
2008	Ernst & Young Entrepreneur of the Year – China
2009	World Economic Forum – Youth Global Leader
2009	China Business Leaders Awards – Public's Choice of CEO
2014	Outstanding Contributor to the Building of Socialism with Chinese Characteristics
2014	2014 Chinese Business Leaders Annual Award

He is holding the following public offices:

Year	Public Offices
2008	National People's Congress deputy
2009	The 8th Organising Committee member of All-China Sports Federation
2010	Deputy chairman of China Sporting Goods Federation
2010	Committee member of China Youth Entrepreneurs Association
2012	Vice president of Samaranch Foundation
2012	Executive committee member of All-China Federation of Industry and Commerce

Mr. Ding is the younger brother of Mr. Ding Shijia, the cousin of Mr. Wang Wenmo and the brother-in-law of Mr. Lai Shixian, all of whom are also the Company's Executive Directors. He is also a director of Anta International, which holds 55.01% of the issued share capital of the Company.

Mr. Ding Shijia (丁世家), aged 50, is the Executive Director and the Board Deputy Chairman of the Company. He is primarily responsible for the management of the Group's footwear operations. He joined the Group in July 1994 and has nearly 20 years of experience in the sporting goods industry in China. In 2002 and 2004, he was awarded the title of Eminent Young Entrepreneur of Quanzhou. Since 2011, Mr. Ding has been Jinjiang City People's Congress standing deputy. Mr. Ding is the elder brother of Mr. Ding Shizhong, the cousin of Mr. Wang Wenmo and the brother-in-law of Mr. Lai Shixian, all of whom are also the Company's Executive Directors. He is also a director of Anta International, which holds 55.01% of the issued share capital of the Company.

Mr. Lai Shixian (賴世賢), aged 40, is the Chief Operating Officer, the Executive Director and the Vice President of the Company. He is primarily responsible for the supply chain and administrative management of the Group. He joined the Group in March 2003 and has over 10 years of experience in administrative management. Mr. Lai holds an EMBA degree from China Europe International Business School. Since 2011, Mr. Lai has been a member of the Quanzhou Municipal Committee of the Chinese People's Political Consultative Conference. Mr. Lai is the brother-in-law of Mr. Ding Shizhong and Mr. Ding Shijia, both of whom are the Company's Executive Directors. He is also a director of Anta International, which holds 55.01% of the issued share capital of the Company. Mr. Lai is an independent non-executive director of China Lilang Limited (stock code: 1234) which is listed on the Hong Kong Stock Exchange.

Mr. Wang Wenmo (王文默), aged 58, is the Executive Director of the Company. He is primarily responsible for the management of the Group's apparel operations. He joined the Group in June 2000 and has over 20 years of experience in the apparel industry. Mr. Wang is the cousin of Mr. Ding Shizhong and Mr. Ding Shijia, both of whom are the Company's Executive Directors.

Mr. Wu Yonghua (吳永華), aged 44, is the Executive Director and the Executive Vice President of the Company. He is primarily responsible for the Group's sales and marketing management. He joined the Group in October 2003 and has over 10 years of experience in sales and marketing in China. Since 2011, Mr. Wu has been Xiamen City People's Congress deputy.

Mr. Zheng Jie (鄭捷), aged 46, is the Executive Director of the Company and the Brand President of ANTA. He is primarily responsible for brand and product management. He joined the Group in October 2008 and has over 10 years of experience in the field of marketing management, including nearly 8 years in the China division of an international sportswear brand as the sales vice president and the general manager. Mr. Zheng holds a bachelor's degree in management science from Shanghai Fudan University.

Independent Non-Executive Directors

Mr. Yeung Chi Tat (楊志達), aged 45, is the Independent Non-Executive Director of the Company and joined the Board in February 2007. He holds a bachelor's degree in business administration from the University of Hong Kong and a master's degree in professional accounting from Hong Kong Polytechnic University. He is the fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales. He is also the president of the International Financial Management Association Hong Kong headquarters, the Greater China Development Working Committee member of The Association of Hong Kong Accountants and a council member of the Hong Kong Wine Merchants' Chamber of Commerce. He had previously worked at a major international accounting firm for over 10 years and possessed experience in auditing, corporate restructure and corporate finance. He is the financial controller and company secretary of Dynasty Fine Wines Group Limited (stock code: 828), and an independent non-executive director of Ta Yang Group Holdings Limited (stock code: 1991), Boer Power Holdings Limited (stock code: 1685) and Sitoy Group Holdings Limited (stock code: 1023), all of which are listed on the Hong Kong Stock Exchange. Mr. Yeung was an independent non-executive director of Billion Industrial Holdings Limited, which is listed on the Hong Kong Stock Exchange (stock code: 2299), from March 2011 to May 2014.

Mr. Lu Hong Te (呂鴻德), aged 54, is the Independent Non-Executive Director of the Company and joined the Board in February 2007. He holds a bachelor's degree in industrial management science from National Cheng Kung University, and a master's degree and a doctoral degree in marketing from the Graduate Institute of Business Administration of the College of Management of National Taiwan University. He is now a professor at the department of business administration of Chung Yuan Christian University in Taiwan, specializing in sales management and business competitive strategies. He also serves as a visiting professor at institutions including SGP International Management Academy, Nanyang Technological University's EMBA Center and Xiamen University's EMBA Center. He is an independent non-executive director of Capxon International Electronic Company Limited (stock code: 469), China Lilang Limited (stock code: 1234) and China SCE Property Holdings Limited (stock code: 1966), all of which are listed on the Hong Kong Stock Exchange. He is also an independent director of Firich Enterprises Co., Ltd (stock code: 8076) and Lanner Electronics Inc. (stock code: 6245), the shares of which are traded in the Gre Tai Securities Market in Taiwan. Mr. Lu was an independent non-executive director of Everlight Chemical Industrial Corporation (stock code: 1711), which is listed on the Taiwan Stock Exchange, from June 2007 to June 2012, and Aiptek International Inc. (stock code: 6225), which is listed on the Taiwan Stock Exchange, from June 2007 to January 2014.

Mr. Dai Zhongchuan (戴仲川), aged 49, is the Independent Non-Executive Director of the Company and joined the Board in April 2009. He holds a bachelor's degree and a master's degree in economics from the Xiamen University. He is currently a deputy of the National People's Congress, an associate dean of the College of Law and a tutor of the master's postgraduate programme in international laws of Huaqiao University. Mr. Dai has over 20 years of working experience in legal research and holds various posts in public services in legal and judiciary area, including a standing committee member of the Quanzhou Municipal Committee of the Chinese People's Political Consultative Conference, a member of the Internal and Judicial Affairs Committee of Quanzhou Municipal People's Congress as well as an arbitrator of Quanzhou Municipal Arbitration Commission. He is an independent director of Fujian Fengzhu Textile Science & Technology Co., Ltd (stock code: 600493) listed on Shanghai Stock Exchange and Xingye Leather Technology Co., Ltd (stock code: 002674) listed on Shenzhen Stock Exchange. Mr. Dai was an independent director of Tianguang Fire-Fighting Incorporated Company (stock code: 002509) listed on Shenzhen Stock Exchange from July 2010 to July 2013.

Senior Management

Mr. Ling Shing Ping (凌昇平), aged 47, is the Chief Financial Officer, the Company Secretary and the Vice President of the Company. He is responsible for our overall financial and accounting affairs, treasury and company secretarial matters of the Group. He joined the Group in January 2007. He had previously worked at a major international accounting firm for over 10 years and possessed experience in auditing, accounting and corporate finance. Mr. Ling holds a bachelor's degree in business administration from the University of Hong Kong. He is the fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Various businesses of the Group are respectively under the direct responsibility of the Executive Directors, as named above. Only those 6 Executive Directors and the Chief Financial Officer/Company Secretary are regarded as members of the Group's senior management.

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the shareholders of
ANTA Sports Products Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of ANTA Sports Products Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 85 to 127, which comprise the consolidated and company statements of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

A handwritten signature of the KPMG firm, written in black ink, appearing as 'KPMG' in a cursive, stylized font.

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

11 February 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014 (Expressed in Renminbi)

	Note	2014 RMB'000	2013 RMB'000
Turnover	1	8,922,692	7,281,263
Cost of sales		(4,895,876)	(4,242,009)
Gross profit		4,026,816	3,039,254
Other revenue	2	97,233	110,282
Other net loss	2	(11,251)	(7,995)
Selling and distribution expenses		(1,697,102)	(1,199,445)
Administrative expenses		(396,833)	(376,497)
Profit from operations		2,018,863	1,565,599
Net finance income	3	223,845	187,156
Profit before taxation	4	2,242,708	1,752,755
Taxation	5	(510,112)	(423,249)
PROFIT FOR THE YEAR		1,732,596	1,329,506
Other comprehensive income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of operations outside Mainland China		6,487	(3,925)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,739,083	1,325,581
PROFIT ATTRIBUTABLE TO:			
Equity shareholders of the Company		1,700,310	1,314,835
Non-controlling interests		32,286	14,671
PROFIT FOR THE YEAR		1,732,596	1,329,506
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity shareholders of the Company		1,706,797	1,310,910
Non-controlling interests		32,286	14,671
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,739,083	1,325,581
Earnings per share	8	RMB cents	RMB cents
– Basic		68.12	52.71
– Diluted		67.98	52.61

The notes, significant accounting policies and principal subsidiaries on pages 90 to 127 form part of these financial statements.

