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ANTA Sports Products Limited

安踏體育用品有限公司

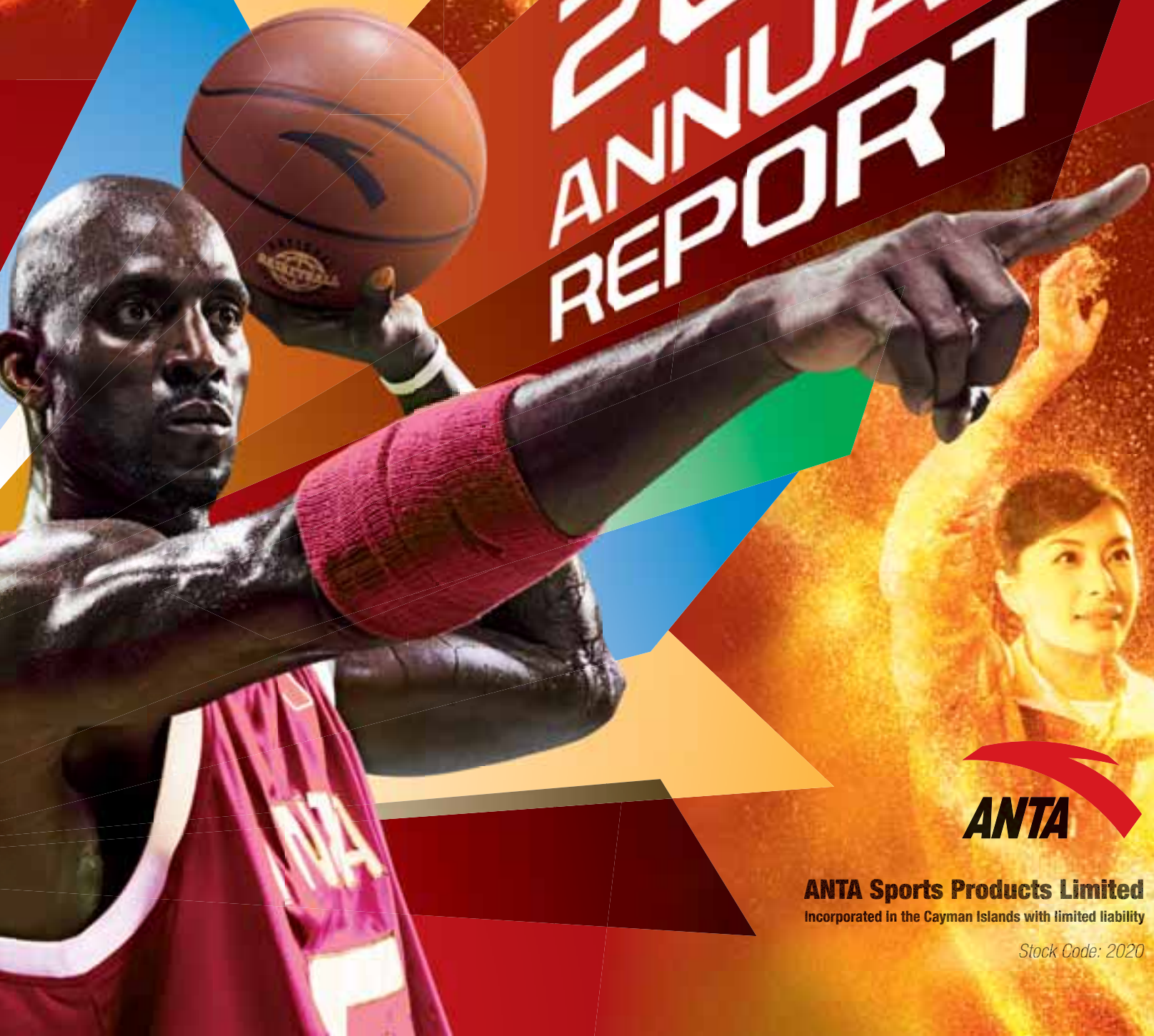
(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2020)

2012 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the “Board”) of ANTA Sports Products Limited (the “Company”) is pleased to announce the audited results of the Company and its subsidiaries (together referred to as the “Group”) for the year ended 31 December 2012. This announcement, containing the full text of the 2012 Annual Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of annual results. The printed version of the Company’s 2012 Annual Report will be delivered to the shareholders of the Company and will be available for viewing on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and of the Company at ir.anta.com in early-March 2013.

2012 ANNUAL REPORT



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

Stock Code: 2020

As the sportswear partner of the COC, we provided high-quality winning outfit to the CSD from 2009 through 2012. We are proud to extend this exclusive partnership for the next four years.



- International sporting events held in 2009-2012
- International sporting events to be held in 2013-2016

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CORPORATE INFORMATION

Board

Executive Directors

Ding Shizhong (Chairman)

Ding Shijia (Deputy Chairman)

Lai Shixian

Wang Wenmo

Wu Yonghua

Zheng Jie

Independent Non-Executive Directors

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 No. 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, Wanchai, Hong Kong
Norton Rose Hong Kong

Legal adviser

Norton Rose Hong Kong

Auditor

KPMG

Internal control review adviser

KPMG Advisory (China) Limited

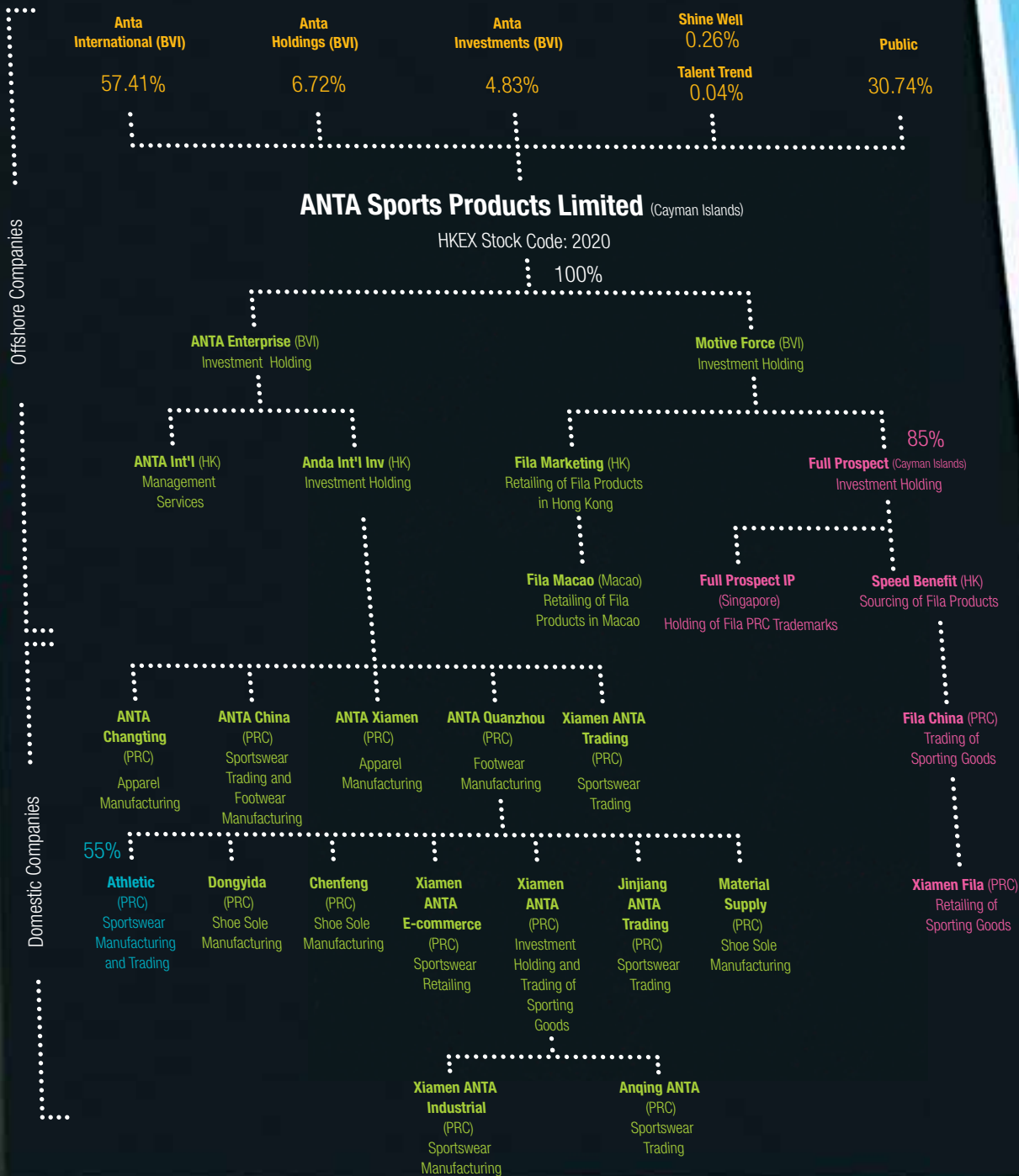
Public relations consultant

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

GROUP STRUCTURE





**A NEW BLUEPRINT
FOR ANTA'S NEXT**

GOLDEN DECA

DE



FINANCIAL OVERVIEW

Year ended 31 December	2012	2011	Changes	As at 31 December	2012	2011	Changes
	(RMB million)	(RMB million)	(%)		(%)	(%)	(% points)
Turnover	7,622.8	8,904.8	↓ 14.4	Gearing ratio ⁽¹⁾	9.9	–	↑ 9.9
Gross profit	2,893.2	3,762.4	↓ 23.1	Return on average total shareholders' equity ⁽²⁾	20.7	28.7	↓ 8.0
Profit from operations	1,563.3	2,011.5	↓ 22.3	Return on average total assets ⁽³⁾	14.9	22.7	↓ 7.8
Profit attributable to equity shareholders	1,358.7	1,730.1	↓ 21.5	Average total shareholders' equity to average total assets	72.0	79.0	↓ 7.0
Free cash inflow	1,610.0	1,219.5	↑ 32.0				
	(RMB cents)	(RMB cents)	(%)		(days)	(days)	(days)
Earnings per share				Average inventory turnover days ⁽⁴⁾	51	38	↑ 13
– Basic	54.48	69.37	↓ 21.5	Average trade receivables turnover days ⁽⁵⁾	34	26	↑ 8
– Diluted	54.40	69.20	↓ 21.4	Average trade payables turnover days ⁽⁶⁾	47	37	↑ 10
Shareholders' equity per share	270.72	255.47	↑ 6.0				
	(HK cents)	(HK cents)	(%)				
Dividend per share							
– Interim	23	26					
– Final	17	26					
– Special	8	–					
	48	52	↓ 7.7				
	(%)	(%)	(% points)				
Gross profit margin	38.0	42.3	↓ 4.3				
Operating profit margin	20.5	22.6	↓ 2.1				
Margin of profit attributable to equity shareholders	17.8	19.4	↓ 1.6				
Effective tax rate	21.6	20.2	↑ 1.4				
Advertising and promotional expenses (as a percentage of turnover)	10.5	13.7	↓ 3.2				
Staff costs (as a percentage of turnover)	9.7	8.5	↑ 1.2				
R&D costs (as a percentage of cost of sales)	3.8	3.7	↑ 0.1				

Cautionary Statement Regarding Forward-Looking Statements

This Annual Report 2012 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 the equity shareholders divided by the average balance of total shareholders' equity.
- (3) Return on average total assets is equal to the profit attributable to the 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.

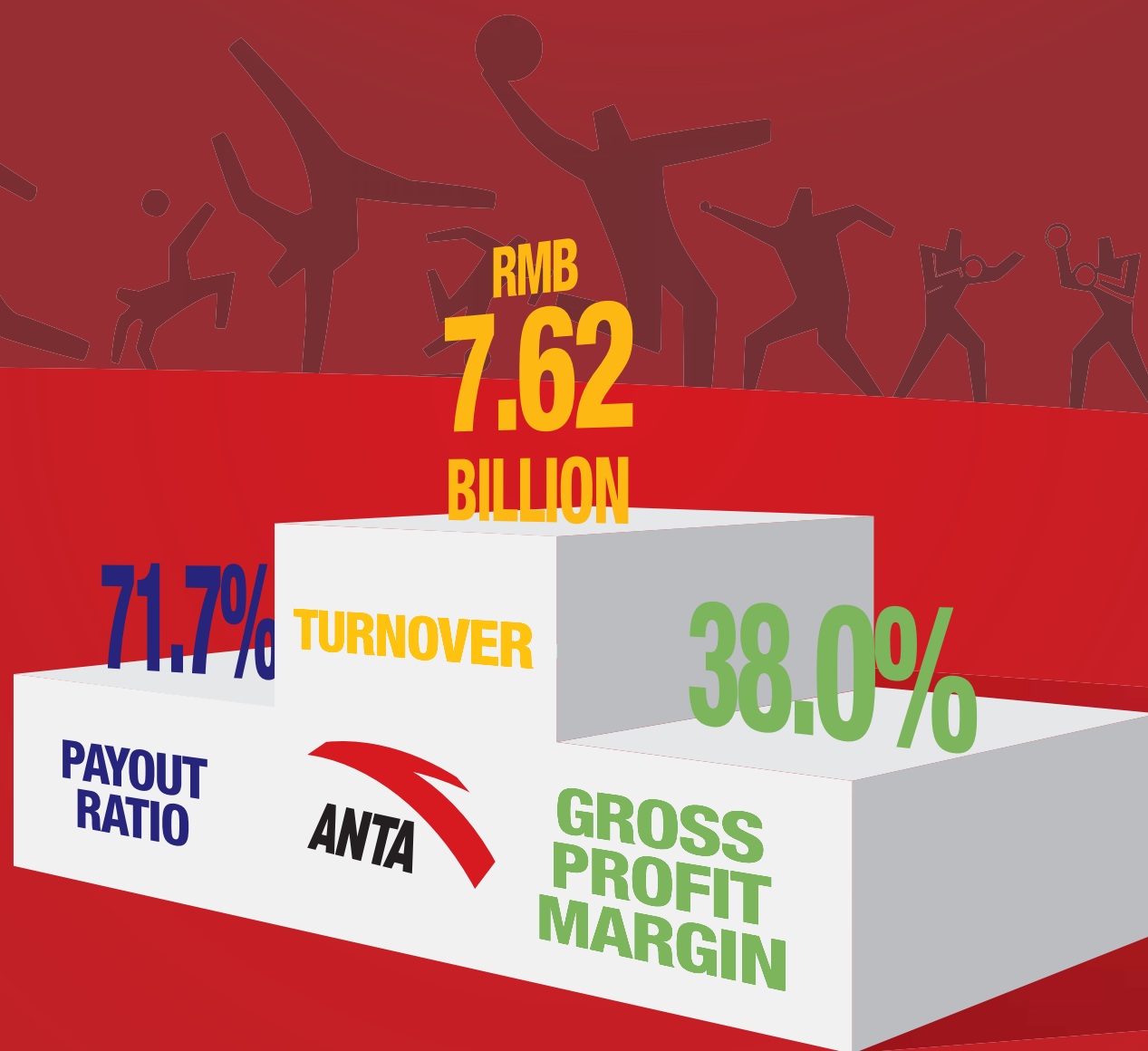
RESULTS HIGHLIGHTS

Financial performance

- Turnover decreased by 14.4% to RMB7.62 billion
- Gross profit margin decreased by 4.3% points to 38.0%
- Profit attributable to shareholders decreased by 21.5% to RMB1,358.7 million
- Basic earnings per share has a decrease of 21.5% to RMB54.48 cents
- 71.7% payout of the 2012 profit attributable to equity shareholders
- Free cash inflow increased by 32.0% to RMB1,610.0 million

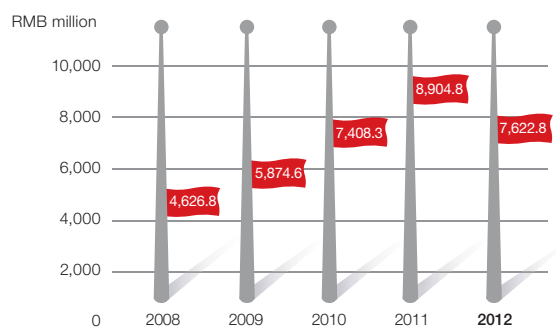
Operational performance

- Number of ANTA stores and Sports Lifestyle series stores stood at 8,075 (end of 2011: 8,665)
- Number of Kids sportswear series stores reached 833 (end of 2011: 632)
- Number of FILA stores in China, Hong Kong and Macao reached over 300 (end of 2011: over 220)

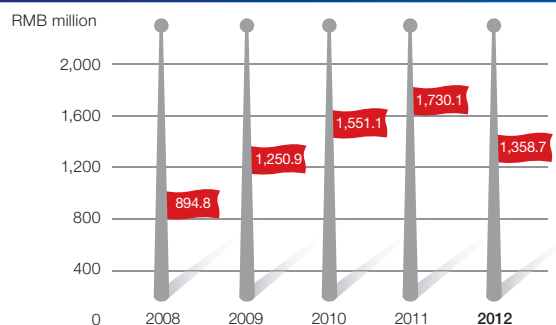


FIVE-YEAR FINANCIAL SUMMARY

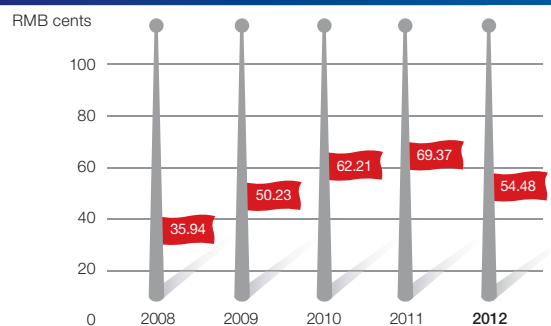
TURNOVER



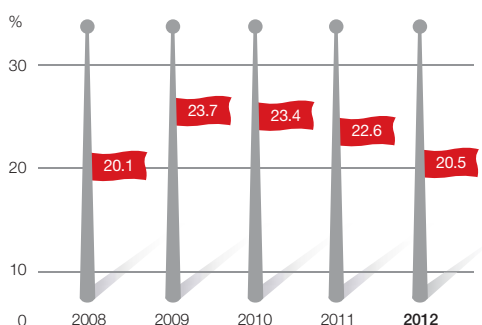
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS



BASIC EARNINGS PER SHARE



OPERATING PROFIT MARGIN



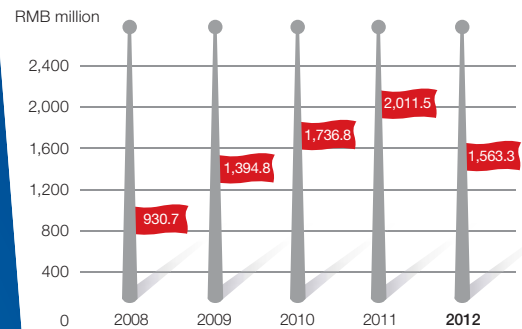
	2012
	(RMB'000)
Turnover	7,622,808
Gross profit	2,893,166
Profit from operations	1,563,310
Profit attributable to equity shareholders	1,358,701
Non-current assets	1,933,589
Current assets	8,102,474
Current liabilities	2,897,909
Net current assets	5,204,565
Total assets	10,036,063
Total assets less current liabilities	7,138,154
Non-current liabilities	205,448
Total liabilities	3,103,357
Non-controlling interests	180,466
Shareholders' equity	6,752,240
	(RMB cents)
Basic earnings per share	54.48
Diluted earnings per share	54.40
Shareholders' equity per share	270.72
	(HK cents)
Dividends per ordinary share	
– Interim	23
– Final	17
– Special	8
	(%)
Gross profit margin	38.0
Operating profit margin	20.5
Margin of profit attributable to equity shareholders	17.8
Effective tax rate	21.6
Advertising and promotional expenses (as a percentage of turnover)	10.5
Staff costs (as a percentage of turnover)	9.7
R&D costs (as a percentage of cost of sales)	3.8
Gearing ratio ⁽¹⁾	9.9
Return on average total shareholders' equity ⁽¹⁾	20.7
Return on average total assets ⁽¹⁾	14.9
Average total shareholders' equity to average total assets	72.0
	(days)
Average inventory turnover days ⁽¹⁾	51
Average trade receivables turnover days ⁽¹⁾	34
Average trade payables turnover days ⁽¹⁾	47

Notes:

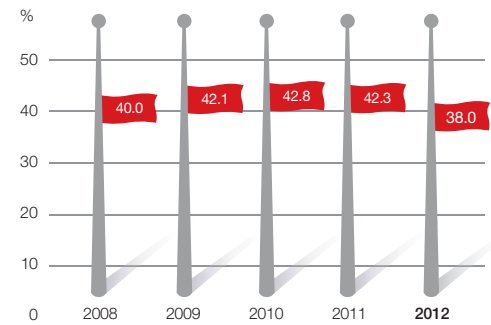
(1) Please refer to notes on page 6 of the annual report for the definitions of gearing ratio, return on average total shareholders' equity, return on average total assets, average inventory turnover days, average trade receivables turnover days and average trade and bills payables turnover days.