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 27.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014 (Expressed in Renminbi)

	Note	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment	10	924,987	865,751
Construction in progress	11	142,850	69,296
Lease prepayments	12(a)	163,498	149,098
Prepayments for acquisition of land use rights	12(b)	146,838	152,480
Intangible assets	13	489,323	506,861
Other financial assets	15	19,900	38,900
Deferred tax assets	24(b)	149,358	148,622
Total non-current assets		2,036,754	1,931,008
Current assets			
Inventories	16	867,182	689,321
Trade and other receivables	17	1,700,706	1,933,096
Other financial assets	18	535,000	510,000
Pledged deposits	18	210,366	215,460
Fixed deposits held at banks with maturity over three months	19	1,100,000	495,000
Cash and cash equivalents	19	4,933,742	4,344,262
Total current assets		9,346,996	8,187,139
Total assets		11,383,750	10,118,147
Current liabilities			
Bank loans	20	1,348,264	490,229
Trade and other payables	21	1,654,011	1,889,277
Amounts due to related parties	30(b)	6,229	6,840
Current taxation	24(a)	176,189	187,308
Total current liabilities		3,184,693	2,573,654
Net current assets		6,162,303	5,613,485
Total assets less current liabilities		8,199,057	7,544,493
Non-current liabilities			
Long-term payable to non-controlling interests – unsecured and at amortised cost		36,328	36,822
Deferred tax liabilities	24(b)	158,149	158,546
Total non-current liabilities		194,477	195,368
Total liabilities		3,379,170	2,769,022
Net assets		8,004,580	7,349,125
Equity			
Share capital	25	242,238	242,113
Reserves	26	7,552,919	6,911,875
Total equity attributable to equity shareholders of the Company		7,795,157	7,153,988
Non-controlling interests		209,423	195,137
Total liabilities and equity		11,383,750	10,118,147

The notes, significant accounting policies and principal subsidiaries on pages 90 to 127 form part of these financial statements.



Ding Shizhong
Chairman and Chief Executive Officer



Lai Shixian
Chief Operating Officer



Ling Shing Ping
Chief Financial Officer

Hong Kong, 11 February 2015

STATEMENT OF FINANCIAL POSITION

As at 31 December 2014 (Expressed in Renminbi)

	Note	2014 RMB'000	2013 RMB'000
Non-current assets			
Investments in subsidiaries	14	123	123
Total non-current assets		123	123
Current assets			
Other receivables	17	343	631
Amounts due from subsidiaries	14	1,030,447	934,590
Cash and cash equivalents	19	1,470	127,191
Total current assets		1,032,260	1,062,412
Total assets		1,032,383	1,062,535
Current liabilities			
Other payables	21	1,535	1,732
Total current liabilities		1,535	1,732
Net current assets		1,030,725	1,060,680
Total assets less current liabilities		1,030,848	1,060,803
Equity			
Share capital	25	242,238	242,113
Reserves	26	788,610	818,690
Total equity		1,030,848	1,060,803
Total liabilities and equity		1,032,383	1,062,535

The notes, significant accounting policies and principal subsidiaries on pages 90 to 127 form part of these financial statements.



Ding Shizhong
Chairman and Chief Executive Officer



Lai Shixian
Chief Operating Officer



Ling Shing Ping
Chief Financial Officer

Hong Kong, 11 February 2015

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014 (Expressed in Renminbi)

	Note	Attributable to equity shareholders of the Company			Non- controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000	Reserves RMB'000	Total RMB'000		
Balances as at 1 January 2013		242,019	6,510,221	6,752,240	180,466	6,932,706
<i>Changes in equity for 2013:</i>						
Profit for the year		-	1,314,835	1,314,835	14,671	1,329,506
Other comprehensive income		-	(3,925)	(3,925)	-	(3,925)
Total comprehensive income		-	1,310,910	1,310,910	14,671	1,325,581
<hr/>						
Dividends approved in respect of the previous year	27(b)	-	(501,015)	(501,015)	-	(501,015)
Dividends declared in respect of the current year	27(a)	-	(377,259)	(377,259)	-	(377,259)
Shares issued pursuant to share option schemes	25	94	3,890	3,984	-	3,984
Equity-settled share-based payments	26(e)	-	(34,872)	(34,872)	-	(34,872)
Balances as at 31 December 2013 and 1 January 2014		242,113	6,911,875	7,153,988	195,137	7,349,125
<i>Changes in equity for 2014:</i>						
Profit for the year		-	1,700,310	1,700,310	32,286	1,732,596
Other comprehensive income		-	6,487	6,487	-	6,487
Total comprehensive income		-	1,706,797	1,706,797	32,286	1,739,083
<hr/>						
Dividends approved in respect of the previous year	27(b)	-	(574,952)	(574,952)	-	(574,952)
Dividends declared in respect of the current year	27(a)	-	(496,809)	(496,809)	-	(496,809)
Shares issued pursuant to share option schemes	25	125	6,008	6,133	-	6,133
Dividend to non-controlling interests of a subsidiary		-	-	-	(18,000)	(18,000)
Balances as at 31 December 2014		242,238	7,552,919	7,795,157	209,423	8,004,580

The notes, significant accounting policies and principal subsidiaries on pages 90 to 127 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014 (Expressed in Renminbi)

	Note	2014 RMB'000	2013 RMB'000
Operating activities			
Profit before taxation		2,242,708	1,752,755
Adjustments for:			
– Depreciation	10	128,025	100,403
– Amortisation of lease prepayments	12(a)	4,679	4,431
– Amortisation of intangible assets	13	26,637	25,634
– Interest expenses	3	19,311	25,111
– Interest income	3	(247,854)	(200,394)
– Loss on disposal of property, plant and equipment	2	3,061	2,734
– Equity-settled share-based payments	4(a)	–	(34,872)
– (Reversal of provision)/provision for doubtful debts	4(b)	(46,079)	25,836
– (Reversal of write-down)/write-down of inventories	16(b)	(58,679)	7,657
Changes in working capital			
– Increase in inventories		(119,182)	(9,574)
– Decrease/(increase) in trade and other receivables		281,066	(555,489)
– (Decrease)/increase in trade and other payables		(229,717)	139,994
– (Decrease)/increase in amounts due to related parties		(611)	4,410
Cash generated from operations		2,003,365	1,288,636
Income tax paid		(522,364)	(366,729)
Interest received		204,857	206,146
Net cash generated from operating activities		1,685,858	1,128,053
Investing activities			
Payments for purchase of property, plant and equipment		(142,394)	(93,169)
Proceeds from sale of property, plant and equipment		3,923	7,471
Payments for construction in progress		(97,794)	(80,802)
Payments for acquisition of land use rights	12(b)	(13,437)	(1,063)
Payments for purchase of intangible assets	13	(9,099)	(3,638)
Payments for acquisition of interest in subsidiaries		–	(15,167)
(Increase)/decrease in other financial assets		(6,000)	312,220
Placement of pledged deposits		–	(200,726)
Uplift of pledged deposits		5,094	210,000
Placement of fixed deposits held at banks with maturity over three months		(5,480,000)	(3,845,000)
Uplift of fixed deposits held at banks with maturity over three months		4,875,000	4,330,000
Net cash (used in)/received from investing activities		(864,707)	620,126
Financing activities			
Drawdown of new bank loans		858,035	490,229
Repayment of bank loans		–	(996,502)
Payment of interest expense on bank loans		(8,972)	(22,005)
Payment for long-term payable to non-controlling interests		(3,593)	(4,959)
Proceeds from shares issued pursuant to share option schemes		6,133	3,984
Dividends paid to equity shareholders of the Company	27	(1,071,761)	(878,274)
Dividend paid to non-controlling interests of a subsidiary		(18,000)	–
Net cash used in financing activities		(238,158)	(1,407,527)
Net increase in cash and cash equivalents		582,993	340,652
Cash and cash equivalents as at 1 January		4,344,262	4,007,535
Effect of foreign exchange rate changes		6,487	(3,925)
Cash and cash equivalents as at 31 December	19	4,933,742	4,344,262

The notes, significant accounting policies and principal subsidiaries on pages 90 to 127 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1. Turnover

The principal activities of the Group are the manufacturing, trading and distribution of sporting goods including footwear, apparel and accessories in the PRC. Turnover represents the sales value of goods sold less returns, discounts, rebates and value added tax, which may be analysed as follows:

	2014 RMB'000	2013 RMB'000
Footwear	4,110,473	3,420,668
Apparel	4,451,233	3,574,507
Accessories	360,986	286,088
	8,922,692	7,281,263

For the year ended 31 December 2014, there was no customer with whom transactions have exceeded 10% of the Group's turnover (2013: Nil).

2. Other Revenue and Other Net Loss

	2014 RMB'000	2013 RMB'000
Other revenue		
Government grants	89,785	90,474
Rental income from operating leases	1,175	1,318
Others	6,273	18,490
	97,233	110,282
Other net loss		
Loss on disposal of property, plant and equipment	(3,061)	(2,734)
Others	(8,190)	(5,261)
	(11,251)	(7,995)

3. Net Finance Income

	2014 RMB'000	2013 RMB'000
Interest income	247,854	200,394
Net foreign exchange gain	–	11,873
	247,854	212,267
Interest expense on bank loans ⁽ⁱ⁾	(16,200)	(22,005)
Interest expense recognised on payable carried at amortised cost ⁽ⁱ⁾	(3,111)	(3,106)
Net foreign exchange loss	(4,698)	–
	(24,009)	(25,111)
Net finance income	223,845	187,156

(i) No interest expenses were capitalised during the year.