	2011	2010	2009	2008
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
	8,904,767	7,408,309	5,874,596	4,626,782
	3,762,397	3,170,554	2,472,894	1,848,573
	2,011,496	1,736,811	1,394,777	930,659
	1,730,122	1,551,113	1,250,941	894,791
	1,424,610	1,309,436	1,193,651	592,464
	6,769,707	5,745,055	4,909,755	4,350,018
	1,604,374	1,163,393	872,460	461,610
	5,165,333	4,581,662	4,037,295	3,888,408
	8,194,317	7,054,491	6,103,406	4,942,482
	6,589,943	5,891,098	5,230,946	4,480,872
	171,393	160,366	93,618	–
	1,775,767	1,323,759	966,078	461,610
	46,660	52,701	57,389	–
	6,371,890	5,678,031	5,079,939	4,480,872
	(RMB cents)	(RMB cents)	(RMB cents)	(RMB cents)
	69.37	62.21	50.23	35.94
	69.20	62.04	50.09	35.86
	255.47	277.68	203.84	179.95
	(HK cents)	(HK cents)	(HK cents)	(HK cents)
	26	20.0	12.0	10.0
	26	25.0	12.0	10.0
	–	–	11.0	8.0
	(%)	(%)	(%)	(%)
	42.3	42.8	42.1	40.0
	22.6	23.4	23.7	20.1
	19.4	20.9	21.3	19.3
	20.2	16.1	13.6	7.3
	13.7	13.6	12.7	13.8
	8.5	8.9	9.1	7.0
	3.7	3.2	3.0	3.0
	–	–	–	–
	28.7	28.8	26.2	20.7
	22.7	23.6	22.6	18.7
	79.0	81.8	86.6	90.2
	(days)	(days)	(days)	(days)
	38	36	38	43
	26	19	16	15
	37	36	35	39

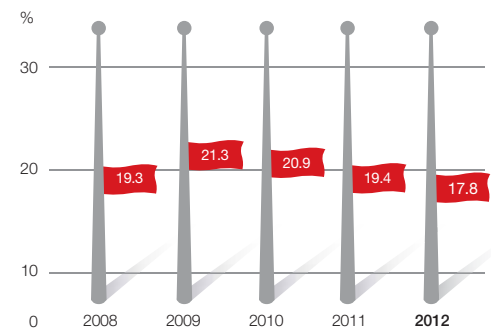
PROFIT FROM OPERATIONS



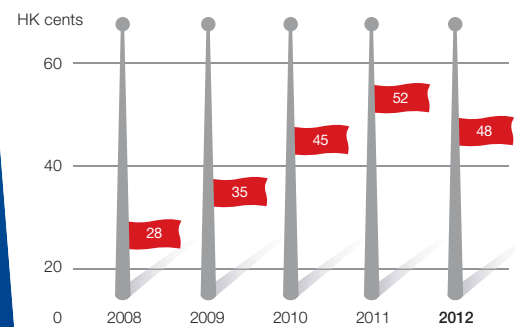
GROSS PROFIT MARGIN



MARGIN OF PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS



TOTAL DIVIDENDS PER ORDINARY SHARE



MILESTONE OF 2012

October

Completion of the New Operational Centre

We moved our operational centre to Guanyinshan, Xiamen. Mapped out in 2008 and completed in 2012, the new operational centre enhances our operating efficiency and provides a better working environment to our staff.



July - August

Launched Olympics Marketing Campaigns

We launched well-rounded promotions and marketing campaigns during the London Olympics, enhancing ANTA's brand desirability and also reinforcing our brand leadership in the industry.

August

Named Gold Winner of ARC Awards

As an innovative branded sportswear company, we leveraged our creativity on the 2011 annual report. The excellent design of shoe-shaped book jacket made it named the Gold Winner of the 2012 International ARC Awards.



April and October

Held Outdoor Street Basketball Leagues

We organised Outdoor Street Basketball Leagues which attracted over 20,000 players from 87 high schools in 20 cities.



January

Attained Certificate of Accreditation from the CNAS

Our testing laboratory was certified by the CNAS for our nationally and internationally recognised management standards and assessment capabilities.

January

Expanded the Kids Sportswear Series

We expanded the product offerings of the Kids sportswear series to children aged 3-14 years old, further enhancing our penetration into the children's sportswear market.

September and October

Committed to Sports Development and Included in Hang Seng Corporate Sustainability Index

We became the only sportswear company included in the Hang Seng Corporate Sustainability Index Series for the third consecutive year. In October, we joined the Champion Fund, the Samaranch Foundation and Olympic champions to visit the Xinjiang Uyghur Autonomous Region, contributing to the development of sports for young people.



September

Endorsed NBA Player Kevin Garnett Visited China Again

Our endorsed NBA superstar Kevin Garnett made his third visit to China. During the tour, which covered Harbin, Zhengzhou, Chengdu and Shenzhen, Kevin Garnett participated in in-store marketing events and imparted basketball skills to basketball fans.



June

Tailor-made Winning Outfit for the London Olympics CSD

We introduced "Champion Dragon Outfit", the winning outfit we designed for the CSD of the London Olympics, which displays the strength of a Chinese sportswear brand to the world.



March

Received Recognition for Market Share and Brand Value

We were ranked first in terms of market share by the China General Chamber of Commerce and the China National Commercial Information Centre for the 11th consecutive year. We also led our peers to become the most valuable sportswear brand in China as announced by Interbrand, a leading brand consultancy.

April and October

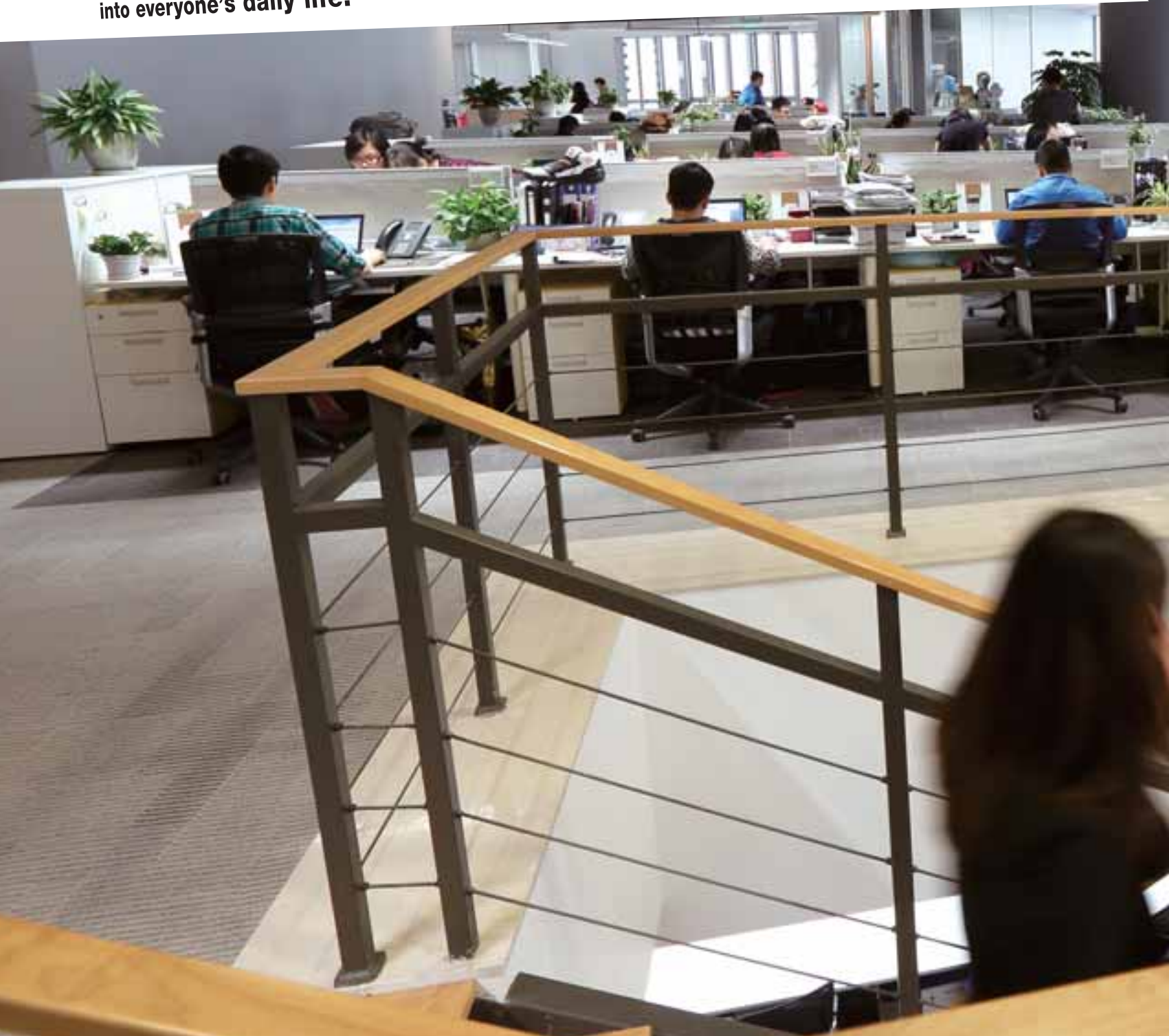
Introduced A-Silo Technology

We strengthened our running series by launching A-Silo technology, which comprises individual nodes that effectively reduce plantar pressure and offers maximum comfort to lightweight runners. The Reflective A-Silo launched in October improves the visibility of runners at dawn, dusk and night.



OUR MISSION

To integrate the sports spirit of “Going Beyond Oneself” into everyone’s daily life.



OUR VISION

To become the top national sportswear brand in China in terms of both brand desirability and market share, and to be respected by others as well as to develop into a sustainable world-class sportswear company.

CHAIRMAN'S STATEMENT



Dear Shareholders,

On behalf of the Board, I am pleased to present our annual results for the year ended 31 December 2012.

We Strive to Maintain Stability amid Challenging Market Conditions

In 2012, despite China's economy maintaining steady growth, consumers were still concerned about the uncertain outlook of the global economy. In addition, some sportswear brands and their retailers still struggled with the problem of excess inventory. So, they offered deeper discounts to clear inventory, which further intensified the competition in China's sportswear market. With an aim of minimising the potential risks in our retail channels, we took a prudent approach to control the amount of orders placed by our distributors. The decline in orders resulted in negative sell-in revenue growth, thereby causing our turnover to drop by 14.4% to RMB7.62 billion (2011: RMB8.90 billion) for the year. Profit attributable to equity shareholders also dropped by 21.5% to RMB1.36 billion (2011: RMB1.73 billion), and basic earnings per share were RMB54.48 cents (2011: RMB69.37 cents). To maintain a stable dividend policy, the Board proposed a final dividend of HK17 cents per ordinary share (2011: HK26 cents) and a special dividend of HK8 cents per ordinary share (2011: Nil) which, together with the interim dividend of HK23 cents per ordinary share (2011: HK26 cents), represent a payout ratio of 71.7% of profit attributable to equity shareholders for the year.

We Adopt an All-around Marketing Strategy to Make ANTA Stronger

Amid the challenges and intense competition in the sportswear industry, we continued to stay focused on our mass market positioning. Meanwhile, we further enhanced our strengths, including brand equity, distribution network and product innovation. Our exclusive four-year sportswear partnership with the COC offered us an excellent opportunity to stand out from our peers during the London Olympics. We cooperated with partners of the COC and the IOC for the first time, launching a cross-border Olympics marketing campaign and eye-catching IOC products across China. The ANTA-designed "Champion Dragon Outfit" was not only highly visible when worn by the CSD, but was also on display in our nationwide retail channels. Following the London Olympics, we shifted the focus of consumers to basketball, one of our key market

segments. Our endorsed NBA superstar Kevin Garnett made his third visit to China, where he unveiled the brand new KG III basketball shoe and interacted with basketball lovers. Our Outdoor Street Basketball Leagues also set off a basketball boom from southern to northern China and successfully brought teenagers' attention to ANTA as well as to ANTA's basketball products.

We Innovate to Serve Both Athletes and Consumers

Innovation is one of the keys to our success. Our strong capacity for innovation continues to bring us greater differentiation and extends our leading position in China's sportswear market. We achieved a significant breakthrough by enhancing the softness of our specially-designed shoe soles through the introduction of the A-Silo and Reflective A-Silo technologies. Our running shoe featuring Reflective A-Silo not only offers excellent comfort to recreational runners, but also improves safety for night runners. Moreover, our newly-introduced anti-slip rubber, A-StickyRB, has been widely adopted in outdoor footwear products. Its slip resistance ability has better traction on smooth and wet surfaces, making it suitable for outdoor activities. In addition, our highly durable and lightweight Badao outdoor basketball series also received a strong response from young basketball lovers. Due to our consistent efforts in innovation, we are able to meet more customer demand with our wide range of value-for-money products. More importantly, we have been named the top seller of travel and sports shoes in China in terms of market share for the 11th consecutive year. Our testing laboratory also received accreditation from the CNAS, demonstrating our strict quality controls.

CHAIRMAN'S STATEMENT

We Take Prudent Approaches to Reduce Potential Risk in Retail Channels

We have been implementing a streamlined distribution structure, effective management systems and sound inventory control measures. However, our distributors and franchisees were unavoidably affected by the unfavourable operating environment and intensifying competition in China's sportswear industry. During the year, we have taken effective actions to minimise inventory risks in our retail channels and being ever-responsive to changes in the market so as to maintain our retailers' confidence in ANTA amid industry headwinds. First, we prudently and decisively adjusted the amount of orders and provided more precise guidance in ordering to distributors and franchisees. More factory outlets and discount stores were opened across China to help clear off-season inventory. Furthermore, we continued to enhance the efficiency of our retail channels by exercising strict control of new store openings, closing less efficient stores and revamping existing stores to the sixth generation layout standard. We also fully leveraged our extensive operating experience and cost-efficient management systems to support our distributors and franchisees to surmount the difficulties they currently face and to outperform their peers amid the challenging market conditions.

We Commit Ourselves to Achieving Sustainability in the Long Run

Looking ahead, China's GDP will continue to grow steadily while inflation will remain stable. However, the volatile global economy will continue to affect China's exports. The Chinese government is widely expected to reinforce its economic restructuring policies to expand domestic demand. Meanwhile, some sportswear brands are expected to continue to engage in inventory clearance and retail channels reform measures. As these measures will take time to take effect, competition in the sportswear industry will remain intense. To cope with the uncertain market conditions and to strengthen the competitiveness of our distribution network, we continue to take a prudent approach to controlling retailers' inventory levels and store openings. In addition, we will increase the coverage of our ERP system in our retail channels so as to collect more timely market information for formulating precise product plans and ordering guidance. We will also work closely with our retailers and provide comprehensive support to help them enhance operational efficiency and achieve better retail performance.

More importantly, stronger brand equity and innovation capabilities will make our products more desirable to consumers, which would in turn generate higher sales revenue for our retailers and boost their confidence in ANTA. With the aim of differentiating ANTA from other domestic sportswear brands, we have successfully extended our exclusive sportswear partnership with the COC for the next four years. The GSD will continue to wear ANTA's winning outfit at influential sporting events, offering a unique platform on which to showcase ANTA sportswear's innovative designs and technologies to countless consumers. Also, we will further increase our influence



and enhance our leading position in key market segments by maximising the effectiveness of our premium sports marketing resources. We will keep abreast of market trends and enhance the cost-saving and execution capabilities of our supply chain so as to optimise the product life cycle and shorten lead times. We will also fully utilise our R&D resources and design talents in order to cater to consumers' specific needs and preferences.

On behalf of the Board, I would like to express my heartfelt gratitude to our shareholders for their steadfast support and to all of our staff for their unmatched dedication and for making valuable contributions to the industrial and social development with us. We will strive to take effective actions and measures to ensure the steady development of our business, supply chain partners, distributors and franchisees, as well as to create value for our stakeholders over the long run.



Ding Shizhong
Chairman

Hong Kong, 25 February 2013

ANTA KEEP



MOVING



MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

China's Economy Maintained Steady Growth

China's exports were persistently affected by uncertainty in the global economy and the shrinking overseas demand. With the aim of avoiding a hard landing, economic restructuring measures continued to be carried out in China. GDP grew at a steady pace of 7.8% in 2012, while total retail sales of consumer goods also rose by 14.3% as policymakers urged an increase in domestic demand. In addition, per capita annual disposable income of urban residents increased by 9.6%, after deducting price factors, to RMB24,565, echoing the rising pay and consumption-spurring policies.

The Chinese government's macroeconomic policies managed to stabilise inflation. The growth of the CPI dropped to 2.6%, while the PPI fell by 1.7% in 2012. Though the inflationary pressure has been easing, the persistent decline of the PPI has raised concerns about the economic slowdown in China. Policymakers are generally believed to have adopted a loosened economic policy and have engaged in more resolute measures to maintain steady economic growth and to minimise any impacts on China's economy amid the gloomy global economic environment.

Stronger Sportswear Brands Gain Advantage amid Industry Consolidation

During the year, China's sportswear industry as a whole faced difficulties stemming from excessive inventory and over-expanded retail channels. Certain industry players have stepped up to address these problems by significantly reducing future orders, closing stores, clearing inventory with deep discounts and reforming their retail channels. Meanwhile, rising operating cost pressures and increasingly intense competition have deteriorated both the operating environment and the profitability of retailers, making the sportswear market in China yet more challenging.

Stronger sportswear brands are generally expected to be able to stay competitive and to achieve long-term growth by leveraging their core strengths, including effective branding and marketing strategies, sound management of their distribution networks, cost-efficient operational systems, as well as better product differentiation. Chinese consumers are becoming increasingly sophisticated and brand-oriented. The growing popularity of sports also boosts demand for sportswear products with better function, higher quality, and more stylish-yet-affordable. Therefore, sportswear brands that are more responsive to market trends and capable of delivering innovative products to consumers can outperform their peers amid industry consolidation.



CHINA'S ECONOMIC DATA

National Income	GDP	RMB51,932.2 billion	YoY ↑ 7.8%
Urban Residents' Income	Per capita annual disposable income	RMB24,565	YoY ↑ 9.6%*
Consumption	Total retail sales of consumer goods	RMB20,716.7 billion	YoY ↑ 14.3%
	Clothing sector (including sports footwear and apparel)	RMB977.8 billion	YoY ↑ 18.0%
Inflation	CPI	102.6 (2011=100)	YoY ↑ 2.6%
	PPI for manufactured goods	98.3 (2011=100)	YoY ↓ 1.7%

* Actual growth after deducting price factors

Source: National Bureau of Statistics of China (as at 31 December 2012)

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

Capital Adequacy

- Sufficient funding for future business development
- Low gearing ratio

Nationwide Distribution Network

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

Cost Leadership

- Enjoy economies of scale
- Highly efficient supply chain management
- Offer value-for-money products

Corporate Social Responsibility

- Corporate citizenship and public relations
- Close communication with stakeholders

External Environment

Economic

- Per capita disposable income growth rate
- Degree of urbanisation

Legal

- Compliance
- Health and safety

Political

- Government's concern of citizens' health
- Promotion of sports activities in schools

Technological

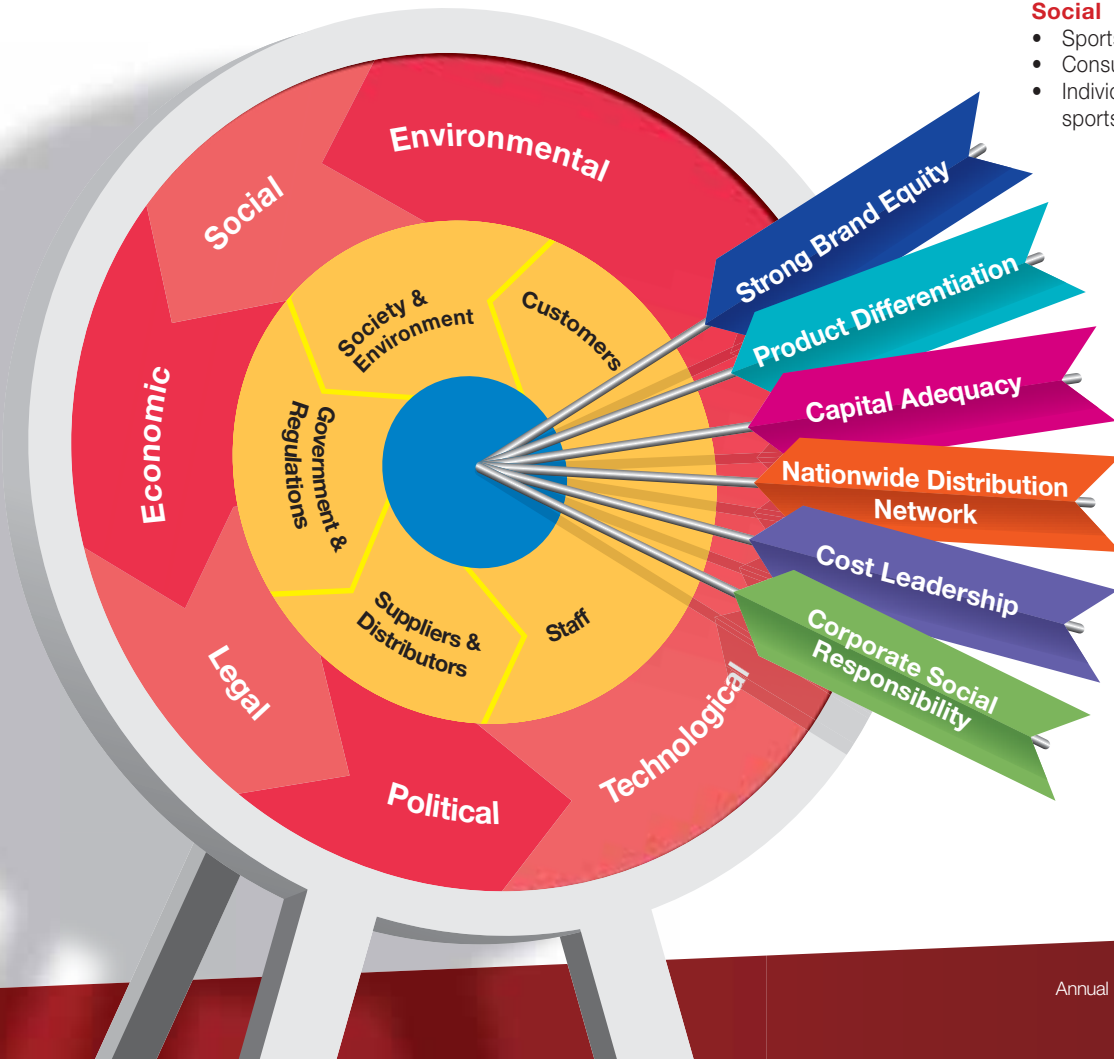
- Products' functionality
- Performance-based sportswear products
- Trendy leisure sportswear products