4. Profit Before Taxation

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

	2014 RMB'000	2013 RMB'000
(a) Staff costs ^{(i) & (ii)} :		
Contributions to defined contribution retirement plans	49,803	31,452
Equity-settled share-based payments ⁽ⁱⁱⁱ⁾	–	(34,872)
Salaries, wages and other benefits	929,319	756,348
	979,122	752,928
(b) Other items:		
Cost of inventories ⁽ⁱ⁾ (note 16(b))	4,895,876	4,242,009
Depreciation ⁽ⁱ⁾	128,025	100,403
Amortisation		
– lease prepayments	4,679	4,431
– intangible assets	26,637	25,634
(Reversal of provision)/provision for doubtful debts	(46,079)	25,836
Subcontracting charges ⁽ⁱ⁾	141,644	112,387
Auditors' remuneration	5,120	4,480
Operating lease charges in respect of properties – minimum lease payments	245,171	151,381
Research and development costs ^{(i) & (ii)}	211,483	170,340

(i) Cost of inventories includes subcontracting charges, staff costs, depreciation and research and development costs, total amounting to RMB843,469,000 (2013: RMB733,287,000).

(ii) Research and development costs includes staff costs of employees in the research and development department, which are included in the staff costs as disclosed above.

(iii) These represent the estimated value of share options granted under the Company's share option schemes. The value of these share options is measured according to the Group's accounting policies for share-based payments and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous periods where grants of options are lapsed prior to vesting.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

5. Taxation in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2014 RMB'000	2013 RMB'000
Current tax		
PRC Corporate Income Tax and Macao Complementary (Profits) Tax	455,743	375,902
Dividends withholding tax	55,502	53,158
Deferred tax (note 24(b))		
Dividends withholding tax	(55,502)	(53,158)
Origination and reversal of other temporary differences	54,369	47,347
	510,112	423,249

- (i) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and BVI.
- (ii) No provision for Hong Kong Profits Tax and Singapore Income Tax has been made as the Group does not have assessable profits subject to Hong Kong Profits Tax and Singapore Income Tax during the year ended 31 December 2014 and 2013.
- (iii) In accordance with the relevant PRC corporate income tax laws, implementation regulations and guidance note, a subsidiary in the PRC is entitled to tax concessions whereby the profits of the subsidiary are taxed at a preferential income tax rate. Taxation of the Group’s other subsidiaries in the PRC are calculated using the applicable income tax rates of 25%.
- (iv) According to the PRC Corporate Income Tax Law and its implementation regulations, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. In addition, under the Sino-Hong Kong Double Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident will be liable for withholding tax at the rate of 5% for dividend income derived from the PRC if the Hong Kong tax resident is the “beneficial owner” and holds 25% or more of the equity interests of the PRC company. Deferred tax liabilities have been provided for based on the expected dividends to be distributed from these subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008.

Dividends withholding tax represents tax charged by the PRC tax authority on dividends distributed by the Group’s subsidiaries in Mainland China during the year.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2014 RMB'000	2013 RMB'000
Profit before taxation	2,242,708	1,752,755
Notional tax on profit before taxation, calculated at the applicable rates in the tax jurisdictions concerned	546,894	433,042
Tax effect of non-deductible expenses	31,108	14,911
Tax effect of non-taxable income	(21,755)	(3,546)
Withholding tax on profits retained by PRC subsidiaries (note 5(a)(iv))	48,595	40,291
Effect of tax concessions (note 5(a)(iii))	(94,730)	(61,449)
Actual tax expense	510,112	423,249

6. Directors' Remuneration

Details of Directors' remuneration of the Company are set out below:

	Fees RMB'000	Basic salaries, allowances and other benefits RMB'000	Contributions to retirement benefit scheme RMB'000	Equity-settled share-based payments RMB'000 (Note 23)	Discretionary bonuses RMB'000	Total RMB'000
Year ended 31 December 2014						
Executive Directors						
Mr. Ding Shizhong	-	1,080	50	-	532	1,662
Mr. Ding Shijia	-	1,000	50	-	-	1,050
Mr. Lai Shixian	-	1,500	50	-	-	1,550
Mr. Wang Wenmo	-	1,000	50	-	-	1,050
Mr. Wu Yonghua	-	2,000	50	-	-	2,050
Mr. Zheng Jie	-	2,600	75	-	-	2,675
	-	9,180	325	-	532	10,037
Independent Non-Executive Directors						
Mr. Yeung Chi Tat	190	-	-	-	-	190
Mr. Lu Hong Te	127	-	-	-	-	127
Mr. Dai Zhongchuan	96	-	-	-	-	96
Total	413	9,180	325	-	532	10,450
Year ended 31 December 2013						
Executive Directors						
Mr. Ding Shizhong	-	1,080	42	-	532	1,654
Mr. Ding Shijia	-	1,000	42	-	-	1,042
Mr. Lai Shixian	-	1,500	42	-	-	1,542
Mr. Wang Wenmo	-	1,000	42	-	-	1,042
Mr. Wu Yonghua	-	2,000	42	-	-	2,042
Mr. Zheng Jie	-	2,600	72	(1,705)	-	967
	-	9,180	282	(1,705)	532	8,289
Independent Non-Executive Directors						
Mr. Yeung Chi Tat	191	-	-	-	-	191
Mr. Lu Hong Te	128	-	-	-	-	128
Mr. Dai Zhongchuan	96	-	-	-	-	96
Total	415	9,180	282	(1,705)	532	8,704

During the year, no amount was paid or payable by the Company to the Directors or any of the 5 highest paid individuals set out in note 7 as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a Director waived or agreed to waive any remuneration during the year.

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7. Individuals with Highest Emoluments

Of the 5 individuals with the highest emoluments, 2 (2013: 2) are also Directors of the Company whose emoluments are disclosed in note 6. The aggregate of the emoluments in respect of the remaining 3 (2013: 3) individuals are as follows:

	2014 RMB'000	2013 RMB'000
Salaries and other emoluments	5,029	4,935
Discretionary bonuses	3,691	4,064
Equity-settled share-based payments	–	(1,057)
Contributions to retirement benefit scheme	103	147
	8,823	8,089

The 3 (2013: 3) individuals include 1 (2013: 1) senior management that is not a Director of the Company.

The emoluments of the 3 (2013: 3) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2014	2013
RMB1,500,001 to RMB2,000,000	1	1
RMB2,500,001 to RMB3,000,000	1	1
RMB3,500,001 to RMB4,000,000	–	1
RMB4,000,001 to RMB4,500,000	1	–

8. Earnings Per Share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB1,700,310,000 (2013: RMB1,314,835,000) and the weighted average number of ordinary shares in issue during the year of 2,496,044,000 (2013: 2,494,536,000).

Weighted average number of ordinary shares

	2014 '000 Shares	2013 '000 Shares
Issued ordinary shares as at 1 January	2,495,351	2,494,163
Effect of share options exercised	693	373
Weighted average number of ordinary shares as at 31 December	2,496,044	2,494,536

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the weighted average number of ordinary shares in issue after adjusting for the potential dilutive effect caused by the share options granted under the share option schemes (see note 23) assuming they were exercised.

Weighted average number of ordinary shares (diluted)

	2014 '000 Shares	2013 '000 Shares
Weighted average number of ordinary shares as at 31 December	2,496,044	2,494,536
Effect of deemed issue of shares under the Company's share option schemes	5,208	4,636
Weighted average number of ordinary shares (diluted) as at 31 December	2,501,252	2,499,172

9. Profit Attributable to Equity Shareholders of the Company

The consolidated profit attributable to equity shareholders of the Company includes a profit of RMB1,023,581,000 (2013: RMB1,131,681,000) which has been dealt with in the financial statements of the Company.

10. Property, Plant and Equipment

	The Group					Total RMB'000
	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture and fixtures RMB'000	Retail outlets leasehold improvements RMB'000	
Cost:						
As at 1 January 2013	711,322	208,165	27,475	275,229	10,253	1,232,444
Additions	335	13,172	522	19,507	20,262	53,798
Transfer from construction in progress (note 11)	1,746	-	-	26,288	-	28,034
Disposals	(40)	(12,478)	(509)	(9,086)	(3,472)	(25,585)
As at 31 December 2013 and 1 January 2014	713,363	208,859	27,488	311,938	27,043	1,288,691
Additions	100,734	20,658	3,107	20,401	37,938	182,838
Transfer from construction in progress (note 11)	-	-	-	11,407	-	11,407
Disposals	(40)	(19,540)	(1,182)	(4,472)	(7,894)	(33,128)
As at 31 December 2014	814,057	209,977	29,413	339,274	57,087	1,449,808
Accumulated depreciation:						
As at 1 January 2013	95,989	91,652	19,502	125,344	5,430	337,917
Charge for the year	38,206	14,903	2,104	38,250	6,940	100,403
Written back on disposals	(40)	(6,359)	(98)	(5,411)	(3,472)	(15,380)
As at 31 December 2013 and 1 January 2014	134,155	100,196	21,508	158,183	8,898	422,940
Charge for the year	42,457	17,031	1,947	39,774	26,816	128,025
Written back on disposals	(40)	(13,965)	(1,050)	(4,102)	(6,987)	(26,144)
As at 31 December 2014	176,572	103,262	22,405	193,855	28,727	524,821
Net book value:						
As at 31 December 2014	637,485	106,715	7,008	145,419	28,360	924,987
As at 31 December 2013	579,208	108,663	5,980	153,755	18,145	865,751

All of the Group's buildings and plant and machinery are located in the PRC.

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(Expressed in Renminbi unless otherwise indicated)

11. Construction in Progress

	The Group 2014 RMB'000	2013 RMB'000
As at 1 January	69,296	22,991
Additions	84,961	74,339
Transfer to property, plant and equipment (note 10)	(11,407)	(28,034)
As at 31 December	142,850	69,296

Construction in progress represents buildings under construction and plant and equipment pending for installation in the PRC.

12. Lease Prepayments/Prepayments for Acquisition of Land Use Rights

(a) Lease prepayments

	The Group 2014 RMB'000	2013 RMB'000
Cost:		
As at 1 January	166,136	166,136
Transfer from prepayments for acquisition of land use rights (note 12(b))	19,079	–
As at 31 December	185,215	166,136
Accumulated amortisation:		
As at 1 January	17,038	12,607
Charge for the year	4,679	4,431
As at 31 December	21,717	17,038
Net book value:		
As at 31 December	163,498	149,098

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

(b) Prepayments for acquisition of land use rights

	The Group 2014 RMB'000	2013 RMB'000
As at 1 January	152,480	151,417
Additions	13,437	1,063
Transfer to lease prepayments (note 12(a))	(19,079)	–
As at 31 December	146,838	152,480

The Group made prepayments for the acquisition of land use rights for certain properties held for own use under development in the PRC. The related land use right certificates were under application as at 31 December 2014.

13. Intangible Assets

	Computer software RMB'000	The Group Patents and trademarks RMB'000	Total RMB'000
Cost:			
As at 1 January 2013	112,517	483,051	595,568
Additions	3,638	–	3,638
As at 31 December 2013 and 1 January 2014	116,155	483,051	599,206
Additions	9,099	–	9,099
As at 31 December 2014	125,254	483,051	608,305
Accumulated amortisation:			
As at 1 January 2013	25,159	41,552	66,711
Charge for the year	12,772	12,862	25,634
As at 31 December 2013 and 1 January 2014	37,931	54,414	92,345
Charge for the year	13,828	12,809	26,637
As at 31 December 2014	51,759	67,223	118,982
Net book value:			
As at 31 December 2014	73,495	415,828	489,323
As at 31 December 2013	78,224	428,637	506,861

The amortisation charge for the year is included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

14. Investments in Subsidiaries/Amounts due from Subsidiaries

The investments in subsidiaries represent cost of unlisted shares of the subsidiaries.

Details of principal subsidiaries as at 31 December 2014 are shown on pages 125 to 127.

The amounts due from subsidiaries are unsecured, interest free and are expected to be recovered within one year.

15. Other Non-current Financial Assets

Other non-current financial assets represent unlisted available-for-sale investments.

16. Inventories

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

	The Group 2014 RMB'000	2013 RMB'000
Raw materials	79,079	90,647
Work in progress	120,280	107,892
Finished goods	667,823	490,782
	867,182	689,321

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(Expressed in Renminbi unless otherwise indicated)

16. Inventories (Continued)

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

	The Group 2014 RMB'000	2013 RMB'000
Carrying amount of inventories sold	4,954,555	4,234,352
(Reversal of write-down)/write-down of inventories	(58,679)	7,657
	4,895,876	4,242,009

17. Trade and Other Receivables

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Trade receivables	899,738	922,351	-	-
Less: Provision for doubtful debts	(24,095)	(70,174)	-	-
	875,643	852,177	-	-
Advance payments to suppliers	409,255	759,255	-	-
Deposits and other prepayments	222,687	184,965	343	228
VAT deductible	112,867	101,981	-	-
Interest receivables	73,602	30,605	-	403
Other receivables	6,652	4,113	-	-
	1,700,706	1,933,096	343	631

All of the trade and other receivables (net of provision for doubtful debts) are expected to be recovered or recognised as expenses within one year. An ageing analysis of the trade receivables is as follows:

	The Group 2014 RMB'000	2013 RMB'000
Current	851,548	782,003
Less than 3 months past due	27,306	111,626
Past due over 3 months	20,884	28,722
	899,738	922,351

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

	The Group 2014 RMB'000	2013 RMB'000
As at 1 January	70,174	44,338
(Reversal of provision)/provision of doubtful debts recognised	(46,079)	25,836
As at 31 December	24,095	70,174

The Group normally grants a credit period of 30 to 90 days to its customers. Receivables that were current relate to customers for whom there was no recent history of default. As at 31 December 2014, the Group has assessed the recoverability of the receivables past due and established a provision of doubtful debts. The provision for doubtful debts is recorded using a provision account unless the Group is satisfied that recovery is remote, in which case the unrecovered loss is written off against trade receivables and the provision for doubtful debts directly. The Group does not hold any collateral over these balances.

18. Other Current Financial Assets/Pledged Deposits

Other current financial assets represent unlisted available-for-sale investments.

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

19. Cash and Cash Equivalents and Fixed Deposits held at Banks

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Deposits with banks within three months to maturity when placed	3,571,000	2,544,567	-	124,567
Cash at bank and in hand	1,362,742	1,799,695	1,470	2,624
Cash and cash equivalents in the statements of financial position and consolidated statement of cash flows	4,933,742	4,344,262	1,470	127,191
Deposits with banks with more than three months to maturity when placed	1,100,000	495,000	-	-
	6,033,742	4,839,262	1,470	127,191

As at 31 December 2014, the balances that were placed with banks in the PRC amounted to RMB5,954,676,000 (2013: RMB4,655,505,000). Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

20. Bank Loans

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

21. Trade and Other Payables

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Trade payables	581,836	866,584	-	-
Receipts in advance from customers	47,030	35,068	-	-
Construction costs payables	9,457	22,290	-	-
VAT and other taxes payables	69,081	49,200	-	-
Accruals	837,151	836,418	-	-
Other payables	109,456	79,717	1,535	1,732
	1,654,011	1,889,277	1,535	1,732

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand. An ageing analysis of the Group's trade payables is as follows:

	The Group	
	2014 RMB'000	2013 RMB'000
Within 3 months	541,579	714,933
3 months to 6 months	26,087	63,799
Over 6 months	14,170	87,852
	581,836	866,584

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22. Employee Retirement Benefits

Defined contribution retirement plans

The PRC subsidiaries of the Group participate in several defined contribution retirement benefit schemes (“the Schemes”) organised by the PRC municipal and provincial government authorities whereby the Group is required to make contributions to the Schemes at the applicable rates of the eligible employees’ salaries. The local government authority is responsible for the entire pension obligations payable to retired employees.

The Group also operates a Mandatory Provident Fund Scheme (“the MPF scheme”) under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

The Group has no other material obligation for the payment of pension benefits beyond the contributions described above.

23. Equity-settled Share-based Payments

(a) Pre-IPO share option scheme

Pursuant to the shareholders’ written resolution passed on 11 June 2007, the Company adopted a Pre-IPO share option scheme.

Under the Pre-IPO share option scheme, 16,000,000 option were granted on 12 June 2007. A Director and 37 employees of the Group were given the rights to subscribe for shares of the Company at a consideration of HK\$1.00 for the grant of options. Each option granted under the Pre-IPO share option scheme has vesting periods of 1 year to 3 years commencing from the date of listing of the Company on the Main Board of the Hong Kong Stock Exchange (“Listing Date”). The Group has no legal or constructive obligation to repurchase or settle any of these options in cash.

(i) The terms and conditions of the grants are as follows:

	Number of options '000	Vesting conditions	Contractual life of options
Options granted to a Director: – on 12 June 2007	5,250	1 year to 3 years from the Listing Date of the Company’s shares	10 years
Options granted to employees: – on 12 June 2007	10,750	1 year to 3 years from the Listing Date of the Company’s shares	10 years
Total share options	16,000		

(ii) The number and weighted average exercise prices of share options are as follows:

	2014 Weighted average exercise price	Number of options '000	2013 Weighted average exercise price	Number of options '000
Outstanding at the beginning of the year	HK\$4.244	9,174	HK\$4.224	10,362
Exercised during the year	HK\$4.244	(1,493)	HK\$4.224	(1,188)
Outstanding at the end of the year	HK\$4.244	7,681	HK\$4.224	9,174
Exercisable at the end of the year	HK\$4.244	7,681	HK\$4.224	9,174

The weighted average share price at the date of exercise for share options exercised during the year was HK\$14.44 (2013: HK\$10.39).

The options outstanding as at 31 December 2014 had an exercise price of HK\$4.224 (2013: HK\$4.224) and a weighted average remaining contractual life of 3 years (2013: 4 years).