Environmental

- Protection and education
- Seasonality

Social


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

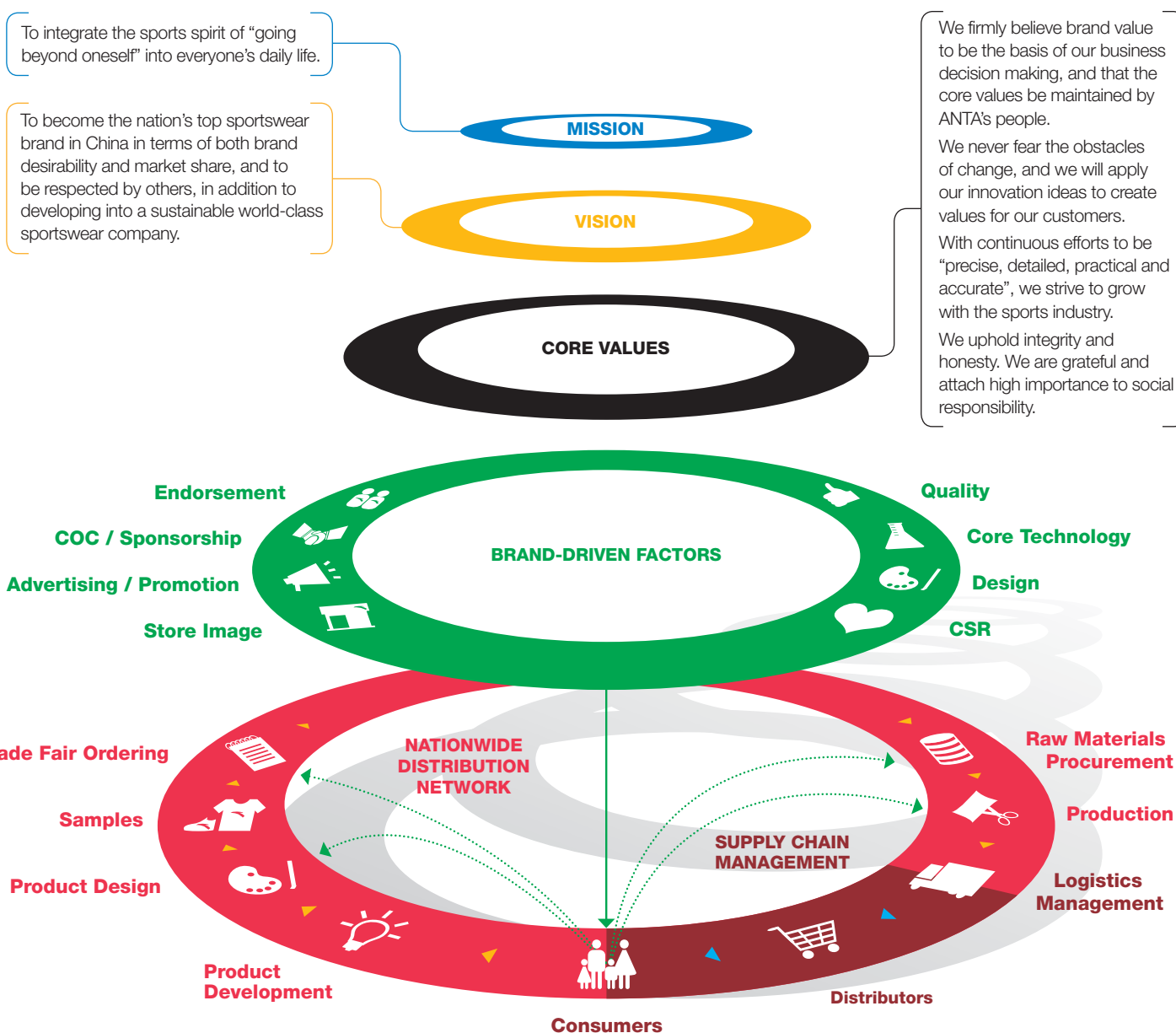


MANAGEMENT DISCUSSION AND ANALYSIS

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 for our value-for-money performance-based and stylish sportswear products that reinforce ANTA's brand image and the level of brand association. Our brand drives the distribution network and the supply chain in order to serve our consumers and to achieve our mission, vision and core values.

-  Logistics
-  Information feedback flow
-  Distribution flow
-  Strategic brand management
-  Association of our brand with consumers
-  Network, supply chain and logistics management

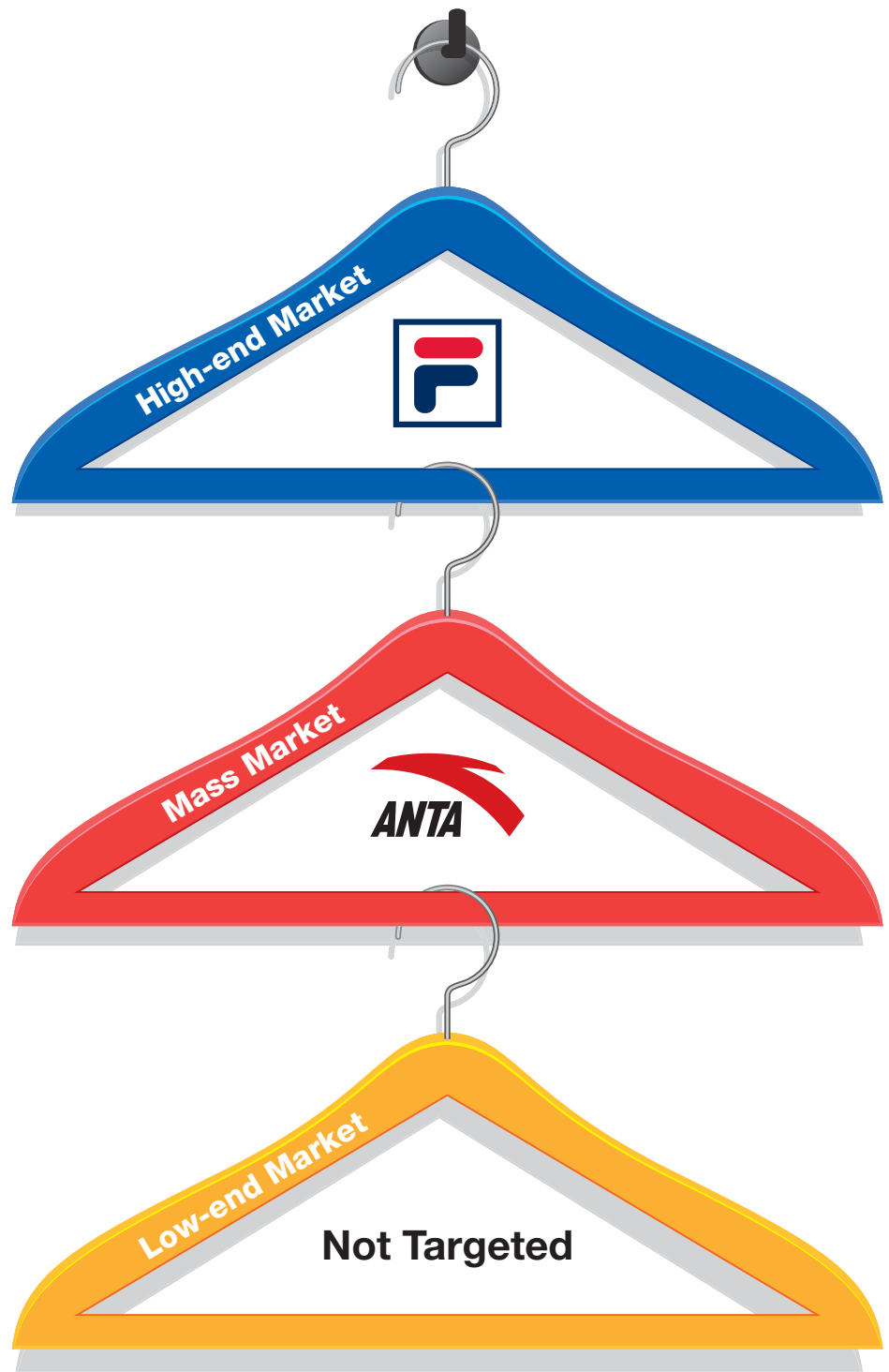


BRAND MANAGEMENT

Brand Portfolio Model

The domestic sportswear market has undergone dramatic change in the past few years. Concerns over economic growth and inflation have affected the spending behavior of Chinese consumers, who increasingly demand sportswear products that offer value-for-money. Oversupply of inventory and deep discounting have also intensified the competition and has sped up market consolidation. Although uncertainties and keen competition will continue to cast clouds over the domestic sportswear market in the short-term, we remain optimistic about the long-term development of the domestic sportswear sector. We believe that there will be sustainable growth in functional and value-for-money sportswear products in the future. We have adopted a multi-brand strategy featuring different market positions to capture the growth opportunities in various segments of the sportswear market.

Over the years, our performance-based sportswear products – and our products in the basketball, running and women sports categories in particular – have enabled us to become one of the leaders in the mass market. Thus, we are focusing on strengthening our marketing resources and the professional image in these sports with high levels of participation in China. We also utilise our sponsorship of the COC to solidify ANTA's brand positioning as a representative of China's sports industry. With the London Olympics, we enriched the COC licensed products series and cooperated with the IOC to integrate logos from past Olympic Games into the IOC products.



MANAGEMENT DISCUSSION AND ANALYSIS



While maintaining our market position on the performance-based sportswear markets, we have also tightened our grip on the kids' sportswear market by expanding product offerings for children aged 3-7. Our Kids sportswear series plays a strategic role in our portfolio as it builds strong brand loyalty among children aged 3-14. Meanwhile, we are further optimising our Sports Lifestyle series to extend our influence in the mass market.

In the high end sportswear segment, our Fila business has been growing steadily and gaining market awareness. Last year's rebranding campaign has successfully strengthened the stylish image of the FILA brand. The Fila business is a key component in our portfolio as it creates synergies with our existing business in the mass market and benefits our long term growth.

Strong Brand Equity

Our solid and focused brand image is our most powerful asset in defending against market uncertainties. Therefore, we spare all effort to maximise the effectiveness of our marketing initiatives through the well-defined brand management strategy. During the year, we further integrated our endorsement and sponsorship resources with interactive promotions and featured products to promote our professional image

and diversified product. Meanwhile, we also utilise popular digital social networks and broadcast media to enhance brand differentiation in a cost-effective manner. Furthermore, we proactively upgrade the store image so as to present a better image that favours sustainable growth.

The awards we have received from the public illustrate the wide recognition of the brand's development. We were ranked 22nd best brand in China by leading brand consultancy Interbrand in the "2012 Best China Brands". Being selected for the third consecutive year, we lead the peers to become the most valuable sportswear brand in China. Furthermore, we earned the top ranking among all Chinese sportswear brands on the "Top 100 Enterprises of China Apparel Industry", compiled by the China National Garment Association.

COC

The London 2012 Olympics marked a new era in our brand history. The CSD wore the "Champion Dragon Outfit", the winning outfit tailor-made by us, and graced the podium 88 times at the London Olympics. Our strategic partnership with the COC and the CSD not only provides a platform for ANTA sportswear to appear on elite athletes at award ceremonies and media interviews, but also raised our brand profile and differentiated ANTA from our peers. We have also launched a series of marketing initiatives with the COC to maximise the effectiveness of the sponsorship (please refer to page 26 to 29). The comprehensive set of marketing programme has consolidated ANTA's symbolic role of representing the sports industry in the country and has sustained our leadership in the long run.

Our continued efforts in promoting the COC sponsorship have received public recognition. According to Huicong Research, ANTA logo achieved a 74% brand identification rate, making us the most identifiable brand among all other partners of the COC. Furthermore, in the research conducted by the "Olympic Advertising Effect Tracking Research Team" from Xiamen University, 47.5% of consumers noticed the ANTA logo on CCTV, which again put ANTA atop the list of COC sponsors.



Basketball

Riding on our interactive basketball resources and innovative basketball products, we have built a solid consumer base and enjoys a strong association with basketball. During the year, endorsed NBA players Kevin Garnett and Luis Scola wore ANTA basketball shoes throughout the entire NBA season. This proves that our brand and product functionality are both recognised by the top basketball league in the world. Meanwhile, Kevin Garnett also came to China to interact with basketball lovers and promoted KG III basketball series in person. His third visit to China covered Harbin, Zhengzhou, Chengdu and Shenzhen, bringing the public closer to Kevin Garnett and us, and also boosting the sales performance of our basketball series. The comprehensive marketing campaign successfully consolidated our professional image in the mass basketball segment.

We are focusing on integrating our marketing resources with different media channels to promote our diversified basketball products. During the year, we organised Outdoor Street Basketball Leagues to promote our basketball shoes. The leagues attracted over 20,000 players from 87 high schools in 20 cities, thereby successfully extending our reach to the general public. We also launched various in-store marketing campaigns and interactive online games to promote the durability and lightweight elements of the Badao outdoor basketball shoes which are especially suitable for tough play. Meanwhile, we optimised the "Grand Basketball Corners" at our retail stores to draw the attention of consumers.



Women Sports

ANTA women sports series targets women who demand both functional and fashionable sportswear. During the year, we collaborated with pop singer Jane Zhang and utilised various digital social networks such as weibo and tudou.com (<http://minisite.tudou.com/anta/mvdiy/index.html>) to promote the healthy and energetic image of the women's sportswear series. Our interactive online marketing campaign encouraged participation in sports among women consumers by making fitness fun and accessible. We also cooperated with various popular e-commerce platforms to boost the retail performance of the series.

Running

Running, a sport with one of the highest participation rate in China, is among our key priorities. Our variously-priced running series continue to be our best-selling products, reflecting the high level of popularity on our products among both professional and amateur runners. During

the year, we diversified our existing footwear technology with four running series, with shock absorption, stability, light-weight and all-rounded features, to fit different types of runners. The successful unveil of A-Silo in the first half of 2012 has provided better running experience to our consumers with enhanced comfort and shock absorption. Following the launch of A-Silo, we further enhanced the sole technology and launched Reflective A-Silo in the second half of 2012 to improve the visibility of runners at dawn, dusk or night. Reflective A-Silo running shoes enables joggers to enjoy maximum flexibility and also safety in all weather conditions.

We sponsored the Zhuhai International Half Marathon 2012 and Olympic Day Run, events that attracted over 35,000 enthusiasts to share the joy of running. During the year, we also integrated TVCs, in-store promotions and online platforms to highlights the functionality and comfort of our running products.



MANAGEMENT DISCUSSION AND ANALYSIS

COC AND ANTA

Unprecedented Success in Four Years of Cooperation with the COC

On 23 June 2009, we entered into a strategic sportswear partnership with the COC, which appointed us the “2009-2012 Sportswear Partner of the COC” and the “2009-2012 Official Partner of the CSD”. The partnership reflects our professional brand image and demonstrates that our innovative products are recognised by Chinese athletes. More importantly, it also helps us stand out among peers and further cement our leading position in the sportswear market.

For the past four years, we have been consistent in applying the “Support China Altogether” theme to link up our marketing campaigns in relation to our partnership with the COC. For each of the key events, we launched impressive TVCs, in-store POPs, outdoor displays as well as COC licensed products across China. This ongoing marketing strategy brought us great success in enhancing ANTA’s association with the COC and maximising ANTA’s brand equity.

Moreover, the CSD achieved remarkable results by topping the medal tally in a number of influential international sporting events. The CSD won over 200 and 400 medals at the Hong Kong 2009 East Asian Games and the Guangzhou 2010 Asian Games respectively. The CSD also achieved its best overseas showing with 38 gold medals at the London 2012 Olympics and record-breaking performance in short track speed skating at the Vancouver 2010 Winter Olympics. The winning athletes stepped up to the victory podium hundreds of times to accept the highest honour in sports and participated in numerous local and overseas media interviews wearing the ANTA-designed winning outfit. This not only provided ANTA with extensive exposure, but also strengthened ANTA’s brand recognition as well as the association between ANTA and sports industry in China.

Hong Kong East Asian Games
December 2009



Guangzhou Asian Games
November 2010





Chinese Olympic Committee Official Partner
中国奥委会合作伙伴



Vancouver Winter Olympic Games
February 2010

London Olympic Games
July-August 2012



LONDON OLYMPICS AND ANTA

The “Champion Dragon Outfit”: A Bold Breakthrough in Design

According to the Chinese calendar, 2012 was the year of the Dragon. So, we designed the winning outfit for the CSD of the London Olympics with the theme of “Dragon” to create the “Champion Dragon Outfit”. It was our aim to demonstrate to the world the essence and charisma of traditional Chinese culture by having the CSD wear the “Champion Dragon Outfit” at the London Olympics. We replaced the red and yellow collage design used in past versions of the winning outfit. The new design continued to use the red and yellow colours from China’s national flag, but with the addition of a “Dragon” pattern that blended seamlessly with the plain layout in the middle part of the winning outfit, representing a bold breakthrough in the matching of colours that made the overall image of the “Champion Dragon Outfit” grand, yet simple.



The “Champion Dragon Outfit” adopts advanced technology such as the waterproof and breathable “Hydrophilic Non-Porous PU Coating Film” fabric



Mesh fabric water repellent treatment is applied to the vamp, which prevents rainwater from penetrating the shoe, enabling the wearer to get expel moisture



The fabric of the “Champion Dragon Outfit” uses recyclable yarn, giving the “Champion Dragon Outfit” the most environmentally friendly features ever in the history of Olympic winning outfits in China



The winning shoes also adopt “A” shaped soles and A-StickyRB anti-slip rubber, greatly improving the winning shoes’ skid resistance capabilities





Punching Laser technology, which features excellent breathability, enables the wearer to get rid of excess heat and moisture for greater comfort



A-Jelly, one of our core technologies, is a feature of the winning shoes. The shock absorbing elastic scatters the force of impact on the feet so as to strengthen foot protection

Reflective printing technology is applied to the English word on the toe cap, making it glow in the dark

Diversified Olympics Marketing Strategies to Strengthen Brand Differentiation

In addition to the “Champion Dragon Outfit” tailor-made for the CSD, we also launched a series of marketing campaigns during the London Olympics to draw the attention of Chinese consumers and to encourage the Chinese athletes to achieve further success together. Our marketing campaigns included:

- Cross-border Olympics marketing - we joined hands with the partners of the IOC and the COC for the first time. The “Champion Dragon Outfit” was displayed at McDonalds restaurants, Procter & Gamble booths, Hilton hotels as well as other media platforms to promote the Olympic spirit in a team effort;
- IOC products – we collaborated with the IOC in a comprehensive manner. Apart from promoting ANTA’s brand image, various types of IOC products were launched during the London Olympics and were displayed and made available at ANTA stores and our e-commerce platforms; and
- Olympics-themed TVCs featuring star athletes - we launched a brand new Olympic-themed TVC, inviting a number of star athletes who made Chinese sports history, including Xu Haifeng, the first ever Chinese Olympic gold medal winner; diving queen Guo Jingjing; and Olympic table tennis champions Kong Linghui and Wang Hao to take part in the TVC.

To strengthen the association between ANTA, the Olympics and the COC, we also collaborated with the CCTV to launch the “Honour Moment” programme to showcase the CSD’s proudest moments to audiences in China. Through these comprehensive and nationwide marketing strategies, we successfully raised ANTA’s awareness among the public, and also reinforced our brand desirability and leadership in China’s sportswear industry.

Supporting the COC’s “Home of China”

We strengthened our close cooperation with the COC by supporting the “Home of China” set up by the COC during the London Olympics so as to facilitate gatherings between the CSD and media. With the aim to maximise the exposure of ANTA and the “Champion Dragon Outfit” through this high-end media platform, we invited medal winners of the CSD to visit the “Home of China”. We held a celebratory event for Yi Siling, after she won the first gold medal of the London Olympics with a score of 502.9 in the women’s 10m air rifle shooting event.

Chen Ruolin, who won the gold medal in the women’s 10m platform diving event, also visited the “Home of China” to celebrate the 200th gold medal in Chinese Olympic history. Furthermore, we crafted three custom-made sets of the “200th Gold Medal Edition of the Champion Dragon Outfit” to celebrate the new milestone in China’s Olympic history, which also marked China’s new beginning on its path to becoming a sporting superpower.