23. Equity-settled Share-based Payments (Continued)

(b) Share option scheme

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

The maximum number of shares that may be granted under the Share Option Scheme and other share option schemes shall not exceed 30% of the number of issued shares of the Company from time to time. No option may be granted to any person such that the total number of shares of the Company issued and to be issued upon exercise of all options granted and to be granted to each participant in any 12-month period up to the date of the latest grant exceeds 1% of the number of shares of the Company in issue.

On 15 September 2010, 32,120,000 options were granted to a Director and certain employees of the Group pursuant to the Share Option Scheme. The options have vesting periods of 1.5 years to 3.5 years commencing from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in the Company and the Group has no legal or constructive obligation to repurchase or settle any of these options in cash.

(i) The terms and conditions of the grants are as follows:

	Number of options '000	Vesting conditions	Contractual life of options
Options granted to a Director: – on 15 September 2010	1,000	1.5 years to 3.5 years from the date of grant	10 years
Options granted to employees: – on 15 September 2010	31,120	1.5 years to 3.5 years from the date of grant	10 years
Total share options	32,120		

(ii) The number and weighted average exercise prices of share options are as follows:

	2014		2013	
	Weighted average exercise price	Number of options '000	Weighted average exercise price	Number of options '000
Outstanding at the beginning of the year	HK\$16.20	9,312	HK\$16.20	21,564
Exercised during the year	HK\$16.20	(88)	HK\$16.20	–
Lapsed during the year	HK\$16.20	–	HK\$16.20	(12,252)
Outstanding at the end of the year	HK\$16.20	9,224	HK\$16.20	9,312
Exercisable at the end of the year	HK\$16.20	9,224	HK\$16.20	9,312

The weighted average share price at the date of exercise for share options exercised during the year was HK\$17.57 (2013: No share options were exercised).

The options outstanding at 31 December 2014 had an exercise price of HK\$16.20 (2013: HK\$16.20) and a weighted average remaining contractual life of 6 years (2013: 7 years).

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24. Taxation in the Consolidated Statement of Financial Position

(a) Current taxation in the consolidated statement of financial position

Current taxation in the consolidated statement of financial position represents provision for PRC Corporate Income Tax and Macao Complementary (Profits) Tax.

(b) Deferred tax assets and liabilities recognised:

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

Deferred tax arising from:	The Group			Total RMB'000
	Dividend withholding tax RMB'000	Other deferred tax liabilities RMB'000	Other deferred tax assets RMB'000	
As at 1 January 2013	166,883	–	(151,148)	15,735
Released upon distribution of dividends (note 5(a)(iv))	(53,158)	–	–	(53,158)
Charged to profit or loss (note 5(a))	40,291	4,530	2,526	47,347
As at 31 December 2013 and 1 January 2014	154,016	4,530	(148,622)	9,924
Released upon distribution of dividends (note 5(a)(iv))	(55,502)	–	–	(55,502)
Charged/(credited) to profit or loss (note 5(a))	48,595	6,510	(736)	54,369
As at 31 December 2014	147,109	11,040	(149,358)	8,791

(c) Deferred tax assets not recognised:

As at 31 December 2014, certain subsidiaries of the Group have not recognised deferred tax assets in respect of cumulative tax losses carried forward of RMB8,228,000 (2013: RMB78,617,000) of which RMB4,107,000 (2013: RMB6,698,000) will expire within 5 years under the current tax legislation. The cumulative tax losses have not been recognised as a deferred tax asset as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

(d) Deferred tax liabilities not recognised:

As at 31 December 2014 temporary differences relating to the undistributed profits of certain subsidiaries of the Group in the PRC amounted to RMB3,732,440,000 (2013: RMB3,145,577,000). Deferred tax liabilities of RMB186,622,000 (2013: RMB157,279,000) have not been recognised in respect of the withholding tax that would be payable on the distribution of these retained profits, as the Company controls the dividend policy of these subsidiaries in the PRC and the Directors have determined that these profits are not likely to be distributed in the foreseeable future.

25. Share Capital

	Par value HK\$	Number of Shares '000	Nominal value of ordinary shares HK\$'000
Authorised: Ordinary shares			
As at 31 December 2013 and 2014	0.10	5,000,000	500,000

Movements in the Company's issued share capital are as follows:

	Par value HK\$	Number of Shares '000	Nominal value of ordinary shares	
			HK\$'000	RMB'000
Issued and fully paid:				
As at 1 January 2013	0.10	2,494,163	249,416	242,019
Shares issued pursuant to share option schemes	0.10	1,188	119	94
As at 31 December 2013 and 1 January 2014	0.10	2,495,351	249,535	242,113
Shares issued pursuant to share option schemes	0.10	1,581	158	125
As at 31 December 2014	0.10	2,496,932	249,693	242,238

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the year, pursuant to the Company's share option schemes (note 23), options were exercised to subscribe for 1,581,000 (2013: RMB1,188,000) ordinary shares in the Company at a consideration of RMB6,133,000 (2013: RMB3,984,000) of which RMB125,000 (2013: 94,000) was credited to share capital and the balance of RMB6,008,000 (2013: 3,890,000) was credited to the share premium account. RMB514,000 (2013: RMB185,000) has been transferred from the share-based compensation reserve to the share premium account. No options (2013: 12,252,000) were lapsed during the year. As at 31 December 2014, the total number of shares which may be issued upon the exercise of all options outstanding from the Company's share option schemes is 16,905,000 (2013: 18,486,000).

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26. Reserves

The Group

	Note	Share premium RMB'000 (Note 26(a))	Capital reserve RMB'000 (Note 26(b))	Statutory reserve RMB'000 (Note 26(c))	Exchange reserve RMB'000 (Note 26(d))	Share-based compensation reserve RMB'000 (Note 26(e))	Retained profits RMB'000	Total reserves RMB'000
As at 1 January 2013		335,135	141,029	439,847	(312,610)	72,779	5,834,041	6,510,221
Profit for the year		-	-	-	-	-	1,314,835	1,314,835
Other comprehensive income		-	-	-	(3,925)	-	-	(3,925)
Total comprehensive income		-	-	-	(3,925)	-	1,314,835	1,310,910
Dividends approved in respect of the previous year	27(b)	-	-	-	-	-	(501,015)	(501,015)
Dividends declared in respect of the current year	27(a)	-	-	-	-	-	(377,259)	(377,259)
Shares issued pursuant to share option schemes	25	4,075	-	-	-	(185)	-	3,890
Appropriation to statutory reserve	26(c)	-	-	47,353	-	-	(47,353)	-
Equity-settled share-based payments	26(e)	-	-	-	-	(34,872)	-	(34,872)
As at 31 December 2013 and 1 January 2014		339,210	141,029	487,200	(316,535)	37,722	6,223,249	6,911,875
Profit for the year		-	-	-	-	-	1,700,310	1,700,310
Other comprehensive income		-	-	-	6,487	-	-	6,487
Total comprehensive income		-	-	-	6,487	-	1,700,310	1,706,797
Dividends approved in respect of the previous year	27(b)	-	-	-	-	-	(574,952)	(574,952)
Dividends declared in respect of the current year	27(a)	-	-	-	-	-	(496,809)	(496,809)
Shares issued pursuant to share option schemes	25	6,522	-	-	-	(514)	-	6,008
Appropriation to statutory reserve	26(c)	-	-	88,128	-	-	(88,128)	-
As at 31 December 2014		345,732	141,029	575,328	(310,048)	37,208	6,763,670	7,552,919

26. Reserves (Continued)

The Company

	Note	Share premium RMB'000 (Note 26(a))	Exchange reserve RMB'000 (Note 26(d))	Share-based compensation reserve RMB'000 (Note 26(e))	Retained profits RMB'000	Total reserves RMB'000
As at 1 January 2013		335,135	(385,459)	72,779	584,155	606,610
Profit for the year	9	-	-	-	1,131,681	1,131,681
Other comprehensive income		-	(10,345)	-	-	(10,345)
Total comprehensive income		-	(10,345)	-	1,131,681	1,121,336
Dividends approved in respect of the previous year	27(b)	-	-	-	(501,015)	(501,015)
Dividends declared in respect of the current year	27(a)	-	-	-	(377,259)	(377,259)
Shares issued pursuant to share option schemes	25	4,075	-	(185)	-	3,890
Equity-settled share-based payments	26(e)	-	-	(34,872)	-	(34,872)
As at 31 December 2013 and 1 January 2014		339,210	(395,804)	37,722	837,562	818,690
Profit for the year	9	-	-	-	1,023,581	1,023,581
Other comprehensive income		-	12,092	-	-	12,092
Total comprehensive income		-	12,092	-	1,023,581	1,035,673
Dividends approved in respect of the previous year	27(b)	-	-	-	(574,952)	(574,952)
Dividends declared in respect of the current year	27(a)	-	-	-	(496,809)	(496,809)
Shares issued pursuant to share option schemes	25	6,522	-	(514)	-	6,008
As at 31 December 2014		345,732	(383,712)	37,208	789,382	788,610

(a) Share premium and distributability of reserves

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

The aggregate amount of distributable reserves, including share premium and retained profits, of the Company as at 31 December 2014 was HK\$1,014,231,000 (2013: HK\$1,056,328,000).