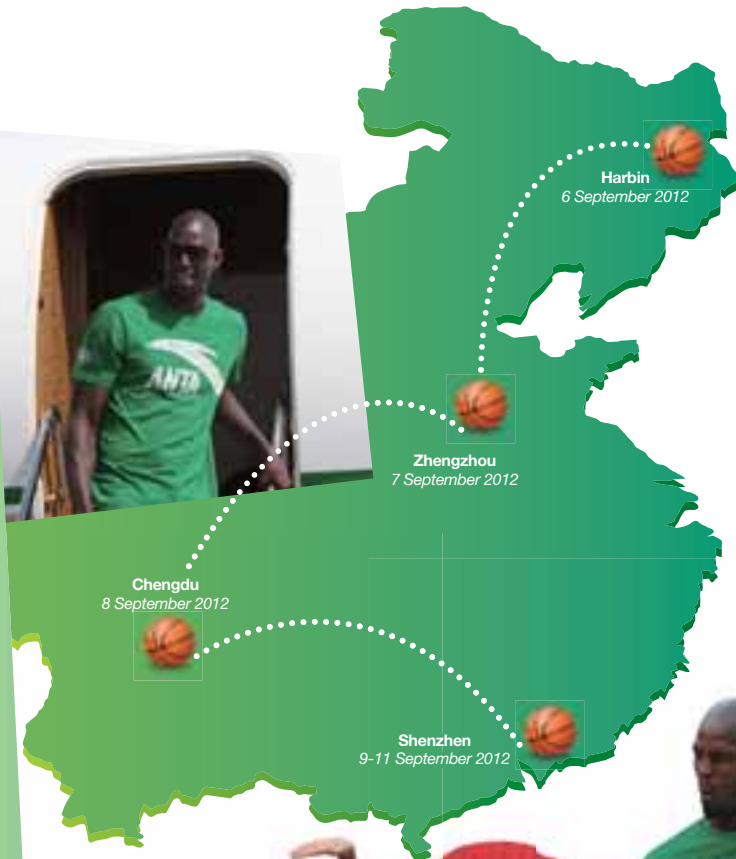


MANAGEMENT DISCUSSION AND ANALYSIS

KEVIN GARNETT'S CHINA TOUR

Our endorsed NBA superstar Kevin Garnett made his third visit to China in September. The tour covered Harbin, Zhengzhou, Chengdu and Shenzhen, cities in which he participated in events to meet the fans and media interviews. His appearances in China not only enabled thousands of consumers to get close to him, but also enhanced the connection between ANTA and basketball enthusiasts.

In addition to interacting with basketball lovers, Kevin Garnett announced the launch of the new basketball shoes, KG III, which were specifically designed for him by ANTA.



Kevin Garnett arrives Harbin to kick off the 2012 China Tour. He interacts with basketball fans from Harbin and presents souvenir to them



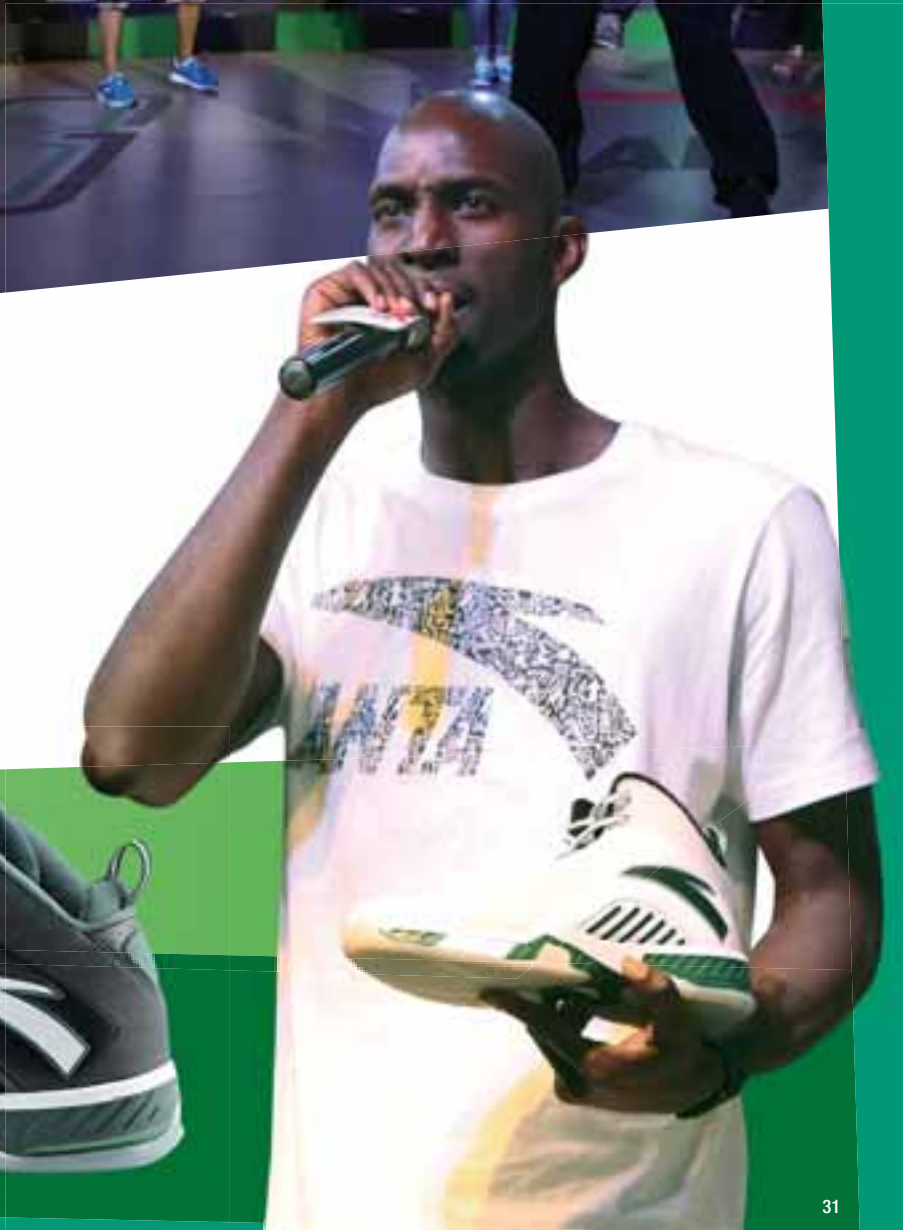
Kevin Garnett plays games with basketball fans from Zhengzhou. He also visits Jiangchong Primary School in Zhengzhou and presents gifts of sportswear to Chinese students

Kevin Garnett showcases the KG III and teaches basketball fans the basketball shooting skills in Chengdu

The KG III comes in white and green, and “KG” logos are printed both inside and outside the shoes. The KG III also adopts the enhanced A-Jelly technology, which provides better stability and support to the feet when landing on the ground, as well as enhanced protection in the midsole, heel tab and the heel of the shoes.

We also took part in charity work by engaging Kevin Garnett to play a part in building a better community. During the tour, Kevin Garnett visited Jiangchong Primary School in Zhengzhou and distributed ANTA’s Kids sportswear series products to disadvantaged students living in rural areas. He also played basketball with the children to promote youth participation in sports.

Kevin Garnett coaches basketball lovers in passing and dribbling skills, and presents gifts and takes photos with his fans in Shenzhen



The new KG III features the enhanced A-Jelly technology, which gives better stability to the feet when landing on the ground





KIDS SPORTSWEAR SERIES



The children's sportswear market has experienced rapid growth and is expected to grow further in the long term. Driven by urbanisation and rising affluence in China, more parents are demanding branded kids sportswear for the higher levels of quality. Meanwhile, the children's sportswear market is more fragmented than the adult sportswear market, and reputable brands are expected to grow further at the expense of less established brands. Being the first domestic sportswear brand to penetrate in this market, our Kids sportswear series is well-positioned to capture the growing opportunities due to the reliability and good value-for-money.

During the year, we expanded the Kids sportswear series to target children aged 3 to 7 in the mass market. Our comprehensive Kids sportswear series is targeted at children

aged 3 to 14, enabling us to enhance brand loyalty as early as childhood. Apart from using advanced technologies such as A-Jelly and A-Silo, we also studied the characteristics of children's feet and body shapes to develop protective and comfortable products that are suitable for kids. As the fever of the London Olympics swept across the world, we capitalised on the excitement by launching the England series. Meanwhile, we utilised online platforms to promote the reliable image of the products. We invited famous bloggers to let their kids try our products and share their experiences in popular social networks and broadcast media.



SPORTS LIFESTYLE SERIES

In view of the intensive market competition and growing operational pressure, we further optimised the Sports Lifestyle series with the aim of enhancing efficiency. During the year, we refined the series by introducing limited edition products to highlight product features as well as to achieve better inventory management.





LA DOLCE VITA

FILA

FILA



Shu Qi,
FILA's Endorser
in the PRC

MANAGEMENT DISCUSSION AND ANALYSIS



Famous Hong Kong artists Myolie Wu and Kevin Cheng participated in the FILA 2012 Fall/Winter fashion show at Grand Gateway 66 Plaza, Shanghai



Followed by the London Olympics, the Hong Kong, China Delegation wore FILA-designed sports uniform at the Asian Beach Games (photo provided by Sports Federation and Olympic Committee of Hong Kong, China)



FILA



FILA BUSINESS IN THE PRC

FILA is a well-known global sportswear brand that targets the high-end market segment. The Fila business in the PRC will help us tap the promising potential in China's high-end sportswear market. We spare no effort to strengthening our presence in this segment and have strategically opened stores in key locations of major cities in China. At the end of 2012, there were over 300 FILA stores operated in China, Hong Kong and Macao, further extending FILA's reputation and desirability in the PRC market. Meanwhile, the third generation store layout has been launched to foster the quality of the decor and product displays at FILA stores.

In addition to implementing our network expansion strategy, we are dedicated to raising awareness of FILA and deepening FILA's impact on the young elite segment in China. Following the "Back to the Past FILA Century" marketing event held in 2011, we have sped up the implementation of our brand rejuvenation plan. In September, famous Hong Kong artists Myolie Wu and Kevin Cheng participated in a large-scale fashion show that showcased the mix-and-match designs from the FILA 2012 Fall/Winter collections. We also cooperated with renowned fashion designer Matthew Waldman to roll out the brand new "FILA x NOOKA" footwear series. These unique and stylish new products were successfully promoted through our impressive in-store

POP and the extensive media publicity in China. More importantly, FILA was an Official Sports Uniform Sponsor for the Hong Kong, China Delegation at the London Olympics, which helped FILA capture the attention of consumers.

Since acquiring the Fila business in the PRC in 2009, we have integrated our R&D and design talents in China and Hong Kong, our experienced supply chain partners, as well as FILA's worldwide resources, to differentiate and diversify our products from all other sportswear products in China. We adhere to the heritage and uniqueness of FILA and aim to introduce trendy fashion products for our targeted consumer groups in China.




篮球是生命
BASKETBALL IS LIFE

KG

!!!

GO FORTH
WITH NO FEAR!



MANAGEMENT DISCUSSION AND ANALYSIS

DISTRIBUTION NETWORK MANAGEMENT

Nationwide Distribution Network

1. Sustainable ANTA Retail Network in China

With more than 20 years of experience in the domestic sportswear market, we have gained valuable market insights which have allowed us to develop efficiency in our network. Meanwhile, our strength in the mass market, particularly in second and third tier cities, has secured us a favourable position amid fierce competition. With a lean network structure, we insist on clear

accountability and responsibility. Our sales team manages the nationwide distribution network through regional distributors who monitor and guide franchisees regularly. Our strong bonds with our retailers and our effective network management system enable us to oversee network issues and to monitor retail performance.

In order to sustain our leading position in the ever-changing market, we have

placed greater importance on enhancing store efficiency over the expansion of the store network. During the year, we strategically consolidated stores in less optimal locations or with expiring leases. To optimise overall store efficiency, we strategically integrated the Sports Lifestyle series stores into performance-based sportswear stores. As at 31 December 2012, the number of ANTA performance-based sportswear stores



and Sports Lifestyle series stores stood at 8,075 (end of 2011: 8,665). Meanwhile, we expanded our network of Kids sportswear series stores to capture the demand in the mass market for kids products. As at 31 December 2012, the number of Kids sportswear series stores stood at 833 (end of 2011: 632).



2. Effective Retail Management

We are committed to maintaining stable inventory levels and the sustainability of the network. Thus, inventory management has always been our top priority. Since the trade fair, we have shared our analysis and insights on future trends with our distributors and franchisees so as to allow greater accuracy in orders and to minimise the inventory risk of each store. Apart from regular training on inventory management and product knowledge, we strictly examine the store optimisation plans and retail discount policies of our

retailers to improve their operational efficiency. We also launched a full range of incentive measures to encourage retailers achieving key performance targets on inventory level and retail discount. Through a comprehensive monitoring system, which includes the real-time ERP system, weekly reports submitted by POS and frequent channel checks by our sales people, we are able to closely monitor and control retail performance. Meanwhile, we have optimised the clearance channels, including factory outlets and discount stores, so as to improve the inventory management capabilities of the retailers.

3. Outstanding Store Image

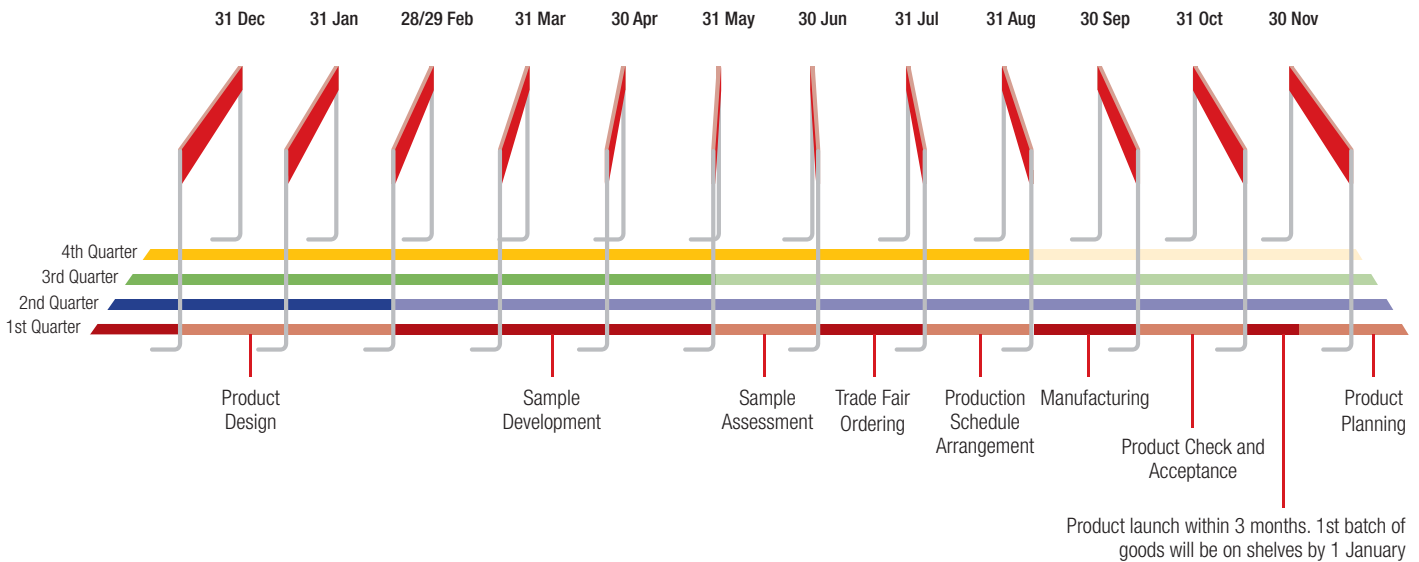
Challenges can be turned into opportunities if they are tackled effectively. We proactively enhanced our store image so as to maintain the competitiveness and to sustain our leading position. During the year, we continued to encourage retailers to upgrade the store layout by adopting the sixth generation store image. The outstanding layouts at our flagship stores in prime locations also showcased our distinctive brand image. We further optimised the “COC Corners” and “Grand Basketball Corners” at key stores to put our special product series in the spotlight.

ANTA Retail Network in the E-commerce and Overseas Markets

During the year, we further optimised the e-commerce channels while expanding our visibility in popular e-commerce platforms. We also integrated our marketing campaigns into our e-commerce channels. Meanwhile, we prudently expanded our presence in Southeast Asia, Eastern Europe and the Middle East to fuel our long term growth.

MANAGEMENT DISCUSSION AND ANALYSIS

Cycle of Product Design, Production and Delivery



SUPPLY CHAIN MANAGEMENT

We are strongly committed to providing high quality performance-based sportswear with good value-for-money to consumers. Despite the uncertainty in the domestic sportswear market, we continued to strengthen our R&D and quality control capability to further differentiate our product. The accolades we have received from the public underscore our advanced technology and premium quality. This year, we have been ranked the top seller of travel and sports shoes in China for the 11th consecutive year. Our testing laboratory also received a certificate of accreditation from the CNAS, demonstrating that our management standards and assessment capabilities are recognised both in China and internationally. Moreover, we optimised our supply chain capabilities to enable flexibility in the ever-changing market. We also enhanced our in-house production to better respond to unforeseeable demand.

Product Innovation

Our devotion to technological invention and cutting-edge design is the key of our differentiation. Advanced technology from 3M™, Teflon® and INVISTA were applied to our products to enhance functionality in all weather conditions. Besides cooperating with renowned institutions, we also strengthened our internal R&D team to optimise our product value. The launch of A-Silo, Reflective A-Silo and A-StickyRB has improved the durability and differentiation of our products. Meanwhile, we unveiled Nano-silver in our footwear products that creates a coat of sterilizing antibacterial protection of up to 90% efficiency for up to 30 times washes. This can prevent odor in our footwear products. Meanwhile, we have diversified other technologies to provide innovative and stylish products to mass market consumers at affordable prices. During the year, we introduced over 2,000, 3,000 and 1,400 new styles to the

footwear, apparel and accessories portfolios, respectively, to cater both professional and casual users.

Quality Control

Apart from stylish and functional elements, consumers also demand comfort and protection in their sportswear products. We apply stringent quality control measures from the product planning stage to ensure that the quality of raw materials and finished products at our own factories and at suppliers' production facilities comply with national quality standards. Our efforts in offering the best quality products have been widely recognised by the industry over the years. During the year, our testing laboratory received a certificate of accreditation from the CNAS, reflecting the effort we made to the advancement of our own products as well as the sportswear industry as a whole.

ANTA's Footwear Technology

A-SILO is an innovative sole featuring individual nodes that provide advanced energy return performance and plantar pressure comfort

A-SILO



A-STICKY RB

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

SUPER FLEXI

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

TALCOON™

TALCOON is a claw-like clasp system that provides excellent support and protection for the upper

A-FORM™

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

A-HARDCOURT RB™

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

AUTO-arch™

AUTO-ARCH enables greater torsion control and improves stability

A-JELLY™

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

A-SPRING

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

A-CORE™

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

PRS™

PRS rotate system facilitates greater agility on the feet when spinning

A-COOL™

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

A-TWIST

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

A-WEARABLE RB™

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

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

SIDE-BACKER™

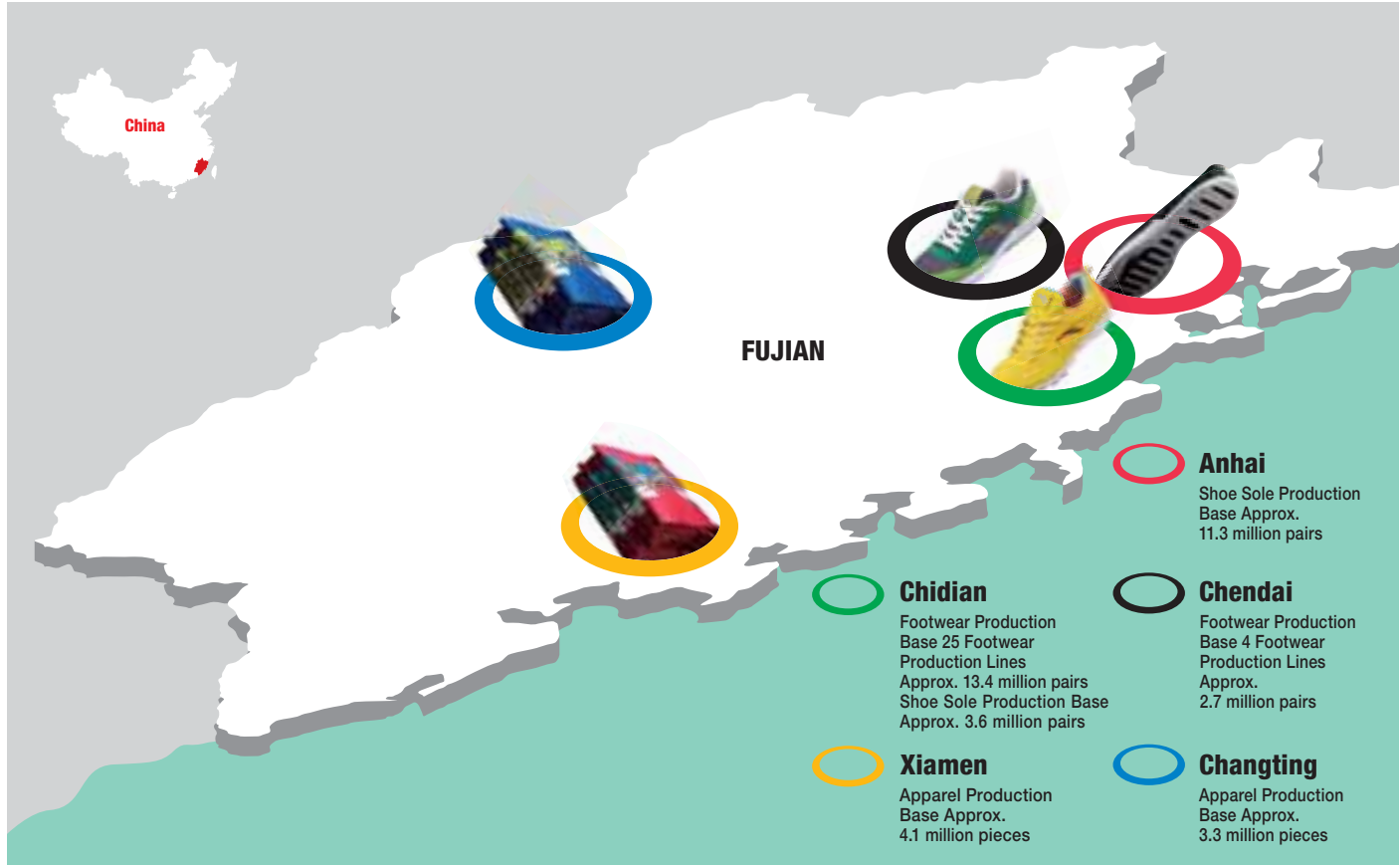
SIDE-BACKER is a support system of the lateral side of shoe soles' fore part that reduces the risk of twisting

A-XFOAM

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

MANAGEMENT DISCUSSION AND ANALYSIS

Production Bases in Fujian Province



Supply Chain and Operational Management

From the outset, we have developed an effective and flexible supply chain that enables us to remain competitive amidst market uncertainty. We actively encourage our suppliers, OEMs and ODMs to improve their performance and efficiency through a wide range of trainings and evaluations. During the year, we further optimised the cooperation with our high quality supply

chain partners to improve the workflow efficiency so as to give us greater flexibility in the terms of trade. Leveraging our strategic mix of in-house and outsourced production, we can better respond to changing tastes in the increasingly challenging market. We also enhanced our in-house production to better respond to unforeseeable demand.

Production Capabilities

The cohesive relationships with our supply

chain partners as well as our in-house production give us flexibility when we have to adjust our production schedules. During the year, approximately 16.1 million pairs of ANTA footwear and 7.4 million pieces of ANTA apparel were produced in-house. The respective proportions of self-produced and procured footwear and apparel were 46.0% and 15.5%, respectively (2011: 36.9% and 14.4%). The graph shown above sets out details of our production bases and the quantity of products manufactured at each base during the year.

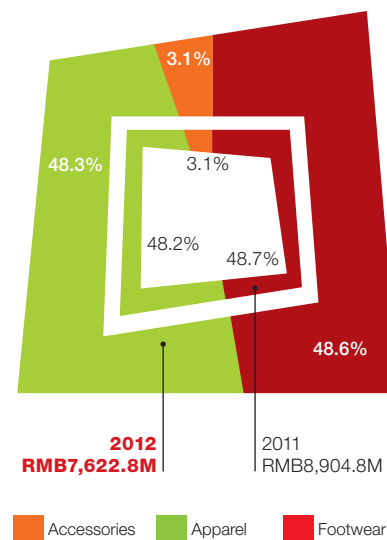
FINANCIAL REVIEW

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					
	2012		2011		Changes (%)
	(RMB million)	(% of turnover)	(RMB million)	(% of turnover)	
Footwear	3,706.0	48.6	4,334.8	48.7	↓ 14.5
Apparel	3,677.3	48.3	4,288.4	48.2	↓ 14.3
Accessories	239.5	3.1	281.6	3.1	↓ 15.0
Overall	7,622.8	100.0	8,904.8	100.0	↓ 14.4

During the financial year, turnover decreased by 14.4% as compared with 2011 because of the drop of ASP arising from keen market competition.



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					
	2012		2011		Changes (% points)
	Gross profit (RMB million)	Gross profit margin (%)	Gross profit (RMB million)	Gross profit margin (%)	
Footwear	1,444.0	39.0	1,848.2	42.6	↓ 3.6
Apparel	1,369.0	37.2	1,801.0	42.0	↓ 4.8
Accessories	80.2	33.5	113.2	40.2	↓ 6.7
Overall	2,893.2	38.0	3,762.4	42.3	↓ 4.3

The overall decrease in gross profit margin mainly represented the impact on the drop of ASP arising from keen market competition and additional cost due to writing down of inventories held as at the financial year end date.

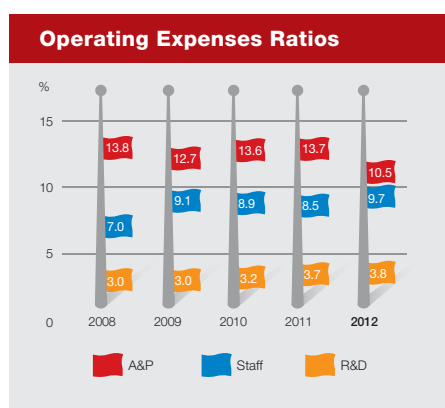
MANAGEMENT DISCUSSION AND ANALYSIS

Other Revenue

Other revenue for the financial year mainly represented government grants of RMB106.0 million (2011: RMB70.0 million).

Operating Expenses Ratios

The ratio of advertising and promotional expenses to turnover has decreased by 3.2% points for the financial year due to the expiry of CBA sponsorship and the reduced expenditures in relation to advertising and media broadcasting. The ratio of staff costs to turnover has increased by 1.2% points due to the decrease in turnover. The ratio of R&D costs to cost of sales has slightly increased by 0.1% points.



Operating Profit Margin

Operating profit margin decreased by 2.1% points which was less than the 4.3% points decrease in the gross profit margin for the financial year, which was mainly due to the increase in other revenue and the decrease in expenditures.

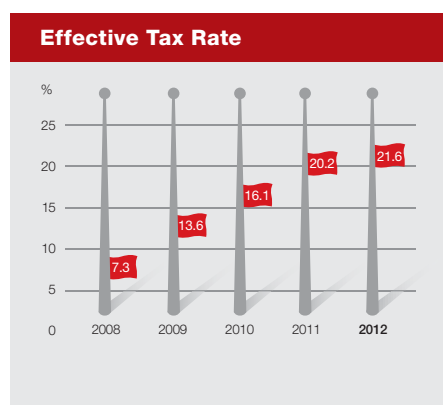
Net Finance Income

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

The finance expenses mainly included the interest expense on short-term secured bank loans during the financial year while the Group did not have any bank loans in 2011.

Effective Tax Rate

Effective tax rate increased from 20.2% for 2011 to 21.6%, mainly because certain subsidiaries in the PRC which were entitled to a lower preferential tax rate in 2011 have been subject to a higher preferential tax rate since 1 January 2012.



Margin of Profit attributable to Equity Shareholders

Margin of profit attributable to equity shareholders decreased by 1.6% points which was due to the 2.1% points decrease in operating profit margin for the financial year and the increase in the effective tax rate, partially offset by the increase in the interest income.

Write down of inventories

After reviewing the 2012 interim financial position and the inventory level of the distributors, the Group provided more incentives to the distributors during the second half of 2012 so as to encourage them to clear the accumulated inventories. The Group also re-purchased certain slow moving inventories from the distributors proactively. These inventories would be digested in other channels under the Group's co-ordination. In view of the current market environment, the Group has made a write-down of RMB90.5 million for the inventories held as at 31 December 2012 (2011: Nil).

Provision for Doubtful Debts

As at 31 December 2012, the provision for doubtful debts was RMB44.3 million (2011: Nil). Due to the increase in long ageing trade receivables, the provision for doubtful debts for the financial year has initially been established.

Dividends

The Board has recommended a final dividend of HK17 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 HK23 cents per ordinary share, representing a total payout of RMB973.7 million (2011: RMB1,056.9 million), or a distribution of 71.7% (2011: 61.1%) of the current year's profit attributable to equity shareholders.

Liquidity and Financial Resources

As at 31 December 2012, the cash and cash equivalents of the Group amounted to RMB4,007.6 million (excluding fixed deposits held at banks with maturity over three months totalling RMB980.0 million), representing an increase of RMB989.4 million as compared with the total cash and cash equivalents of RMB3,018.2 million as at 31 December 2011. The total cash and bank balance (including pledged deposits of RMB224.7 million) was RMB5,212.3 million as at 31 December 2012 (2011: RMB4,443.0 million), representing a 17.3% increase. This is mainly attributable to:

- Net cash inflows from operating activities amounted to RMB1,965.0 million, representing strong working capital management and operating results.
- Net cash outflows from investing activities amounted to RMB1,195.7 million (excluding net decrease in placement of fixed deposits held at banks with maturity over three months by RMB430.0 million and placement of a pledged deposit for a secured bank loan amounting to RMB210.0 million), mainly including capital expenditure amounting to RMB226.6 million, payment for acquisition of interest in subsidiaries amounting to RMB136.3 million and payment for purchase of other current financial assets amounting to RMB830.0 million.
- Net cash outflows from financing activities amounted to RMB2.8 million, which represented the payment of the final dividend in respect of the financial year 2011 and interim dividend in respect of the financial year, offsetting with the new drawdown of secured bank loans.

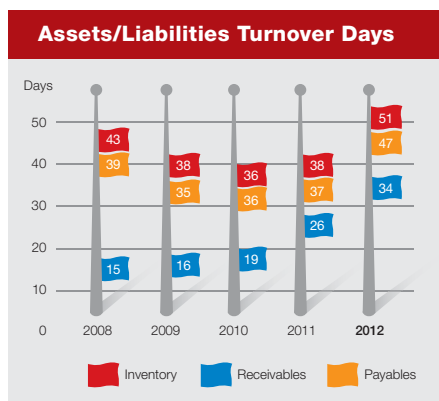
As at 31 December 2012, total assets of the Group were RMB10,036.1 million of which current assets were RMB8,102.5 million. Total liabilities and non-controlling interests were RMB3,283.9 million and total shareholders' equity amounted to RMB6,752.2 million. The Group's gearing ratio was 9.9% as at 31 December 2012

Year ended 31 December		
	2012 (RMB million)	2011 (RMB million)
Operating cash inflow	1,965.0	1,447.6
Capital expenditure	(226.6)	(229.8)
Acquisition of interest in subsidiaries	(136.3)	–
Others	7.9	1.7
Free cash inflow	1,610.0	1,219.5
Cash and bank balances (including pledged deposits)	5,212.3	4,443.0
Other current financial assets	830.0	–
Secured bank loans	(996.5)	–
Net cash and cash equivalents as at 31 December	5,045.8	4,443.0

(2011: Nil), being a ratio of the secured bank loans of RMB996.5 million (2011: Nil) to total assets.

Assets/Liabilities Turnover Ratio

The average inventory turnover days increased by 13 days, mainly due to the repurchase of slow moving inventories from distributors during the second half of 2012 and the production in advance to meet the delivery of goods scheduled in January 2013. The average trade receivables turnover days increased by 8 days due to the impact of recent keen market competition. The average trade payables turnover days increased by 10 days as the Group has obtained better terms of trade from the suppliers.



Pledge of Assets

As at 31 December 2012, the Group had unlisted available-for-sale investments of RMB830.0 million (2011: Nil) and bank deposits of RMB224.7 million (2011: RMB14.7 million) pledged to secure bankers' documentary credits for certain construction projects and secured bank loans.

Capital Commitments and Contingencies

As at 31 December 2012, the Group had capital commitments of RMB312.0 million, primarily relating to the development of new information management systems and the expansion of in-house production capacities.

As at 31 December 2012, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Management Policies

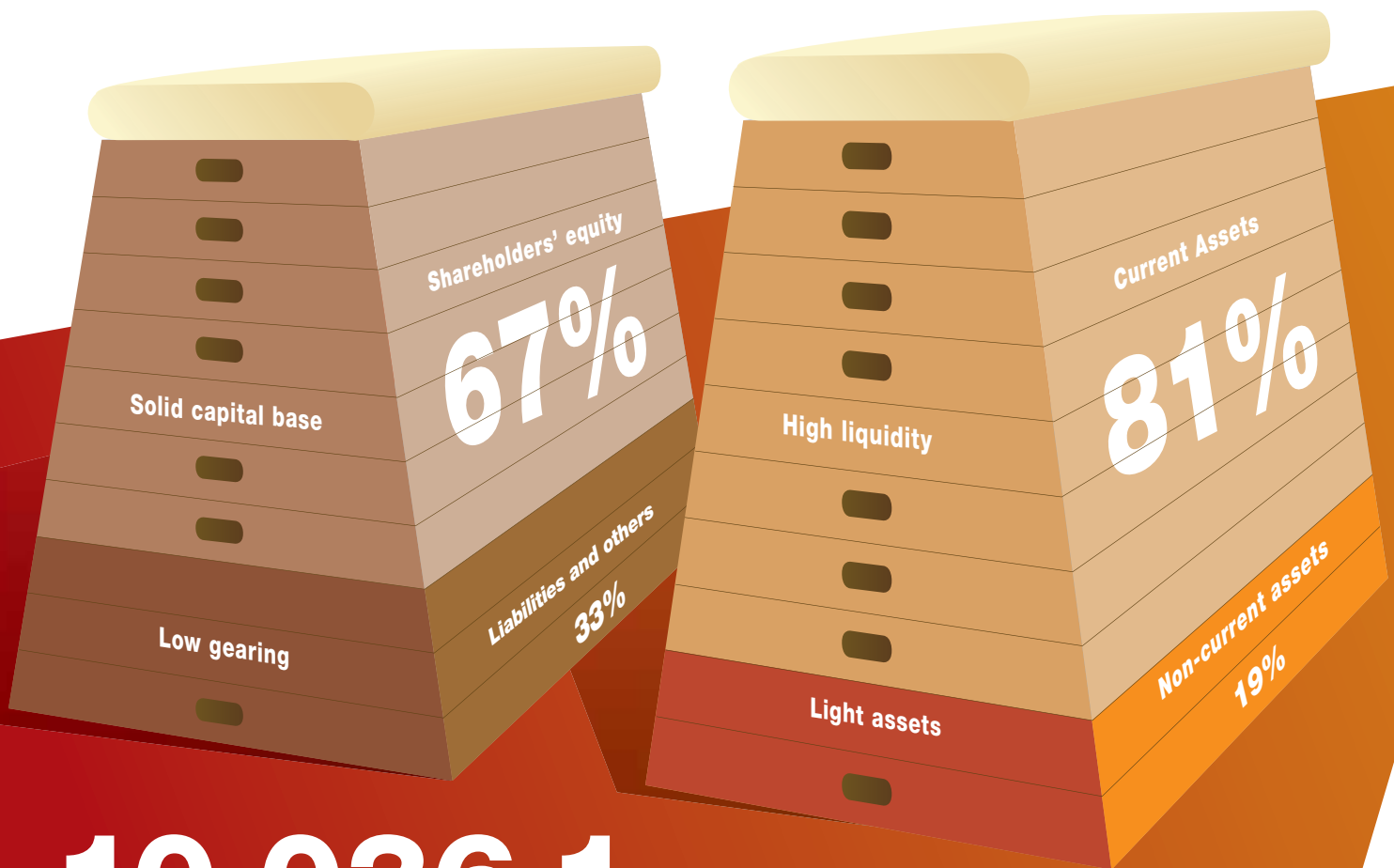
The Group continues to control financial risks in a prudent manner and proactively adopts internationally recognised corporate management standards to safeguard the interests of shareholders. As the functional currency of the Company is the Hong Kong dollar and the Company's financial statements are 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, except for the acquisition of HQ Business of which details can be found on note 31 to the consolidated financial statements, 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



10,036.1
Total assets (million)

PROSPECTS

Some sportswear brands and their retailers are still struggling with the inventory problem. Deep discounting in retail channels will further intensify the competition. Therefore, we remain cautious in the outlook on China's sportswear industry in the short-term. Nevertheless, the country's policy on domestic demand expansion and sports popularisation is generally expected to bring strong demand for sportswear. We will be more responsive to the market changes, and will engage in resolute actions so as to remain competitive and to achieve a promising future.

Strengthening Our Brand with Effective Marketing Strategies

In addition to maximising the marketing effectiveness of our diverse sports resources, we also focus on the synergy between these resources and our branding and sales-driving strategies. We have become the exclusive sportswear partner of the COC for the next four years, starting in 2013. Our continuing long term cooperation with the COC proves that our brand and our products are well recognised by the Chinese government and China's top-tier athletes. To reinforce our brand leadership, we will make every effort to provide to the CSD a high-quality winning outfit and to kick off a series of marketing campaigns for the upcoming East Asian Games. Furthermore, we are devoted to strengthening our competitiveness in the basketball market segment by leveraging the strong influence of our endorsed NBA superstars and the growing popularity of our Outdoor Street Basketball Leagues across China.

Reinforcing Retail Channels to Reduce Risks and Stay Competitive

In view of the uncertain market conditions, we will remain cautious in processing future orders and store opening plans of our retailers. The total number of ANTA stores (including Sports Lifestyle) and Kids sportswear series stores are estimated to be between 7,500 to 7,600 and 950 to 1,000,



respectively, by the end of 2013. We also expect the total number of FILA stores in China, Hong Kong and Macao to reach 350 to 400. Moreover, we will further optimise all forms of our retail channels to improve operating efficiency. We will also adopt more supportive measures to help our retailers overcome the current challenges, and will motivate them to achieve better profitability and sustainability in the long run.

Capturing Market Potential through Innovation and Better Product Offerings

We always make the best use of our R&D resources and consistently optimise our core technologies to enhance the functionality of affordable ANTA products. In addition to our consumers' strong loyalty towards our KG basketball series, we also see ever-growing demand for outdoor basketball gear. Therefore, we will expand the use of light-weight materials and highly durable rubber in our basketball products. To better cater to the increasing demand for stylish sportswear, we will stay abreast of fashion trends, optimise our design capabilities, and integrate advanced fabrics into our diverse range of products. More importantly, the eye-catching FILA 2013 Spring/Summer collections endorsed by famous movie star Shu Qi will be launched soon and will showcase FILA's unique style to high-end consumers.

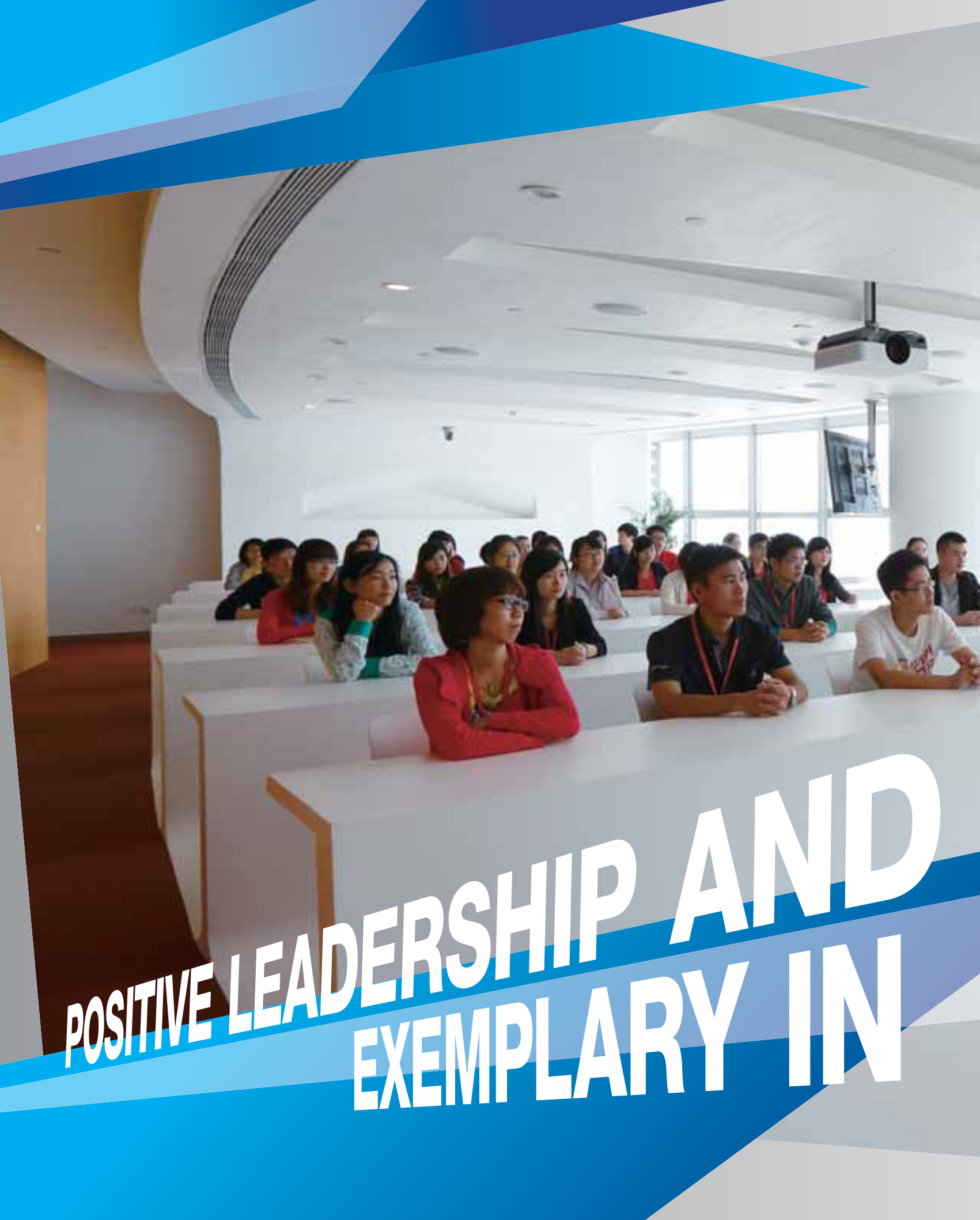
Achieving Sustainability through Well-rounded Management Systems

The ongoing upgrade of our effective

management and IT systems will bring us greater precision in processing orders and better control over inventory levels. We will not only respond to changes in consumer demand in a swift manner, but will also optimise our product life cycle so as to shorten the production lead time. Moreover, we will further strengthen the cost-leadership and execution capabilities of our supply chain as we aim to enhance our efficiency in manufacturing products and replenishing best-selling items. We believe these measures will help us capture potential opportunities and to achieve sustainable growth in the future.