(b) Capital reserve

Pursuant to the reorganisation of the Group prior to the listing of the Company on the Main Board of the Hong Kong Stock Exchange, Anta Enterprise Group Limited ("Anta Enterprise") entered into a deed of assignment with the controlling shareholders of the Company whereby advances from the controlling shareholders to ANTA Investment Limited (formerly known as Anda International Investment Limited) totalling HK\$144,376,000 (equivalent to RMB141,029,000) were assigned to Anta Enterprise at a consideration of HK\$1.0. This assignment of debt was reflected as a reduction in the advances from the controlling shareholders and a corresponding increase in the capital reserve during 2007.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

26. Reserves (Continued)

(c) Statutory reserve

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

(d) Exchange reserve

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

(e) Share-based compensation reserve

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

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the period of the review with a corresponding adjustment to the share-based compensation reserve.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively reviews and manages its capital structure in the light of changes in economic conditions so as to maintain a sound capital position. Total capital is defined as the total equity attributable to equity shareholders of the Company in the consolidated statement of financial position.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

27. Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the year:

	2014 RMB'000	2013 RMB'000
Interim dividend declared and paid of HK25 cents per ordinary share (2013: HK19 cents per ordinary share)	496,809	377,259
Final dividend proposed after the end of the reporting period of HK28 cents per ordinary share (2013: HK22 cents per ordinary share)	551,972	436,170
Special dividend proposed after the end of the reporting period of HK8 cents per ordinary share (2013: HK7 cents per ordinary share)	157,706	138,782
	1,206,487	952,211

The final dividend and special dividend proposed after the end of the reporting period have not been recognised as a liability as at the end of the reporting period.

27. Dividends (Continued)

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

	2014 RMB'000	2013 RMB'000
Final dividend in respect of the year ended 31 December 2013, approved and paid during the year, of HK22 cents per ordinary share (2012: HK17 cents per ordinary share)	436,170	340,690
Special dividend in respect of the year ended 31 December 2013, approved and paid during the year, of HK7 cents per ordinary share (2012: HK8 cents per ordinary share)	138,782	160,325
	574,952	501,015

28. Financial Risk Management and Fair Values

Exposure to credit, liquidity, interest rate, commodity price and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below:

(a) Credit Risk

The Group's credit risk is primarily attributable to trade and other receivables, deposits with banks and other current financial asset. In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk on trade and other receivables is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at the end of the reporting period, 8% (2013: 7%) and 26% (2013: 25%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively.

Further quantitative disclosure in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 17.

In respect of deposits with banks, the Group mitigates its exposure to credit risk by placing deposits with financial institutions with established credit ratings.

In respect of other current financial assets, such unlisted available-for-sale investments were issued by a financial institution with established credit ratings.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

(b) Liquidity Risk

The Group's policy is to regularly monitor its liquidity requirements centrally, to ensure that it maintains sufficient reserves of cash and readily realisable short term investments of cash surplus and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

28. Financial Risk Management and Fair Values (Continued)

(b) Liquidity Risk (Continued)

The following table details the remaining contractual maturities as at the end of the reporting period of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current as at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

The Group

	Contractual undiscounted cash flows					Carrying amount on consolidated statement of financial position RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
As at 31 December 2014						
Bank loans	1,357,082	-	-	-	1,357,082	1,348,264
Trade and other payables	1,654,011	-	-	-	1,654,011	1,654,011
Amounts due to related parties	6,229	-	-	-	6,229	6,229
Long-term payable to non-controlling interests	-	3,692	11,076	66,457	81,225	36,328
	3,017,322	3,692	11,076	66,457	3,098,547	3,044,832
As at 31 December 2013						
Bank loans	493,093	-	-	-	493,093	490,229
Trade and other payables	1,889,277	-	-	-	1,889,277	1,889,277
Amounts due to related parties	6,840	-	-	-	6,840	6,840
Long-term payable to non-controlling interests	-	3,679	11,038	69,909	84,626	36,822
	2,389,210	3,679	11,038	69,909	2,473,836	2,423,168

The Company

	2014		Carrying amount on statement of financial position RMB'000	2013		Carrying amount on statement of financial position RMB'000
	Within 1 year or on demand RMB'000	Total RMB'000		Within 1 year or on demand RMB'000	Total RMB'000	
Other payables	1,535	1,535	1,535	1,732	1,732	1,732

28. Financial Risk Management and Fair Values (Continued)

(c) Interest Rate Risk

(i) Interest Rate Profile

The Group's interest rate risk arises primarily from cash at bank. All of the other current financial assets, bank deposits and bank loans of the Group are fixed rate instruments and are insensitive to any change in market interest rates. The following table details the interest rate profile of the Group's and the Company's interest-generating financial assets as at the end of the reporting period:

	The Group			
	2014 Effective interest rate	RMB'000	2013 Effective interest rate	RMB'000
Financial assets				
Fixed rate instruments:				
Other current financial assets	5.60%	535,000	4.50%	510,000
Pledged deposits	3.24%~4.85%	210,366	3.05%~4.85%	215,460
Bank deposits	1.35%~6.00%	4,671,000	1.35%~3.30%	3,039,567
Bank loans	1.60%~1.70%	(1,348,264)	1.85%	(490,229)
		4,068,102		3,274,798
Variable rate instruments:				
Cash at bank and in hand	0.01%~0.35%	1,362,742	0.01%~0.35%	1,799,695
		1,362,742		1,799,695
Total instruments		5,430,844		5,074,493
Fixed rate instruments as a percentage of total instruments		75%		65%

	The Company			
	2014 Effective interest rate	RMB'000	2013 Effective interest rate	RMB'000
Financial assets				
Fixed rate instruments:				
Bank deposits	-	-	3.10%~3.30%	124,567
		-		124,567
Variable rate instruments:				
Cash at bank and in hand	0.01%	1,470	0.01%	2,624
		1,470		2,624
Total instruments		1,470		127,191
Fixed rate instruments as a percentage of total instruments		0%		98%

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

28. Financial Risk Management and Fair Values (Continued)

(c) Interest Rate Risk (Continued)

(ii) Sensitivity Analysis

As at 31 December 2014, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after taxation and retained profits for the year by approximately RMB34,230,000 (2013: RMB34,361,000). Other components of consolidated equity would not be affected (2013: Nil) by the changes in interest rates.

The sensitivity analysis has been performed assuming that the change in interest rates had occurred at the end of reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of reporting period. The impact on the Group's profit after taxation (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2013.

(d) Currency Risk

The Group is exposed to currency risk primarily through contractual obligations, bank deposits and long term payable to non-controlling interests that are denominated in a foreign currency i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Hong Kong dollars and United States dollars.

The Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rate where necessary to address short-term imbalances.

(i) Exposure to Currency Risk

The following table details the Group's major exposure as at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the end of the reporting period. Differences resulting from the translation of the financial statements of operations outside Mainland China into the Group's presentation currency is excluded.

The Group

	Exposure to foreign currencies (expressed in Renminbi)			
	2014 Hong Kong Dollars RMB'000	2014 United States Dollars RMB'000	2013 Hong Kong Dollars RMB'000	2013 United States Dollars RMB'000
Cash and cash equivalents	774	5,067	587	5,837
Trade and other receivables	54	19,455	22	24,300
Trade and other payables	(115)	(29,352)	(146)	(16,570)
Long-term payable to non-controlling interests	–	(36,328)	–	(36,822)
Net exposure to currency risk	713	(41,158)	463	(23,255)

28. Financial Risk Management and Fair Values (Continued)

(d) Currency Risk (Continued)

(ii) Sensitivity Analysis

The following table indicates the instantaneous changes in the Group's profit after taxation (and retained profits) and other components of consolidated equity that would arise if the foreign exchange rates to which the Group has significant exposure as at the end of the reporting period had changed, assuming all other risk variables remained constant.

	Increase/ (decrease) in foreign exchange rates in %	2014 Effect on profit after taxation and retained profits RMB'000	Effect on other components of equity RMB'000	Increase/ (decrease) in foreign exchange rates in %	2013 Effect on profit after taxation and retained profits RMB'000	Effect on other components of equity RMB'000
Hong Kong dollars	5 (5)	36 (36)	(53,547) 53,547	5 (5)	23 (23)	(18,526) 18,526
United States dollars	5 (5)	(2,894) 2,894	1,001 (1,001)	5 (5)	(2,412) 2,412	1,219 (1,219)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after taxation (and retained profits) and other components of consolidated equity measured in the respective functional currencies, translated into Renminbi at the exchange rate ruling as at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk as at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of operations outside Mainland China into the Group's presentation currency. The analysis is performed on the same basis for 2013.

(e) Commodity Price Risk

The major raw materials used in the production of the Group's products included polymers, plastics and cotton. The Group is exposed to price fluctuations of these raw materials which are influenced by global as well as regional supply and demand conditions. Price fluctuations of raw materials could adversely affect the Group's financial performance. The Group has not entered into any commodity derivative instruments to hedge the potential commodity price changes.

(f) Business Risk

The Group's primary business is the design, manufacturing and distribution of branded sports footwear, apparel and related accessories. The Group's financial results are influenced by the rapidity with which designs are copied by competitors and reproduced at much lower prices, as well as by the Group's ability to continue to create new designs that find favour in the market place, maintain a larger network of distributors, manufacture sufficient quantities to meet fashionable sales, and dispose of excess inventories without excessive losses. The performance of the Fila business in the PRC is dependent on the market perception and acceptance of the FILA brand and the images associated with the brand. Based on these factors, the Group may experience significant fluctuations in its future financial results.

(g) Fair Values

All financial assets and liabilities are carried at amounts not materially different from their fair values as at 31 December 2014 except that the fair value of the long-term payable to non-controlling interests is approximately RMB42,000,000 (2013: RMB41,000,000), which is estimated using the expected future payments discounted at prevailing market interest rate as at the end of the reporting period.

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(Expressed in Renminbi unless otherwise indicated)

29. Commitments

(a) Operating leases

As at 31 December 2014, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	The Group 2014 RMB'000	2013 RMB'000
Within 1 year	106,099	63,817
After 1 year but within 5 years	91,876	32,172
	197,975	95,989

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

(b) Capital commitments

Capital commitments outstanding as at 31 December 2014 not provided for in the financial statements were as follows:

	The Group 2014 RMB'000	2013 RMB'000
Contracted for	101,210	142,095
Authorised but not contracted for	177,537	186,763
	278,747	328,858

30. Material Related Party Transactions

(a) Transactions with related parties

	The Group 2014 RMB'000	2013 RMB'000
Recurring transactions		
Purchases of raw materials		
– Quanzhou Anda Packaging Co., Ltd. (“Quanzhou Anda”)	30,235	23,990
Service fee		
– Mr. Ding Shijia	13,572	10,837

The Directors are of the opinion that the above related party transactions were conducted on normal commercial terms and in the ordinary course of business.

The above related party transactions also fall under the definition of continuing connected transactions in Chapter 14A of the Listing Rules. The Company has complied with the requirements in accordance with Chapter 14A of the Listing Rules.

30. Material Related Party Transactions (Continued)

(b) Balances with related parties

	The Group 2014 RMB'000	2013 RMB'000
Amounts due to related parties		
Trade balances		
– Quanzhou Anda	6,229	4,326
Other balances		
– Mr. Ding Shijia	–	2,514
	6,229	6,840

The amounts due to related parties are unsecured, interest free and are expected to be paid within one year.

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors were as follows:

	2014 RMB'000	2013 RMB'000
Short-term employee benefits	11,879	12,448
Equity-settled share-based payments	–	(2,557)
	11,879	9,891

The total remuneration is included in "staff costs" (see note 4(a)).

31. Significant Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial statements. The Group believes the following critical accounting policies involve the most significant estimates and judgements used in the preparation of the financial statements.

(a) Impairments

The management determines the impairment loss if circumstances indicate that the carrying value of an asset may not be recoverable. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

The recoverable amount is the greater of the fair value less costs to sell and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sales volume, sales revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, sales revenue and amount of operating costs.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

31. Significant Accounting Estimates and Judgements (Continued)

(b) Net Realisable Value of Inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs to completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer preferences and competitor actions in response to severe industry cycles. Management reassesses these estimates at the end of each reporting period.

(c) Impairment of trade and other receivables

The Group estimates the impairment allowances for trade and other receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances at the end of each reporting period.

(d) Depreciation and Amortisation

The management reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expenses charge for the year. The management determines that the remaining useful life of the Fila PRC Trademark is 33 years based on management's expertise in the sportswear industry. It could change significantly as a result of changes in the sportswear market. The useful lives of other assets are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

(e) Provision for Deferred Tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

32. Revised IFRSs

The IASB has issued a number of amendments to IFRSs and one new interpretation that are first effective for the current accounting period of the Group. Of these, the following development is relevant to the Group's financial statements:

- Amendments to IAS 32, *Offsetting financial assets and financial liabilities*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to IAS 32, *Offsetting financial assets and financial liabilities*

The amendments to IAS 32 clarify the offsetting criteria in IAS 32. The amendments do not have an impact on the Group's financial statements as they are consistent with the policies already adopted by the Group.

33. Non-adjusting Event after the Reporting Period

After the end of the reporting period the Directors proposed a final dividend and a special dividend. Further details are disclosed in note 27.

34. Possible impact of Amendments, New Standards and Interpretations issued but not yet effective for the year ended 31 December 2014

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

		Effective for accounting periods beginning on or after
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IFRS 9	Financial Instruments	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the applicable disclosure requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the Company's first financial year commencing after 3 March 2014 (i.e. the Company's financial year which began on 1 January 2015). The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

35. Immediate and Ultimate Holding Company

The Directors consider the immediate and ultimate holding company of the Company as at 31 December 2014 to be Anta International Group Holdings Limited, which is incorporated in the BVI. This entity does not produce financial statements available for public use.

36. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the Board on 11 February 2015.

SIGNIFICANT ACCOUNTING POLICIES

(A) Statement of Compliance

The Company was incorporated in the Cayman Islands on 8 February 2007. The shares of the Company were listed on the Main Board of Hong Kong Stock Exchange on 10 July 2007.

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual IFRSs, International Accounting Standards (“IASs”) and related Interpretations, promulgated by the International Accounting Standards Board (“IASB”). These financial statements also complied with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for the current financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also complied with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(B) Basis of Preparation

The consolidated financial statements for the year ended 31 December 2014 comprise the Company and its subsidiaries. These financial statements are presented in Renminbi (RMB), rounded to the nearest thousand, and are prepared on the historical cost basis except that the available-for-sale investments are stated at their fair value as explained in (M) below.

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 31.

(C) Basis of Consolidation

The consolidated financial statements for the year ended 31 December 2014 include the financial statements of the Company and its subsidiaries.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary’s net identifiable assets. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

(C) Basis of Consolidation (Continued)

Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in accordance with (N).

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the statement of financial position of the Company, investments in subsidiaries are stated at cost less impairment losses (see (J)).

(D) Other Investments in Equity Investments

Investments in equity investments are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. Investments in equity investments that do not have quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses (see (J)).

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments.

(E) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see (J)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

- Buildings held for own use which are situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 20 years after the date of completion.
- Plant and machinery 10 years
- Motor vehicles 5 years
- Furniture and fixtures 3-10 years
- Retail outlets leasehold improvements 1-2 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(F) Construction in Progress

Construction in progress represents property, plant and equipment under construction and equipment pending for installation, and is stated at cost less impairment losses (see (J)). Cost comprises direct costs of construction. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are complete.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

(G) Lease Prepayments

Lease prepayments represent cost of land use rights paid to the PRC's governmental authorities. Land use rights are carried at cost less accumulated amortisation and impairment losses (see (J)). Amortisation is charged to profit or loss on a straight-line basis over the respective periods of the rights.

SIGNIFICANT ACCOUNTING POLICIES

(H) Intangible Assets

Intangible assets that are acquired by the Group are stated in the consolidated statement of financial position at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see (J)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

- | | |
|--------------------------|-------------|
| – patents and trademarks | 10-40 years |
| – computer software | 3-10 years |

Both the useful life and method of amortisation are reviewed annually.

(I) Operating Lease Charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(J) Impairment of Assets

(i) Impairment of available-for-sale investments and trade and other receivables

Investments in securities and receivables that are stated at cost or amortised cost or are classified as available-for-sale investments are reviewed at each end of the reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.
- For trade and other receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

(J) Impairment of Assets (Continued)

(i) Impairment of available-for-sale investments and trade and other receivables (Continued)

- For available-for-sale investments, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each end of the reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- lease prepayments;
- intangible assets;
- construction in progress; and
- investments in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

SIGNIFICANT ACCOUNTING POLICIES

(K) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(L) Trade and Other Receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see (J)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see (J)).

(M) Available-for-sale Investments

Available-for-sale investments are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. Interest income from these investments is recognised using the effective interest method in profit or loss in accordance with the policy set out in (S)(ii). When these investments are derecognised or impaired (see (J)), the cumulative gain or loss is transferred from equity to profit or loss. Investments are recognised/ derecognised on the date the Group commits to purchase/sell the investments or they expire.

(N) Payables

Trade and other payables and payable to non-controlling interests are initially recognised at fair value. Trade and other payables and payable to non-controlling interests are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(O) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(P) Employee Benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

(P) Employee Benefits (Continued)

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a share-based compensation reserve within equity. The fair value is measured at grant date using the Black-Scholes-Merton Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

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

(Q) Income Tax

- (i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case they are recognised in other comprehensive income or directly in equity respectively.
- (ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted as at the end of the reporting period, and any adjustment to tax payable in respect of previous years.
- (iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted as at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each end of the reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

SIGNIFICANT ACCOUNTING POLICIES

(Q) Income Tax (Continued)

- (iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:
- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
 - in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(R) Provisions and Contingent Liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(S) Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when the customer has accepted the related risks and rewards of ownership. Revenue excludes value added tax and is after deduction of any trade discounts, rebates and goods returns.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

(iv) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are initially recognised as deferred income and subsequently recognised as revenue in profit or loss upon satisfaction of the conditions attaching to the grants.

(v) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(T) Translation of Foreign Currencies

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency"). The functional currency of the Company and its subsidiaries outside Mainland China is Hong Kong dollars and the functional currency of the subsidiaries in Mainland China is Renminbi. The financial statements are presented in RMB ("presentation currency") for easy reference to international investors.

(ii) Transactions and balances

Foreign currency transactions during the year are translated into the functional currency at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling as at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of operations outside Mainland China are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position's items are translated into Renminbi at the closing foreign exchange rates as at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of an operation outside Mainland China, the cumulative amount of the exchange differences relating to that operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(U) Borrowing Costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred.