Shu Qi,
FILA's Endorser
in the PRC



**POSITIVE LEADERSHIP AND
EXEMPLARY IN**



ACTION

CORPORATE SOCIAL RESPONSIBILITY REPORT

We are committed to fulfilling our social responsibility as we believe it is essential to our success in creating value for our customers, stakeholders and society as a whole. As a responsible corporate citizen, we incorporate sustainability and social responsibility into our business strategies and corporate culture. We also encourage our staff to support volunteer services and community activities to contribute to a better community and a more sustainable environment.

Community Care

We support all initiatives that improve the well-being of the community. We care about the less fortunate and those in need, particularly among the youth. Being committed to giving back to society, we are keen to perform charity work and to encourage our staff, business partners and the public to do the same. During the year, our staff took the initiative to organise a charity sale to raise funds for our charitable body, the “ANTA Sunshine Association”.

Last summer, our volunteer team visited an elderly home in the Licheng District of Quanzhou City, Fujian Province, to offer warm support to the elderly. The team also participated in school visits to Gulian Primary School, located in Luoding, Guangdong Province, interacting with the children and giving them sportswear, schoolbags and stationery. In October 2012, we joined the Champion Fund, the Samaranch Foundation and Olympic champions Xu Lijia, Zou Shiming, Han Xiaopeng and Wang Liping to visit the Xinjiang Uyghur Autonomous Region. The Olympic champions shared their personal experiences and played games with the local youth, while sports equipment and goods were given to local schools in order to promote sports to youth in the border regions in China so as to allow them to experience the joys of sports.

Apart from charity visits, in June 2012, we supported the “Champion Fund”, which is established by the Red Cross Society of China and Yang Yang, China’s first Winter Olympics gold medalist, to build a

basketball court at Gucheng Primary School in Beijing and to promote the importance of sportsmanship among children in China. In November, a donation activity was held with the aim of assisting disadvantaged students in Guizhou. The activity received tremendous support from our generous staff. In just a two-week period, more than a thousand of donated items were received, including shoes, clothes and toys. The donated items were then distributed to four primary schools in Guizhou.

We take part in charity work with our endorsers to play a part in building a better community. In September 2012, our endorsed NBA superstar Kevin Garnett visited Jiangchong Primary School in Zhengzhou to support the “Giving Children a Pair of Sports Shoes” campaign. The campaign, initiated by the China Children’s Charity Relief Fund, the Sohu web portal and CCTV host Cui Yongyuan, aims to improve the well-being of children in the relatively poor provinces in China. During the visit, Kevin Garnett distributed products



from the ANTA Kids sportswear series to underprivileged students living in the rural areas, and also played basketball with the children to promote youth participation in sports.

Environmental Protection

We strongly believe in our responsibility to help create a better environment for future generations. We consider it our duty to take an active role in contributing to a greener world. We operate in strict compliance with environmental regulations and rules, and has gained all necessary permission and approval from the relevant regulators. We are ISO14001 Environmental Management

that their chemical usage is up to standard. We stress environmental sustainability and shares our values with our business partners by providing our suppliers guidelines, training and consultation on environmental issues so that they can similarly engage in environmental protection.

Through environmental campaigns, staff members are encouraged to reduce, reuse and recycle. We also embed environmental considerations into daily operations. We



Systems certified. Throughout the entire production process at both our in-house production base and our suppliers' factories, we strive to minimise our environmental impact without compromising the quality of our products. We have established rules and guidelines on chemical safety, which we require our suppliers to follow. Under our "Chemical Safety Guidelines", we meet all national and international standards in controlling emissions. We also inspect our suppliers regularly to ensure

established a target for reducing energy consumption, and since October 2012, we have tightened control of energy consumption at our operational centre. Staff must apply for lighting and air conditioning during off-business hours. We also sought advice from a professional institution to formulate a green coverage ratio for each floor of our

CORPORATE SOCIAL RESPONSIBILITY REPORT



building. Moreover, we furnished our new operational centre with environmental friendly furniture which minimises harm to both the environment and the health of our staff. Besides, we have adopted eco-friendly materials such as organic cotton and bio-degradable substances in our product offerings. We encourage our workforce to come up with innovative ways for environmental protection in the workplace to cut our carbon footprint as well. During the year, our volunteer team initiated “Clean the Beach” activities to raise public awareness of the importance of environmental protection.

Favourable Workplace

We recognise that our employees are our most important asset. Therefore, we place strong emphasis on attracting, retaining and developing the right people. As at 31 December 2012, we had approximately 11,900 employees (2011: 11,500 employees). To motivate our employees, we have built a rewarding work environment with a fair appraisal system that facilitates both personal development as well as career opportunities. We elevate our employees’ competencies by offering them a wide range of training opportunities that include mentorship programme, on-the-job training and classroom training. Outreach programmes and orientation camps are organised for new recruits to make them familiar with our corporate culture and to give

them knowledge of our brand and products.

We offer our engaged and committed workforce competitive remuneration packages and a comprehensive welfare programme. Apart from providing regular health check-ups and mental health seminars to our staff as a safeguard against potential health issues, we offer our employees a variety of educational, social, sport and volunteer activities that include birthday parties, outings, sports club events and basketball competitions to boost morale and to enhance a sense of belonging among the staff. As we are committed to promoting a healthy work-life balance, we provide sports and leisure amenities such as tennis and basketball courts, leisure centres and gymnastics facilities to our staff. We spare no effort in ensuring that all of our employees are highly-motivated and happy to work with us. During the year, ChinaHR.com, a leading recruitment website in China, named us “The Best Employer” in the category of Durable Consumer Goods – Textile and Light Industry.

Furthermore, we value the opinions of our staff and considers their suggestions while formulating policies. Various channels such as “CEO Day” and employee satisfaction surveys were established to collect opinions from the staff on a regular basis. The two-way communication allows the management to understand the employees’ needs in a





more effective manner. Most importantly, we work in strict compliance with labour laws, regulations and industry practices such as the minimum wage, gender equality and the prohibition on child labour. We enter into employment contracts with each and every employee so as to safeguard their interests. We also require our business partners to demonstrate clear commitment to this principle. Moreover, we believe that health and safety in the workplace is a key priority, and therefore endeavours to establish a safe workplace for our staff. To prevent workplace injuries, we adhere to stringent safety guidelines and provide our factory workers with adequate protective gear. We also constantly monitor and assess our safety measures and conduct work safety training for our employees so as to ensure that they exercise precautions against accidents.

CORPORATE SOCIAL RESPONSIBILITY REPORT

Corporate Governance

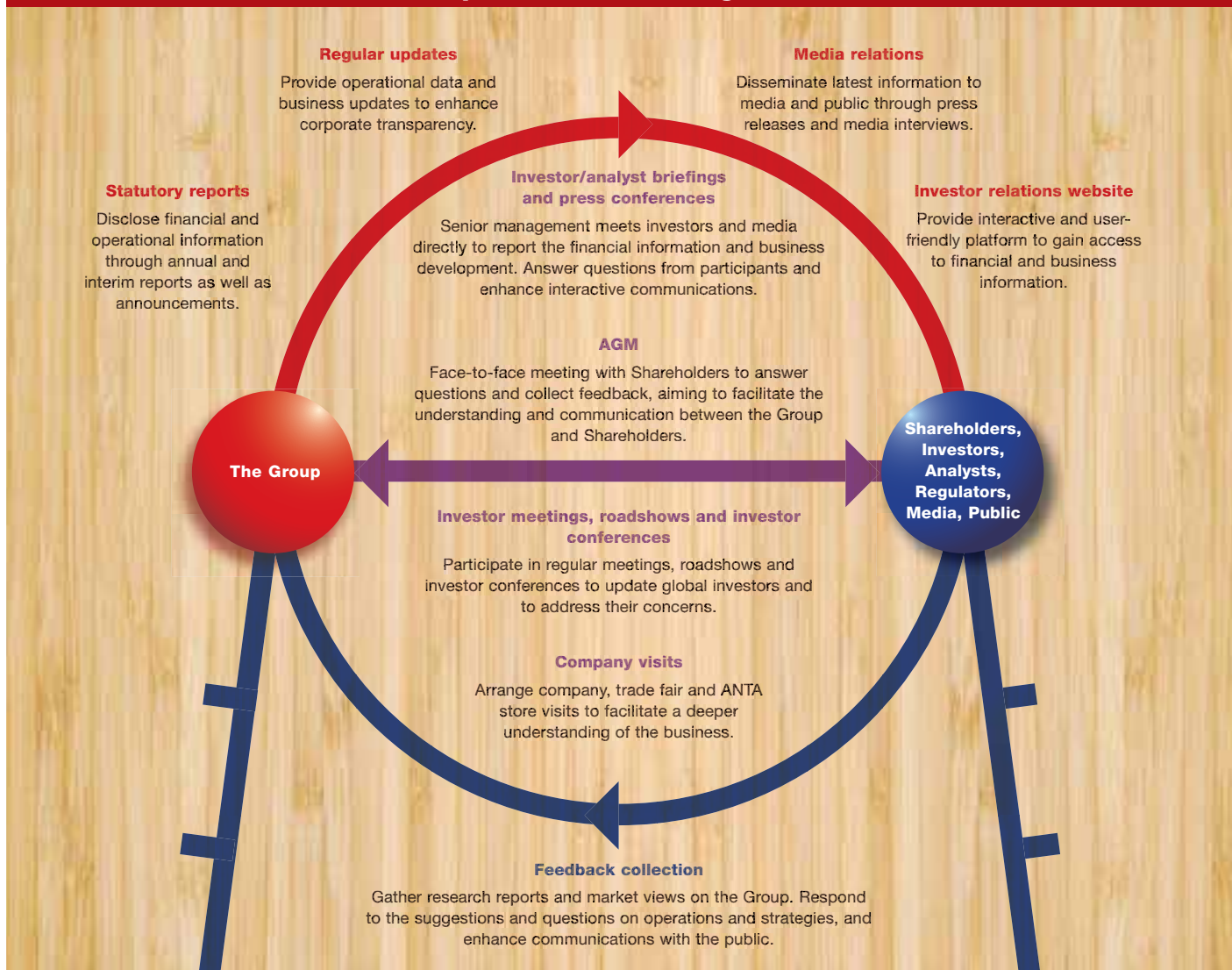
Good corporate governance is fundamental to our sustainable growth. We frequently communicate with our suppliers, distributors, and business partners to share with them our standards and requirements. In addition to providing standardised display equipment and promotional materials to our retailers, our seasoned sales teams conduct effective communications with the retailers and offer timely support. We also keep a close eye on the retailers' performance and share our market insights and analyses with them so as to enhance their competitiveness and profitability. Furthermore, we actively share with our suppliers best practices on

enhancing their management and operations as well as R&D capabilities.

To ensure transparency and accountability to shareholders, we strictly comply with the Listing Rules to disseminate information to investors and the public in a timely, fair and transparent manner. We understand that effective communications and timely information disclosure not only give us credibility, but also facilitate the flow of constructive feedback and ideas that are beneficial to our future development. To facilitate interactive communications between the senior management and stakeholders, we regularly organise shareholder meetings, investor/analyst briefings and meetings, roadshows, press

conferences and company visits. Investors can also obtain useful information and updates from ANTA's brand and investor relations websites (<http://www.anta.com> and <http://ir.anta.com>). During the year, our 2011 annual report was named the Gold Winner in both the International ARC Awards 2012 and the Galaxy Awards 2012. Our outstanding annual report also earned the Citation for Design Award in the Hong Kong Management Association's Best Annual Report Awards 2012. Furthermore, we were included in the Hang Seng Corporate Sustainability Index Series for the third consecutive year and attained the Certificate of Excellence in Investor Relations in the IR Magazine Greater China Conference & Awards 2012.

Interactions between the Group and the Investing Public



REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their annual report together with the audited consolidated financial statements for the year ended 31 December 2012.

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 113 to 115 of the annual report.

The analysis of the principal activities and geographical locations of the operations of the Group during the financial year are set out in note 1 to the consolidated 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:

	2012 Percentage of the Group's total		2011 Percentage of the Group's total	
	Sales	Purchases	Sales	Purchases
The largest customer	4.5%		4.4%	
Five largest customers in aggregate	19.8%		21.0%	
The largest supplier		4.7%		5.2%
Five largest suppliers in aggregate		19.7%		20.9%

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 latest five financial years is set out on pages 8 and 9 of the annual report.

Consolidated Financial Statements

The profit of the Group for the year ended 31 December 2012 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 73 to 115 of the annual report.

Transfer to Reserves

Profits attributable to equity shareholders, before dividends, of RMB1,358,701,000 (2011: RMB1,730,122,000) have been transferred to reserves. Other movements in reserves are set out in note 26 to the consolidated financial statements.

An interim dividend of HK23 cents per ordinary share (2011: HK26 cents per ordinary share) was paid on 31 August 2012. The Directors now recommend the payment of a final dividend of HK17 cents per ordinary share (2011: HK26 cents per ordinary share) and a special dividend of HK8 cents per ordinary share (2011: Nil) in respect of the year ended 31 December 2012.

REPORT OF THE DIRECTORS

Charitable Donations

Charitable donations made by the Group during the financial year amounted to RMB6,588,000 (2011: RMB5,158,000).

Non-current Assets

Details of acquisitions and other movements of 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 consolidated financial statements.

Bank Loans

Details of bank loans of the Group as at 31 December 2012 are set out in note 20 to the consolidated financial statements.

Share Capital

Details of the movement of share capital of the Company during the financial year are set out in note 25 to the consolidated 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*)
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

Details of the Directors' biographies have been set out on pages 70 and 71 of the annual report.

In accordance with article 87 of the Company's articles of association, Mr. Ding Shizhong, Mr. Zheng Jie and Mr. Dai Zhongchuan will retire from the Board 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 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 2012, 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"):

Interest in shares and underlying shares of the Company and its associated corporations

Name of Directors	Company/ Name of associated corporation	Capacity/ Nature of interest	Interest in ordinary shares	Interest in underlying shares ⁽²⁾	Approximate percentage of interest in such corporation ⁽¹⁾
Mr. Ding Shizhong	Company	Founder of a discretionary trust	1,438,346,000 ⁽³⁾	–	57.67%
	Anta International	Founder of a discretionary trust	4,144 ⁽³⁾	–	41.44%
Mr. Ding Shijia	Company	Founder of a discretionary trust	1,432,900,000 ⁽⁴⁾	–	57.45%
	Anta International	Founder of a discretionary trust	4,084 ⁽⁴⁾	–	40.84%
Mr. Lai Shixian	Company	Interest of spouse	167,700,000 ⁽⁵⁾	–	6.72%
	Company	Beneficial owner	–	5,250,000	0.21%
Mr. Wang Wenmo	Anta International	Founder of a discretionary trust	1,141 ⁽⁶⁾	–	11.41%
Mr. Wu Yonghua	Anta International	Founder of a discretionary trust	601 ⁽⁷⁾	–	6.01%
Mr. Zheng Jie	Company	Beneficial owner	300,000	–	0.01%
	Company	Beneficial owner	–	1,000,000	0.04%

Notes:

- (1) As at 31 December 2012, the number of outstanding ordinary shares of the Company and of Anta International were 2,494,163,000 and 10,000 respectively.
- (2) The interests in underlying shares represent the interests in share options granted pursuant to the Pre-IPO share option scheme and the Share Option Scheme, details of which are set out in notes 23(a) and 23(b) respectively to the consolidated financial statements.
- (3) 1,431,900,000 Shares were held through Anta International, an associated corporation, representing 57.41% of the issued share capital of the Company as at 31 December 2012, and 6,446,000 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) 1,431,900,000 Shares were held through Anta International, representing held 57.41% of the issued share capital of the Company as at 31 December 2012, 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 167,700,000 Shares, representing 6.72% of the issued share capital of the Company as at 31 December 2012. 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 2012. 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 2012. 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 2012, 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 2012, 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:

Name of Shareholders	Nature of interest	Number of Shares (See below)	Approximate Percentage of interest in the Company
HSBC Trustee	Trustee (other than a bare trustee) ⁽¹⁾	1,727,653,000(L)	69.27%
Anta International	Beneficial owner	1,431,900,000(L)	57.41%
Allwealth Assets Limited	Interest in controlled corporation ⁽¹⁾	1,432,900,000(L)	57.45%
Shine Well	Interest in controlled corporation ⁽¹⁾	1,431,900,000(L)	57.41%
	Beneficial owner ⁽¹⁾	6,446,000(L)	0.26%
Talent Trend	Interest in controlled corporation ⁽¹⁾	1,431,900,000(L)	57.41%
	Beneficial owner ⁽¹⁾	1,000,000(L)	0.04%
Top Bright Assets Limited	Interest in controlled corporation ⁽¹⁾	1,438,346,000(L)	57.67%
Anda Holdings	Beneficial owner	167,700,000(L)	6.72%
Ms. Ding Yali	Founder of a discretionary trust ⁽²⁾	167,700,000(L)	6.72%
	Interest of spouse ⁽³⁾	5,250,000(L)	0.21%
Spring Star Assets Limited	Interest in controlled corporation ⁽²⁾	167,700,000(L)	6.72%

(L) — Long Position, (S) — Short 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 57.41%, 6.72%, 4.83%, 0.26% and 0.04% of the issued share capital of the Company, respectively. In addition, HSBC Trustee also held 207,000 Shares of the Company as trustee for persons unrelated to the substantial shareholders of the Company.*

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 1,431,900,000 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 1,431,900,000 Shares held by Anta International. 6,446,000 Shares were held by Shine Well directly. Accordingly, HSBC Trustee and Top Bright Assets Limited were also deemed to be interested in the 6,446,000 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 167,700,000 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 120,400,000 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 167,700,000 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 167,700,000 Shares held by Spring Star Assets Limited.

- (3) *Ms. Ding Yali was deemed under the SFO to be interested in the 5,250,000 Shares which may be issued to her spouse, Mr. Lai Shixian, an Executive Director of the Company, upon exercise of options granted to Mr. Lai Shixian under the Pre-IPO share option scheme, details of which are set out in note 23(a) of the consolidated financial statements.*

Save as disclosed above, as at 31 December 2012, 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 consolidated 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 31 December 2009, 25 February 2010 and 30 September 2010.

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

On 31 December 2009, 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 three years from 1 January 2010 to 31 December 2012 in relation to the supply of cardboard cases (and shoes boxes subsequently) from Quanzhou Anda to the Group from time to time on normal commercial terms no less favourable than those available from independent third parties.

Under the Packaging Material Supply Agreement, the prices for the cardboard cases and shoes boxes will be agreed between Quanzhou Anda and the Group from time to time after arm's length negotiation and should be comparable to market prices of similar cardboard cases and shoes boxes. The prices the Group pay for the cardboard cases and shoes boxes and the other payment terms (i.e. a general credit period of 30 to 60 days) shall be comparable to, and not less favourable than those offered by other independent suppliers of similar cardboard cases and shoes boxes.

Quanzhou Anda is an associate of Mr. Ding Shizhong and Mr. Lai Shixian (both of them are Executive Directors of the Company) by virtue of Rule 14A.11 of the Listing Rules and is therefore a connected person of the Company.

During the financial year, the Group's purchase of cardboard cases and shoes boxes from Quanzhou Anda amounted to RMB20,317,000.

REPORT OF THE DIRECTORS

2. Sportswear Sales Agreements of ANTA Products with Guangzhou Anda Trading Development Co., Ltd. (“Guangzhou Anda”)

On 31 December 2009, ANTA China entered into an agreement to renew sportswear sales arrangement with Guangzhou Anda (“Sportswear Sales Agreement”) for a term of three years from 1 January 2010 to 31 December 2012 in relation to the sale of ANTA Products to Guangzhou Anda.

Under the Sportswear Sales Agreement, the prices at which the Group sells its products to Guangzhou Anda and the other payment terms (i.e. a general credit period between 30 to 90 days from the date of the Group’s invoice) will be based on terms that are comparable to, and not more favourable than those available to its independent distributors and after arm’s length negotiation and on normal commercial terms.

During the financial year, the Company noted that the shareholding structure of Guangzhou Anda was changed, upon confirming with the Hong Kong Stock Exchange, Guangzhou Anda was no longer deemed to be a connected person of the Company as defined in Rules 14A.11 of the Listing Rules with effect from 17 December 2012.

During the financial year, the Group’s sales of ANTA products to Guangzhou Anda amounted to RMB115,805,000.

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) in accordance with the relevant agreements entered into 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.38. 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.

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 plans 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 plans are set out in note 22 to the consolidated financial statements.

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 (the “Pre-IPO Option”) whereby a Director and 37 employees of the Company were given the rights to subscribe for shares of the Company. The subscription price per share pursuant to the Pre-IPO Option is at 20% discount to the global offering price.

Under the Pre-IPO Option, 16,000,000 options were fully granted on 12 June 2007, and no option has been lapsed during the financial year (2011: Nil). As at 31 December 2012, the total number of shares which may be issued upon the exercise of all outstanding options granted under the Pre-IPO Option is 10,362,000.

Each option granted under the Pre-IPO Option has a vesting period of 3 years commencing from the listing date and the options are exercisable for a period of 10 years. The Group has no legal or constructive obligation to repurchase or settle the options in cash. No further options were granted under the Pre-IPO Option on or after the date of listing of the Company on the Hong Kong Stock Exchange.

(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 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 the grant.

On 15 September 2010 ("Date of Grant"), the Company granted 32,120,000 options at an exercise price of HK\$16.20 per share to Mr. Zheng Jie, a Director, and certain employees under the Share Option Scheme. They were given the rights to subscribe for shares of the Company which are exercisable up to 10 years from the Date of Grant. Up to 40%, 30% and 30% of the options granted shall be exercisable on 15 March 2012, 15 March 2013 and 15 March 2014 respectively, such that all options granted shall be fully exercisable on 15 March 2014. During the financial year, 3,046,000 options has been forfeited (2011: 7,510,000).

Corporate Governance

In respect of the year ended 31 December 2012, save as disclosed in the Corporate Governance Report on pages 64 to 69 of the annual report, all the code provisions set out in the Former Code and the New 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 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 2012 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, 25 February 2013

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 Code on Corporate Governance Practices (the “Former Code”, formerly set out in Appendix 14 to the Listing Rules) during the period from 1 January 2012 to 31 March 2012 and of the Corporate Governance Code and Corporate Governance Report (the “New Code”, the new edition of the Code on Corporate Governance Practices, which is applicable to financial reports covering the period after 1 April 2012) during the period from 1 April 2012 to 31 December 2012. 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. Yueng 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 Former Code and the New Code, the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual. During the financial year, the roles of the Chairman and the Chief Executive Officer of the Company 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 the roles of Chairman and Chief Executive Officer simultaneously by 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.

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.

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 period from 1 April 2012 to 31 December 2012, the Directors participated in the following trainings:

	Type of Trainings
<i>Executive Directors</i>	
Mr. Ding Shizhong	A, B
Mr. Ding Shijia	A, B
Mr. Lai Shixian	A, B
Mr. Wang Wenmo	A, 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	A, B
Mr. Dai Zhongchuan	A, B

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

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

CORPORATE GOVERNANCE REPORT

Directors' and Officers' Insurance

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

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 committee are in line with the provisions of the Former Code and the New Code (where applicable). 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 New 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 Former Code and the New Code (where applicable) and disclosures in the corporate governance report.

The Audit Committee met 4 times during the financial year. During the meetings, the Audit Committee considered the annual results of the Group for the year ended 31 December 2011 and the interim results of the Group for the 6 months ended 30 June 2012 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. Also, it reviewed the 2012 annual audit plan. 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 committee are in line with the provisions of the Former Code and the New Code (where applicable). 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 1 time 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 2011. All members of the Remuneration Committee attended the meeting.

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 committee are in line with the provisions of the Former Code and the New Code (where applicable). 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 1 time during the financial year. During the meeting, the Nomination Committee reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board.

Meetings

The Board meets regularly to discuss the overall strategy as well as the operation 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 2012	5	4	1	1
<i>Executive Directors</i>				
Mr. Ding Shizhong	5	N/A	1	N/A
Mr. Ding Shijia	5	N/A	N/A	N/A
Mr. Lai Shixian	5	N/A	N/A	1
Mr. Wang Wenmo	5	N/A	N/A	N/A
Mr. Wu Yonghua	5	N/A	N/A	N/A
Mr. Zheng Jie	5	N/A	N/A	N/A
<i>Independent Non-Executive Directors</i>				
Mr. Yeung Chi Tat	5	4	N/A	1
Mr. Lu Hong Te	5	4	1	1
Mr. Dai Zhongchuan	5	4	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 Board procedures complied 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 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 on 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.

CORPORATE GOVERNANCE 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 RMB3,680,000 (2011: RMB3,430,000). Fees for non-audit services for the same period comprise service charges for the following:

	2012	2011
Review of interim results	RMB800,000	RMB750,000
Tax review	RMB53,000	RMB100,000
Internal control review (service rendered by KPMG Advisory (China) Limited)	RMB550,000	RMB650,000
Tax compliance (service rendered by KPMG Tax Limited)	HKD70,000	–
Other non-audit service	RMB20,000	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 Former Code and the New Code (where applicable) regarding internal control systems.

(C) Shareholders' Rights and Communications with Shareholders and 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.

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.

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 2012 AGM was held on 2 April 2012. The attendance record of the Directors at the meeting 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

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

Details of communications with shareholders and investor relations are stated in the "Corporate Governance" section of "Corporate Social Responsibility Report" on page 56 in the annual report.

By order of the Board



Ling Shing Ping
Company Secretary

Hong Kong, 25 February 2013

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Ding Shizhong (丁世忠), aged 42, 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	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

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 57.41% of the issued share capital of the Company. Mr. Ding is a director of Fujian Straits West-Coast Investment Co., Ltd, a subsidiary of China SCE Property Holdings Limited (stock code: 1966), which is listed on the Hong Kong Stock Exchange.

Mr. Ding Shijia (丁世家), aged 48, is the Executive Director and the Board Deputy Chairman of the Company. He is primarily responsible for the management of our Group's footwear operations. He joined our Group in July 1994 and has over 10 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 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 57.41% of the issued share capital of the Company.

Mr. Lai Shixian (賴世賢), aged 38, 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 57.41% 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 56, 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 Group's Executive Directors.

Mr. Wu Yonghua (吳永華), aged 41, 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 44, 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 head of sales 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 43, 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 and the vice-president 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), Billion Industrial Holdings Limited (stock code: 2299) 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 China Eco-Farming Holdings Limited (stock code: 8166), which is listed on the Hong Kong Stock Exchange, from September 2008 to May 2010.

Mr. Lu Hong Te (呂鴻德), aged 52, 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 4 companies, namely Aiptek International Inc. (stock code: 6225) which is listed on the Taiwan Stock Exchange as well as Capxon International Electronic Company Limited (stock code: 469), China Lilang Limited (stock code: 1234) and China SCE Property Holdings Limited (stock code: 1966), which are listed on the Hong Kong Stock Exchange. He is also an independent director of 2 other companies, namely 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.

Mr. Dai Zhongchuan (戴仲川), aged 47, 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 11th 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 member of the Central Legal Committee of the China National Democratic Construction Association, 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 Tianguang Fire-fighting Incorporated Company (stock code: 2509), which is listed on the Shenzhen Stock Exchange.

Senior Management

Mr. Ling Shing Ping (凌昇平), aged 45, 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 73 to 115, which comprise the consolidated and company statements of financial position as at 31 December 2012, the consolidated statement of 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 2012 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 in black ink that reads 'KPMG' in a stylized, cursive font.

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

25 February 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012 (Expressed in Renminbi)

	Note	2012 RMB'000	2011 RMB'000
Turnover	1	7,622,808	8,904,767
Cost of sales		(4,729,642)	(5,142,370)
Gross profit		2,893,166	3,762,397
Other revenue	2	125,432	75,639
Other net income/(loss)	2	2,893	(1,211)
Selling and distribution expenses		(1,037,724)	(1,452,088)
Administrative expenses		(420,457)	(373,241)
Profit from operations		1,563,310	2,011,496
Net finance income	3	166,200	148,584
Profit before taxation	4	1,729,510	2,160,080
Taxation	5	(373,697)	(435,999)
PROFIT FOR THE YEAR		1,355,813	1,724,081
Other comprehensive income for the year			
Exchange differences on translation of financial statements of operations outside Mainland China		2,822	(22,970)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,358,635	1,701,111
PROFIT/(LOSS) ATTRIBUTABLE TO:			
Equity shareholders of the Company		1,358,701	1,730,122
Non-controlling interests		(2,888)	(6,041)
PROFIT FOR THE YEAR		1,355,813	1,724,081
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity shareholders of the Company		1,361,523	1,707,152
Non-controlling interests		(2,888)	(6,041)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,358,635	1,701,111
Earnings per share	8	RMB cents	RMB cents
– Basic		54.48	69.37
– Diluted		54.40	69.20

The notes, significant accounting policies and principal subsidiaries on pages 78 to 115 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 2012 (Expressed in Renminbi)

	Note	2012 RMB'000	2011 RMB'000
Non-current assets			
Property, plant and equipment	10	894,527	472,606
Construction in progress	11	22,991	207,603
Lease prepayments	12(a)	153,529	35,036
Prepayments for acquisition of land use rights	12(b)	151,417	96,715
Intangible assets	13	528,857	540,614
Other financial assets	15	31,120	20,535
Deferred tax assets	24(b)	151,148	51,501
Total non-current assets		1,933,589	1,424,610
Current assets			
Inventories	16	687,404	618,130
Trade and other receivables	17	1,372,801	1,708,610
Other financial assets	18	830,000	–
Pledged deposits	18	224,734	14,734
Fixed deposits held at banks with maturity over three months	19	980,000	1,410,000
Cash and cash equivalents	19	4,007,535	3,018,233
Total current assets		8,102,474	6,769,707
Total assets		10,036,063	8,194,317
Current liabilities			
Bank loans	20	996,502	–
Trade and other payables	21	1,774,000	1,471,495
Amount due to a related party	30(b)	2,430	1,900
Current taxation	24(a)	124,977	130,979
Total current liabilities		2,897,909	1,604,374
Net current assets		5,204,565	5,165,333
Total assets less current liabilities		7,138,154	6,589,943
Non-current liabilities			
Long-term payable to non-controlling interests – unsecured and at amortised cost		38,565	39,109
Deferred tax liabilities	24(b)	166,883	132,284
Total non-current liabilities		205,448	171,393
Total liabilities		3,103,357	1,775,767
Net assets		6,932,706	6,418,550
Equity			
Share capital	25	242,019	242,019
Reserves	26	6,510,221	6,129,871
Total equity attributable to equity shareholders of the Company		6,752,240	6,371,890
Non-controlling interests		180,466	46,660
Total liabilities and equity		10,036,063	8,194,317

The notes, significant accounting policies and principal subsidiaries on pages 78 to 115 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, 25 February 2013

STATEMENT OF FINANCIAL POSITION

As at 31 December 2012 (Expressed in Renminbi)

	Note	2012 RMB'000	2011 RMB'000
Non-current assets			
Investments in subsidiaries	14	126	126
Total non-current assets		126	126
Current assets			
Other receivables	17	427	769
Amounts due from subsidiaries	14	774,860	736,594
Cash and cash equivalents	19	74,691	134,110
Total current assets		849,978	871,473
Total assets		850,104	871,599
Current liabilities			
Other payables and accruals	21	1,475	1,632
Total current liabilities		1,475	1,632
Net current assets		848,503	869,841
Total assets less current liabilities		848,629	869,967
Equity			
Share capital	25	242,019	242,019
Reserves	26	606,610	627,948
Total equity		848,629	869,967
Total liabilities and equity		850,104	871,599

The notes, significant accounting policies and principal subsidiaries on pages 78 to 115 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, 25 February 2013

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012 (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 2011		241,991	5,436,040	5,678,031	52,701	5,730,732
<i>Changes in equity for 2011:</i>						
Profit for the year		-	1,730,122	1,730,122	(6,041)	1,724,081
Other comprehensive income		-	(22,970)	(22,970)	-	(22,970)
Total comprehensive income		-	1,707,152	1,707,152	(6,041)	1,701,111
<hr/>						
Dividends approved in respect of the previous year	27(b)	-	(523,651)	(523,651)	-	(523,651)
Dividends declared in respect of the current year	27(a)	-	(531,210)	(531,210)	-	(531,210)
Shares issued pursuant to Pre-IPO Share Option Scheme	25	28	1,128	1,156	-	1,156
Equity-settled share-based payments	26(e)	-	40,412	40,412	-	40,412
Balances as at 31 December 2011 and 1 January 2012		242,019	6,129,871	6,371,890	46,660	6,418,550
<i>Changes in equity for 2012:</i>						
Profit for the year		-	1,358,701	1,358,701	(2,888)	1,355,813
Other comprehensive income		-	2,822	2,822	-	2,822
Total comprehensive income		-	1,361,523	1,361,523	(2,888)	1,358,635
<hr/>						
Acquisition of a non-wholly owned subsidiary	31	-	-	-	136,694	136,694
Dividends approved in respect of the previous year	27(b)	-	(526,697)	(526,697)	-	(526,697)
Dividends declared in respect of the current year	27(a)	-	(468,851)	(468,851)	-	(468,851)
Equity-settled share-based payments	26(e)	-	14,375	14,375	-	14,375
Balances as at 31 December 2012		242,019	6,510,221	6,752,240	180,466	6,932,706

The notes, significant accounting policies and principal subsidiaries on pages 78 to 115 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2012 (Expressed in Renminbi)

	Note	2012 RMB'000	2011 RMB'000
Operating activities			
Profit before taxation		1,729,510	2,160,080
Adjustments for:			
– Depreciation	10	77,353	69,476
– Amortisation of lease prepayments	12(a)	7,694	799
– Amortisation of intangible assets	13	24,806	19,472
– Interest expenses	3	17,496	3,285
– Interest income	3	(187,160)	(138,139)
– (Gain)/loss on disposal of property, plant and equipment	2	(962)	825
– Equity-settled share-based payments	4(a)	14,375	40,412
– Provision for doubtful debts	4(b)	44,338	–
– Write down of inventories	16(b)	90,515	–
Changes in working capital			
– Increase in inventories		(102,451)	(164,307)
– Decrease/(increase) in trade and other receivables		296,665	(685,767)
– Increase in pledged deposits for construction projects		–	(5,094)
– Increase in trade and other payables		234,901	402,196
– Increase/(decrease) in amount due to a related party		530	(845)
Cash generated from operations		2,247,610	1,702,393
Income tax paid		(445,941)	(386,680)
Interest received		163,313	131,837
Net cash generated from operating activities		1,964,982	1,447,550
Investing activities			
Payments for purchase of property, plant and equipment		(25,645)	(37,054)
Proceeds from sale of property, plant and equipment		7,881	1,687
Payments for construction in progress		(120,670)	(89,602)
Payments for acquisition of land use rights	12(b)	(67,953)	(53,908)
Payments for purchase of intangible assets	13	(12,378)	(28,737)
Payments for acquisition of interest in subsidiaries	31	(136,317)	–
Payments for purchase of available-for-sale investments		(840,585)	(20,535)
Placement of a pledged deposit for a secured bank loan		(210,000)	–
Placements of fixed deposits held at banks with maturity over three months		(5,324,720)	(6,125,094)
Uplift of fixed deposits held at banks with maturity over three months		5,754,720	5,615,094
Net cash used in investing activities		(975,667)	(738,149)
Financing activities			
Drawdown of new bank loans		996,502	–
Payment for long-term payable to non-controlling interests		(3,789)	(5,439)
Proceeds from shares issued pursuant to Pre-IPO Share Option Scheme		–	951
Dividends paid to equity shareholders of the Company	27	(995,548)	(1,054,861)
Net cash used in financing activities		(2,835)	(1,059,349)
Net increase/(decrease) in cash and cash equivalents		986,480	(349,948)
Cash and cash equivalents as at 1 January		3,018,233	3,391,151
Effect of foreign exchange rate changes		2,822	(22,970)
Cash and cash equivalents as at 31 December	19	4,007,535	3,018,233

The notes, significant accounting policies and principal subsidiaries on pages 78 to 115 form part of these financial statements.

NOTES TO THE CONSOLIDATED 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 taxes, which may be analysed as follows:

	2012 RMB'000	2011 RMB'000
Anta products	6,533,452	7,885,681
Others*	1,089,356	1,019,086
Total turnover	7,622,808	8,904,767

* Others represent sales of products of Sports Lifestyle series, Kids sportswear series, FILA branded products and sales to overseas customers for the year.

The Group is engaged in the manufacturing, trading and distribution of ANTA branded sporting goods and the trading and distribution of FILA branded sporting goods ("the Fila Business in the PRC"). For the year ended 31 December 2012, the turnover, the absolute amount of the financial results and the assets of the Fila Business in the PRC are all less than 10% of the respective combined amounts of both businesses. In addition, the Directors consider that the presentation of segment information of the Fila Business in the PRC would not be meaningful in the annual financial statements. Therefore, no segmental information is presented.

For the year ended 31 December 2012, there was no customer with whom transactions have exceeded 10% of the Group's turnover (2011: Nil).

2. Other Revenue and Other Net Income/(Loss)

	2012 RMB'000	2011 RMB'000
Other revenue		
Government grants	106,015	69,963
Rental income from operating leases	923	416
Others	18,494	5,260
	125,432	75,639
Other net income/(loss)		
Gain/(loss) on disposal of property, plant and equipment	962	(825)
Others	1,931	(386)
	2,893	(1,211)

3. Net Finance Income

	2012 RMB'000	2011 RMB'000
Interest income	187,160	138,139
Net foreign exchange gain	–	13,730
	187,160	151,869
Interest expense on bank loans	(14,250)	–
Interest expense recognised on payable carried at amortised cost	(3,246)	(3,285)
Net foreign exchange loss	(3,464)	–
	(20,960)	(3,285)
Net finance income	166,200	148,584

4. Profit Before Taxation

Profit before taxation is arrived at after charging:

	2012 RMB'000	2011 RMB'000
(a) Staff costs ^{(i) & (ii)} :		
Contributions to defined contribution retirement plans	61,897	58,196
Equity-settled share-based payments	14,375	40,412
Salaries, wages and other benefits	665,925	657,427
	742,197	756,035
(b) Other items:		
Cost of inventories ⁽ⁱ⁾ (note 16(b))	4,729,642	5,142,370
Depreciation ⁽ⁱ⁾	77,353	69,476
Amortisation		
– lease prepayments	7,694	799
– intangible assets	24,806	19,472
Provision for doubtful debts	44,338	–
Subcontracting charges ⁽ⁱ⁾	76,019	123,048
Auditors' remuneration	4,480	4,180
Operating lease charges in respect of properties		
– minimum lease payments	68,319	53,476
Research and development costs ^{(i) & (ii)}	178,578	190,792

(i) Cost of inventories includes subcontracting charges, staff costs, depreciation and research and development costs, total amounting to RMB684,745,000 (2011: RMB734,935,000).

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

5. Taxation in the Consolidated Statement of Comprehensive Income

(a) Taxation in the Consolidated Statement of Comprehensive Income represents:

	2012 RMB'000	2011 RMB'000
Current tax		
PRC Corporate Income Tax	410,299	372,990
Dividends withholding tax	28,446	54,667
Deferred tax (note 24(b))		
Dividends withholding tax	(28,446)	(54,667)
Origination and reversal of other temporary differences	(36,602)	63,009
	373,697	435,999

- (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, Macao Complementary (Profits) Tax, and Singapore Income Tax has been made as the Group does not have assessable profits subject to Hong Kong Profits Tax, Macao Complementary (Profits) Tax and Singapore Income Tax during the year ended 31 December 2012 and 2011.
- (iii) In accordance with the relevant PRC corporate income tax laws, regulations and implementation guidance note, certain subsidiaries in Mainland China are entitled to tax concessions and tax relief whereby the profits of these subsidiaries are taxed at preferential income tax rates. Taxation of the Group’s subsidiaries in Mainland China are calculated using the applicable preferential income tax rates granted to these subsidiaries.
- (iv) According to the PRC Corporate Income Tax Law and its implementation rules, 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:

	2012 RMB'000	2011 RMB'000
Profit before taxation	1,729,510	2,160,080
Notional tax on profit before taxation, calculated at the applicable rates in the tax jurisdictions concerned	434,563	540,274
Tax effect of non-deductible expenses	28,706	33,042
Tax effect of non-taxable income	(2,248)	(9,924)
Tax effect of unused tax losses not recognised	874	5,202
Withholding tax on profits retained by PRC subsidiaries (note 5(a)(iv))	63,045	68,167
Effect of tax concessions (note 5(a)(iii))	(151,243)	(200,762)
Actual tax expense	373,697	435,999

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 2012						
Executive Directors						
Mr. Ding Shizhong	-	1,080	34	-	532	1,646
Mr. Ding Shijia	-	1,000	34	-	-	1,034
Mr. Lai Shixian	-	1,500	34	-	-	1,534
Mr. Wang Wenmo	-	1,000	34	-	-	1,034
Mr. Wu Yonghua	-	2,000	34	-	-	2,034
Mr. Zheng Jie	-	2,600	67	954	-	3,621
	-	9,180	237	954	532	10,903
Independent Non-Executive Directors						
Mr. Yeung Chi Tat	195	-	-	-	-	195
Mr. Lu Hong Te	130	-	-	-	-	130
Mr. Dai Zhongchuan	96	-	-	-	-	96
Total	421	9,180	237	954	532	11,324
Year ended 31 December 2011						
Executive Directors						
Mr. Ding Shizhong	-	1,080	23	-	654	1,757
Mr. Ding Shijia	-	1,000	23	-	-	1,023
Mr. Lai Shixian	-	1,500	23	-	-	1,523
Mr. Wang Wenmo	-	1,000	23	-	-	1,023
Mr. Wu Yonghua	-	2,000	23	-	-	2,023
Mr. Zheng Jie	-	2,600	62	1,757	78	4,497
	-	9,180	177	1,757	732	11,846
Independent Non-Executive Directors						
Mr. Yeung Chi Tat	199	-	-	-	-	199
Mr. Lu Hong Te	132	-	-	-	-	132
Mr. Dai Zhongchuan	96	-	-	-	-	96
Total	427	9,180	177	1,757	732	12,273

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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(Expressed in Renminbi unless otherwise indicated)

7. Individuals with Highest Emoluments

Of the 5 individuals with the highest emoluments, 1 (2011: 1) is also a Director of the Company whose emoluments are disclosed in note 6. The aggregate of the emoluments in respect of the remaining 4 (2011: 4) individuals are as follows:

	2012 RMB'000	2011 RMB'000
Salaries and other emoluments	7,964	5,798
Discretionary bonuses	1,297	2,746
Equity-settled share-based payments	1,069	2,847
Contributions to retirement benefit scheme	120	145
	10,450	11,536

The 4 (2011: 4) individuals include 1 (2011: 1) senior management that is not a Director of the Company.

The emoluments of the 4 (2011: 4) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2012	2011
RMB2,000,001 to RMB2,500,000	3	1
RMB2,500,001 to RMB3,000,000	-	2
RMB3,500,001 to RMB4,000,000	1	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 RMB1,358,701,000 (2011: RMB1,730,122,000) and the weighted average number of ordinary shares in issue during the year of 2,494,163,000 (2011: 2,493,974,000).