(V) Research and Development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development.

(W) Dividends

Dividends are recognised as a liability in the period in which they are declared.

SIGNIFICANT ACCOUNTING POLICIES

(X) Related Parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(Y) Segment Reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

PRINCIPAL SUBSIDIARIES

Name of company	Place of incorporation/ operation	Issued ordinary share/ paid up capital	Attributable equity interest		Principal activities
			Direct	Indirect	
Anta Enterprise Group Limited ("Anta Enterprise")	BVI/Hong Kong	USD10,000	100%	–	Investment holding
Motive Force Sports Products Limited ("Motive Force")	BVI/Hong Kong	USD10,000	100%	–	Investment holding
ANTA Investment Limited ("ANTA Inv")	Hong Kong	HK\$1,000,000	–	100%	Investment holding
ANTA International Limited ("ANTA Int'l")	Hong Kong	HK\$1	–	100%	Management services
安踏(中國)有限公司(「安踏中國」) ANTA (China) Co., Ltd. ("ANTA China") (Notes (i) and (iii))	PRC	HK\$600,000,000	–	100%	Manufacturing and trading of sporting goods
安踏(長汀)體育用品有限公司 (「安踏長汀」) ANTA (Changting) Sports Products Co., Ltd. ("ANTA Changting") (Notes (i) and (iii))	PRC	HK\$80,000,000	–	100%	Manufacturing of sporting goods
安踏(廈門)體育用品有限公司 (「安踏廈門」) ANTA (Xiamen) Sports Goods Co., Ltd. ("ANTA Xiamen") (Notes (i) and (iii))	PRC	HK\$50,000,000	–	100%	Manufacturing of sporting goods
安踏體育用品集團有限公司 (「安踏集團」) ANTA Sports Products Group Co., Limited ("ANTA Group") (Notes (i) and (iii))	PRC	HK\$100,000,000	–	100%	Manufacturing and trading of sporting goods
廈門安踏貿易有限公司 (「廈門安踏貿易」) Xiamen ANTA Trading Co., Ltd. ("Xiamen ANTA Trading") (Notes (i) and (iii))	PRC	HK\$300,000,000	–	100%	Trading of sporting goods
廈門安踏有限公司 (「廈門安踏」) Xiamen ANTA Company Limited ("Xiamen ANTA") (Notes (ii) and (iii))	PRC	RMB200,000,000	–	100%	Investment holding and trading of sporting goods
晉江安踏貿易有限公司 (「晉江安踏貿易」) Jinjiang ANTA Trading Co., Ltd. ("Jinjiang ANTA Trading") (Notes (ii) and (iii))	PRC	RMB10,000,000	–	100%	Trading of sporting goods

PRINCIPAL SUBSIDIARIES

Name of company	Place of incorporation/ operation	Issued ordinary share/ paid up capital	Attributable equity interest		Principal activities
			Direct	Indirect	
廈門安踏實業有限公司 (「廈門安踏實業」) Xiamen ANTA Industrial Limited ("Xiamen ANTA Industrial") (Notes (ii) and (iii))	PRC	RMB100,000,000	–	100%	Manufacturing of sporting goods
廈門安踏電子商務有限公司 (「廈門安踏電子商務」) Xiamen ANTA E-Commerce Limited ("Xiamen ANTA E-Commerce") (Notes (ii) and (iii))	PRC	RMB10,000,000	–	100%	Retailing of sporting goods
安慶市安踏體育用品有限公司 (「安慶安踏」) Anqing ANTA Sports Products Limited ("Anqing ANTA") (Notes (ii) and (iii))	PRC	RMB50,000,000	–	100%	Trading of sporting goods
河南安踏體育用品有限公司 (「河南安踏」) Henan ANTA Sports Products Limited ("Henan ANTA") (Notes (ii) and (iii))	PRC	RMB50,000,000	–	100%	Trading of sporting goods
泉州安踏鞋材有限公司 (「泉州鞋材」) Quanzhou ANTA Material Supply Limited ("Quanzhou Material") (Notes (ii) and (iii))	PRC	RMB10,000,000	–	100%	Manufacturing of shoe sole
泉州東禱達輕工發展有限公司 (「東禱達」) Dongyida Light Industry Development Co., Limited Quanzhou ("Dongyida") (Note (ii) and (iii))	PRC	HK\$3,680,000	–	100%	Manufacturing of shoe sole
全鋒(福建)鞋材有限公司 (「全鋒」) Chenfeng (Fujian) Material Supply Co., Limited ("Chenfeng") (Note (ii) and (iii))	PRC	RMB49,626,900	–	100%	Manufacturing of shoe sole
斐樂服飾有限公司 (「斐樂服飾」) Fila Style Co., Ltd. ("Fila Style") (Note (ii) and (iii))	PRC	RMB50,000,000	–	100%	Retailing of sporting goods
Fila Marketing (Hong Kong) Limited ("Fila Marketing")	Hong Kong	HK\$79,800,000	–	100%	Retailing of sporting goods

Name of company	Place of incorporation/ operation	Issued ordinary share/ paid up capital	Attributable equity interest		Principal activities
			Direct	Indirect	
Fila (Macao) Limited (“Fila Macao”)	Macao	MOP25,000	–	100%	Retailing of sporting goods
Full Prospect Sports Limited (“Full Prospect”)	Cayman Islands/ Hong Kong	Ordinary share USD85 and Class B share USD15	–	85%	Investment holding
Full Prospect (IP) PTE Ltd (“Full Prospect IP”)	Singapore/ Hong Kong	USD200,000	–	85%	Trademark holding
Speed Benefit Limited (“Speed Benefit”)	Hong Kong	HK\$1,000,000	–	85%	Trading of sporting goods
斐樂體育有限公司 (「斐樂中國」) Fila PRC Co., Limited (“Fila China”) (Notes (i) and (iii))	PRC	USD9,000,000	–	85%	Trading of sporting goods
廈門斐樂體育用品有限公司 (「廈門斐樂」) Xiamen Fila Sports Products Limited (“Xiamen Fila”) (Notes (ii) and (iii))	PRC	RMB20,000,000	–	85%	Retailing of sporting goods
泉州寰球鞋服有限公司 (「寰球」) Quanzhou Athletic Shoes & Garments Co., Limited (“Athletic”) (Note (ii) and (iii))	PRC	USD26,260,000	–	55%	Manufacturing and trading of sporting goods

Notes:

- (i) These entities are wholly foreign owned enterprises established in the PRC.*
- (ii) These entities are limited liability companies established in the PRC.*
- (iii) The English translation of the company names is for reference only. The official names of these companies are in Chinese.*

GLOSSARY

AGM

The annual general meeting of the Company or any adjournment thereof

Anda Holdings

Anda Holdings International Limited

Anda Investments

Anda Investments Capital Limited

ANTA

ANTA brand

A-Web 2.0 running shoe

ANTA A-Web 2.0 technology running shoe

Anta International

Anta International Group Holdings Limited

ANTA Sports/ Company

ANTA Sports Products Limited

ANTA store(s)

ANTA authorised retail store(s)

Board

The board of directors of the Company

BVI

The British Virgin Islands

China/PRC

People's Republic of China

CCTV

China Central Television

COC

Chinese Olympic Committee

CPI

Consumer price index

CSD

Chinese Sports Delegation

CSR

Corporate social responsibility

ERP

Enterprise resources planning system, a business support system that maintains in a single database for a variety of business functions

Executive Directors

Executive directors of the Company

FIFA

Fédération Internationale de Football Association

Fila Business in the PRC

Entire interest in Fila Marketing and its subsidiary and an 85% equity interest in Full Prospect and its subsidiaries

Fila PRC Trademarks

All trademarks bearing "FILA" brand registered in the Mainland China, Hong Kong and Macao

Fila Products

Sportswear products bearing the Fila PRC Trademarks

GDP

Gross domestic product

Group

The Company and its subsidiaries

Hong Kong

The Hong Kong Special Administrative Region of the PRC

Hong Kong Dollars, HK\$

Hong Kong Dollars, the lawful currency of Hong Kong

Hong Kong Stock Exchange/HKEX

The Stock Exchange of Hong Kong Limited

Independent Non-Executive Directors

Independent non-executive directors of the Company

IPO

Initial public offering

Kids sportswear series

ANTA's sportswear products for children aged between 3 and 14

Listing Rules

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

MSCI

Morgan Stanley Capital International Global Standard Index

NBA

National Basketball Association

ODM

Original design manufacturer

OEM

Original equipment manufacturer

POP

Point of purchase advertising

POS

ANTA stores' point of sales

PPI

Producer price index for manufactured goods

R&D

Research and development

RMB

Renminbi, the lawful currency of the PRC

Share(s)

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

Shareholders

Shareholders of the Company

TVC

Television commercial

Year

The year ended 31 December 2014

A photograph of Luis Scola, a professional basketball player, wearing a white and red jersey with the number 4. He is looking directly at the camera with a serious expression. In the background, there are blurred images of him in action on a basketball court, including one where he is jumping for a shot or rebound. The lighting is dramatic, with blue and purple hues.

**HARDER
TRAINING
BRINGS
BRIGHTER
FLAME
越磨礪越光芒**

Luis Scola,
a power forward with the
Indiana Pacers of the NBA



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



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