Weighted average number of ordinary shares

	2012 '000 Shares	2011 '000 Shares
Issued ordinary shares	2,494,163	2,493,833
Effect of share options exercised	-	141
Weighted average number of ordinary shares	2,494,163	2,493,974

(b) Diluted Earnings Per Share

The calculation of diluted earnings per share is based on the weighted average number of shares in issue adjusted 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)

	2012 '000 Shares	2011 '000 Shares
Weighted average number of ordinary shares	2,494,163	2,493,794
Effect of deemed issue of shares under the Company's share option schemes	3,649	6,454
Weighted average number of ordinary shares (diluted)	2,497,812	2,500,248

9. Profit Attributable to Equity Shareholders of the Company

The consolidated profit attributable to equity shareholders of the Company includes a profit of RMB955,079,000 (2011: RMB768,541,000) 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 2011	347,479	170,548	26,152	156,458	4,835	705,472
Additions	-	15,618	-	18,738	197	34,553
Transfer from construction in progress (note 11)	-	-	-	6,567	-	6,567
Disposals	-	(3,284)	(228)	(1,289)	-	(4,801)
As at 31 December 2011 and 1 January 2012	347,479	182,882	25,924	180,474	5,032	741,791
Additions	356	6,954	606	9,756	7,636	25,308
Acquisitions through business combinations (note 31)	148,688	19,502	1,268	1,446	-	170,904
Transfer from construction in progress (note 11)	214,799	-	-	95,182	-	309,981
Disposals	-	(1,173)	(323)	(11,629)	(2,415)	(15,540)
As at 31 December 2012	711,322	208,165	27,475	275,229	10,253	1,232,444
Accumulated depreciation:						
As at 1 January 2011	54,581	56,719	13,263	74,069	3,366	201,998
Charge for the year	15,854	15,658	3,691	32,755	1,518	69,476
Written back on disposals	-	(1,107)	(187)	(995)	-	(2,289)
As at 31 December 2011 and 1 January 2012	70,435	71,270	16,767	105,829	4,884	269,185
Charge for the year	25,554	21,125	3,021	24,692	2,961	77,353
Written back on disposals	-	(743)	(286)	(5,177)	(2,415)	(8,621)
As at 31 December 2012	95,989	91,652	19,502	125,344	5,430	337,917
Net book value:						
As at 31 December 2012	615,333	116,513	7,973	149,885	4,823	894,527
As at 31 December 2011	277,044	111,612	9,157	74,645	148	472,606

- (a) All of the Group's buildings and plant and machinery are located in the PRC.
- (b) As at 31 December 2012, buildings with carrying value amounting to RMB144,410,000 are still in process of updating the property ownership certificates.

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(Expressed in Renminbi unless otherwise indicated)

11. Construction in Progress

	The Group 2012 RMB'000	2011 RMB'000
As at 1 January	207,603	149,628
Additions	173,086	64,542
Transfer to property, plant and equipment (note 10)	(309,981)	(6,567)
Transfer to lease prepayments (note 12(a))	(47,717)	–
As at 31 December	22,991	207,603

Construction in progress represents land and 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 2012 RMB'000	2011 RMB'000
Cost:		
As at 1 January	39,949	39,949
Acquisitions through business combinations (note 31)	65,219	–
Transfer from construction in progress (note 11)	47,717	–
Transfer from prepayments for acquisition of land use rights (note 12(b))	13,251	–
As at 31 December	166,136	39,949
Accumulated amortisation:		
As at 1 January	4,913	4,114
Charge for the year	7,694	799
As at 31 December	12,607	4,913
Net book value:		
As at 31 December	153,529	35,036

- (i) Lease prepayments represent prepayments of land use rights premiums to the PRC authorities. The Group's leasehold land is located in the PRC, on which the manufacturing plants are built. The Group is granted land use rights for a period of 50 years.
- (ii) As at 31 December 2012, lease prepayments with carrying value amounting to RMB19,856,000 are still in process of updating the land use right certificates.

(b) Prepayments for Acquisition of Land Use Rights

	The Group 2012 RMB'000	2011 RMB'000
As at 1 January	96,715	42,807
Additions	67,953	53,908
Transfer to lease prepayments (note 12(a))	(13,251)	–
As at 31 December	151,417	96,715

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 ownership certificates are under application as at 31 December 2012.

13. Intangible Assets

	Computer software RMB'000	The Group Patents and trademarks RMB'000	Total RMB'000
Cost:			
As at 1 January 2011	71,402	482,380	553,782
Additions	28,737	–	28,737
As at 31 December 2011 and 1 January 2012	100,139	482,380	582,519
Additions	12,378	–	12,378
Acquisitions through business combinations (note 31)	–	671	671
As at 31 December 2012	112,517	483,051	595,568
Accumulated amortisation:			
As at 1 January 2011	6,434	15,999	22,433
Charge for the year	6,733	12,739	19,472
As at 31 December 2011 and 1 January 2012	13,167	28,738	41,905
Charge for the year	11,992	12,814	24,806
As at 31 December 2012	25,159	41,552	66,711
Net book value:			
As at 31 December 2012	87,358	441,499	528,857
As at 31 December 2011	86,972	453,642	540,614

The amortisation charge for the year is included in cost of sales, selling and distribution expenses and administrative expenses in the consolidated statement of 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 2012 are shown on pages 113 to 115.

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 2012 RMB'000	2011 RMB'000
Raw materials	92,542	112,306
Work in progress	91,730	104,445
Finished goods	503,132	401,379
	687,404	618,130

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

16. Inventories (Continued)

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	The Group 2012 RMB'000	2011 RMB'000
Carrying amount of inventories sold	4,639,127	5,142,370
Write down of inventories	90,515	-
	4,729,642	5,142,370

17. Trade and Other Receivables

	The Group		The Company	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Trade receivables	710,582	762,202	-	-
Less: Provision for doubtful debts	(44,338)	-	-	-
	666,244	762,202	-	-
Advance payments to suppliers	474,032	729,674	-	-
Deposits and other prepayments	76,221	102,753	352	358
Prepayment for construction costs	2,912	25,258	-	-
VAT deductible	110,180	73,103	-	-
Interest receivable	36,357	12,510	-	-
Other receivables	6,855	3,110	75	411
	1,372,801	1,708,610	427	769

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

	The Group 2012 RMB'000	2011 RMB'000
Current	621,908	727,525
Less than 3 months past due	81,289	31,187
Past due over 3 months	7,385	3,490
	710,582	762,202

17. Trade and Other Receivables (Continued)

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

	The Group 2012 RMB'000	2011 RMB'000
As at 1 January	–	–
Provision for doubtful debts	44,338	–
As at 31 December	44,338	–

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 2012, 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, which have been pledged as security for bank loans (see note 20).

Pledged bank deposits have been pledged as security for certain construction projects and a bank loan (see note 20).

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

	The Group		The Company	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Deposits with banks within three months to maturity when placed	3,449,160	2,106,373	74,180	133,805
Cash at bank and in hand	558,375	911,860	511	305
Cash and cash equivalents in the statements of financial position and consolidated statement of cash flows	4,007,535	3,018,233	74,691	134,110
Deposits with banks with more than three months to maturity when placed	980,000	1,410,000	–	–
	4,987,535	4,428,233	74,691	134,110

As at 31 December 2012, the balances that were placed with banks in the PRC amounted to RMB4,887,903,000 (2011: RMB4,277,918,000). Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

20. Bank Loans

The bank loans as at 31 December 2012 were denominated in Hong Kong dollar and Renminbi, secured by certain available-for-sale investments and a bank deposit (see note 18) and repayable within one year.

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21. Trade and Other Payables

	The Group		The Company	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Trade payables	633,292	574,639	-	-
Receipts in advance from customers	35,009	32,283	-	-
Accrued construction costs	31,665	1,595	-	-
VAT and other taxes payable	44,137	43,365	-	-
Accruals	927,815	754,878	-	-
Other payables	102,082	64,735	1,475	1,632
	1,774,000	1,471,495	1,475	1,632

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	
	2012 RMB'000	2011 RMB'000
Within 3 months	541,995	512,234
3 months to 6 months	48,642	17,307
Over 6 months	42,655	45,098
	633,292	574,639

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 rates of 14% to 22% 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\$25,000. 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 ("the Pre-IPO Option") whereby a Director and 37 employees of the Company were given the rights to subscribe for shares of the Company. The subscription price per share pursuant to the Pre-IPO Option is at a 20% discount to the global offering price.

Each option granted under the Pre-IPO Option has a vesting period of 3 years commencing from the date of listing of the Company on the Hong Kong Stock Exchange ("Listing Date") and the options are exercisable for a period of 10 years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

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

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

	2012		2011	
	Exercise price	Number of options '000 shares	Exercise price	Number of options '000 shares
Outstanding at the beginning of the year	HK\$4.224	10,362	HK\$4.224	10,692
Exercised during the year	HK\$4.224	–	HK\$4.224	(330)
Outstanding at the end of the year	HK\$4.224	10,362	HK\$4.224	10,362
Exercisable at the end of the year	HK\$4.224	10,362	HK\$4.224	10,362

No share options were exercised during the year. The weighted average share price at the date of exercise for share options exercised during 2011 was HK\$11.20.

The share options outstanding as at 31 December 2012 had an exercise price of HK\$4.224 (2011: HK\$4.224) and a weighted average remaining contractual life of 5 years (2011: 6 years).

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(Expressed in Renminbi unless otherwise indicated)

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

(b) Share Option Scheme

The Company also adopted a share option scheme (“the Share Option Scheme”) pursuant to the shareholders’ written resolution passed on 11 June 2007. Under the Share Option Scheme, the Directors are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at a consideration of HK\$1 to subscribe shares of the Company.

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, 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 and the options are exercisable within a period of 10 years. 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 the options in cash.

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

	Number of options (’000 shares)	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:

	2012		2011	
	Exercise price	Number of options '000 shares	Exercise price	Number of options '000 shares
Outstanding at the beginning of the year	HK\$16.20	24,610	HK\$16.20	32,120
Forfeited during the year	HK\$16.20	(3,046)	HK\$16.20	(7,510)
Outstanding at the end of the year	HK\$16.20	21,564	HK\$16.20	24,610
Exercisable at the end of the year	HK\$16.20	9,264	HK\$16.20	–

No share options were exercised during the year.

The options outstanding at 31 December 2012 had an exercise price of HK\$16.20 (2011: HK\$16.20) and a weighted average remaining contractual life of 8 years (2011: 9 years).

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.

(b) Deferred tax assets and liabilities recognised:

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

Deferred tax arising from:	The Group		
	Dividend withholding tax RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2011	118,784	(46,343)	72,441
Released upon distribution of dividends (note 5(a)(iv))	(54,667)	–	(54,667)
Charges/(credits) for the year (note 5(a))	68,167	(5,158)	63,009
As at 31 December 2011 and 1 January 2012	132,284	(51,501)	80,783
Released upon distribution of dividends (note 5(a)(iv))	(28,446)	–	(28,446)
Charges/(credits) for the year (note 5(a))	63,045	(99,647)	(36,602)
As at 31 December 2012	166,883	(151,148)	15,735

(c) Deferred tax assets not recognised:

As at 31 December 2012, certain subsidiaries of the Group have not recognised deferred tax assets in respect of cumulative tax losses carried forward of RMB90,380,000 (2011: RMB141,007,000) of which RMB6,926,000 (2011: RMB49,892,000) will expire within five 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 2012, temporary differences relating to the undistributed profits of certain subsidiaries of the Group in the Mainland China amounted to RMB2,690,740,000 (2011: RMB2,408,495,000). Deferred tax liabilities of RMB134,537,000 (2011: RMB120,425,000) 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 Mainland China and the Directors have determined that these profits are not likely to be distributed in the foreseeable future.

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25. Share Capital

	Par value HK\$	Number of shares '000	Nominal value of ordinary HK\$'000
Authorised:			
As at 31 December 2011 and 2012	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
<i>Issued and fully paid:</i>				
As at 1 January 2011	0.10	2,493,833	249,383	241,991
Shares issued pursuant to Pre-IPO share option scheme	0.10	330	33	28
As at 31 December 2011, 1 January 2012 and 31 December 2012	0.10	2,494,163	249,416	242,019

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, no options that were issued pursuant to the Company's share option schemes (note 23) were exercised. During the year ended 31 December 2011, option was exercised to subscribe for 330,000 ordinary shares in the Company at a consideration of RMB1,156,000 of which RMB28,000 was credited to share capital and the balance of RMB1,128,000 was credited to the share premium account. RMB41,000 has been transferred from the share-based compensation reserve to the share premium account. 3,046,000 options (2011: 7,510,000) lapsed during the year. As at 31 December 2012, the total number of shares which may be issued upon the exercise of all options outstanding from the Company's Pre-IPO share option scheme and Share Option Scheme is 31,926,000 (2011: 34,972,000).

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 2011		1,145,317	141,029	335,450	(292,462)	18,033	4,088,673	5,436,040
Profit for the year		-	-	-	-	-	1,730,122	1,730,122
Other comprehensive income		-	-	-	(22,970)	-	-	(22,970)
Total comprehensive income		-	-	-	(22,970)	-	1,730,122	1,707,152
Dividends approved in respect of the previous year	27(b)	(523,651)	-	-	-	-	-	(523,651)
Dividends declared in respect of the current year	27(a)	(287,700)	-	-	-	-	(243,510)	(531,210)
Shares issued pursuant to Pre-IPO share option scheme	25	1,169	-	-	-	(41)	-	1,128
Appropriation to statutory reserve	26(c)	-	-	75,493	-	-	(75,493)	-
Equity-settled share-based payments	26(e)	-	-	-	-	40,412	-	40,412
As at 31 December 2011 and 1 January 2012		335,135	141,029	410,943	(315,432)	58,404	5,499,792	6,129,871
Profit for the year		-	-	-	-	-	1,358,701	1,358,701
Other comprehensive income		-	-	-	2,822	-	-	2,822
Total comprehensive income		-	-	-	2,822	-	1,358,701	1,361,523
Dividends approved in respect of the previous year	27(b)	-	-	-	-	-	(526,697)	(526,697)
Dividends declared in respect of the current year	27(a)	-	-	-	-	-	(468,851)	(468,851)
Appropriation to statutory reserve	26(c)	-	-	28,904	-	-	(28,904)	-
Equity-settled share-based payments	26(e)	-	-	-	-	14,375	-	14,375
As at 31 December 2012		335,135	141,029	439,847	(312,610)	72,779	5,834,041	6,510,221

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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 2011		1,145,317	(359,845)	18,033	99,593	903,098
Profit for the year	9	-	-	-	768,541	768,541
Other comprehensive income		-	(30,370)	-	-	(30,370)
Total comprehensive income		-	(30,370)	-	768,541	738,171
Dividends approved in respect of the previous year	27(b)	(523,651)	-	-	-	(523,651)
Dividends declared in respect of the current year	27(a)	(287,700)	-	-	(243,510)	(531,210)
Shares issued pursuant to Pre-IPO share option scheme	25	1,169	-	(41)	-	1,128
Equity-settled share-based payments	26(e)	-	-	40,412	-	40,412
As at 31 December 2011 and 1 January 2012		335,135	(390,215)	58,404	624,624	627,948
Profit for the year	9	-	-	-	955,079	955,079
Other comprehensive income		-	4,756	-	-	4,756
Total comprehensive income		-	4,756	-	955,079	959,835
Dividends approved in respect of the previous year	27(b)	-	-	-	(526,697)	(526,697)
Dividends declared in respect of the current year	27(a)	-	-	-	(468,851)	(468,851)
Equity-settled share-based payments	26(e)	-	-	14,375	-	14,375
As at 31 December 2012		335,135	(385,459)	72,779	584,155	606,610

(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 2012 was HK\$710,185,000 (2011: HK\$754,303,000).

(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 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.

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.

(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 shareholders' equity 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:

	2012 RMB'000	2011 RMB'000
Interim dividend declared and paid of HK23 cents per ordinary share (2011: HK26 cents per ordinary share)	468,851	531,210
Final dividend proposed after the end of the reporting period of HK17 cents per ordinary share (2011: HK26 cents per ordinary share)	343,277	525,725
Special dividend proposed after the end of the reporting period of HK8 cents per ordinary share (2011: Nil)	161,542	–
	973,670	1,056,935

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.

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(Expressed in Renminbi unless otherwise indicated)

27. Dividends (Continued)

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

	2012 RMB'000	2011 RMB'000
Final dividend in respect of the financial year ended 31 December 2011, approved and paid during the year, of HK26 cents per ordinary share (2010: HK25 cents per ordinary share)	526,697	523,651

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 and deposits with banks. 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, 6% (2011: 8%) and 23% (2011: 34%) 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.

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 investment of cash surplus and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

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				Total RMB'000	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		
As at 31 December 2012						
Bank loans	1,008,877	-	-	-	1,008,877	996,502
Trade and other payables	1,774,000	-	-	-	1,774,000	1,774,000
Amount due to a related party	2,430	-	-	-	2,430	2,430
Long-term payable to non-controlling interests	-	3,795	11,384	75,890	91,069	38,565
	2,785,307	3,795	11,384	75,890	2,876,376	2,811,497
As at 31 December 2011						
Trade and other payables	1,471,495	-	-	-	1,471,495	1,471,495
Amount due to a related party	1,900	-	-	-	1,900	1,900
Long-term payable to non-controlling interests	-	3,794	11,382	79,677	94,853	39,109
	1,473,395	3,794	11,382	79,677	1,568,248	1,512,504

The Company

	2012			2011		Carrying amount on statement of financial position RMB'000
	Within 1 year or on demand RMB'000	Total RMB'000	Carrying amount on statement of financial position RMB'000	Within 1 year or on demand RMB'000	Total RMB'000	
Other payables and accruals	1,475	1,475	1,475	1,632	1,632	1,632

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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 bank deposits 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		2011	
	2012 Effective interest rate	RMB'000	Effective interest rate	RMB'000
Financial assets				
Fixed rate instruments:				
Other current financial assets	4.20%~5.85%	830,000	–	–
Pledged deposits	2.90%~3.24%	224,734	3.05%~3.24%	14,734
Bank deposits	0.30%~4.75%	4,429,160	1.49%~4.40%	3,516,373
Bank loans	2.15%~3.90%	(996,502)	–	–
		4,487,392		3,531,107
Variable rate instruments:				
Cash at bank and in hand	0.01%	558,375	0.01%	911,860
		558,375		911,860
Total instruments		5,045,767		4,442,967
Fixed rate instruments as a percentage of total instruments		89%		79%

	The Company		2011	
	2012 Effective interest rate	RMB'000	Effective interest rate	RMB'000
Financial assets				
Fixed rate instruments:				
Bank deposits	0.30%~0.95%	74,180	1.49%-1.60%	133,805
		74,180		133,805
Variable rate instruments:				
Cash at bank and in hand	0.01%	511	0.01%	305
		511		305
Total instruments		74,691		134,110
Fixed rate instruments as a percentage of total instruments		99%		99%

28. Financial Risk Management and Fair Values (Continued)

(c) Interest Rate Risk (Continued)

(ii) Sensitivity Analysis

As at 31 December 2012, 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 tax and retained profit for the year by approximately RMB33,434,000 (2011: RMB38,113,000). Other components of consolidated equity would not be affected (2011: 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 tax (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 2011.

(d) Currency Risk

The Group is exposed to currency risk primarily through contractual obligations, bank deposits, amounts due to intermediate holding company 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)			
	2012 Hong Kong Dollars RMB'000	2012 United States Dollars RMB'000	2011 Hong Kong Dollars RMB'000	2011 United States Dollars RMB'000
Cash and cash equivalents	1,276	2,205	178	459
Trade and other receivables	3	3,898	3	3,587
Amount due to intermediate holding company	-	-	(16,214)	-
Trade and other payables	-	(11,667)	(41)	(9,086)
Long-term payable to non-controlling interests	-	(38,565)	-	(39,109)
Net exposure to currency risk	1,279	(44,129)	(16,074)	(44,149)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

28. Financial Risk Management and Fair Values (Continued)

(d) Currency Risk (Continued)

(ii) Sensitivity Analysis

The following table indicates the instantaneous change in the Group's profit after tax (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 %	2012 Effect on profit after tax and retained profits RMB'000	Effect on other components of equity RMB'000	Increase/ (decrease) in foreign exchange rates in %	2011 Effect on profit after tax and retained profits RMB'000	Effect on other components of equity RMB'000
Hong Kong dollars	5 (5)	64 (64)	(16,707) 16,707	5 (5)	(683) 683	– –
United States dollars	5 (5)	(2,448) 2,448	242 (242)	5 (5)	(2,208) 2,208	– –

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 tax and 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 2011.

(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 historically 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 2012 except that the fair value of the long-term payable to non-controlling interests is approximately RMB43,000,000 (2011: RMB46,000,000), which is estimated using the expected future payments discounted at prevailing market interest rate as at the end of the reporting period.

29. Commitments

(a) Operating Leases

As at 31 December 2012, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2012 RMB'000	2011 RMB'000
Within 1 year	55,646	42,322
After 1 year but within 5 years	43,310	32,266
After 5 years	–	1,120
	98,956	75,708

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 2012 not provided for in the financial statements were as follows:

	2012 RMB'000	2011 RMB'000
Contracted for	207,833	50,472
Authorised but not contracted for	104,161	197,634
	311,994	248,106

30. Material Related Party Transactions

(a) Transactions with a Related Party

During the year ended 31 December 2012, the Group purchased raw materials from Quanzhou Anda Packaging Co., Ltd (“Quanzhou Anda”) totalling RMB20,317,000 (2011: RMB20,570,000). The Directors of the Company are of the opinion that such purchases were conducted on normal commercial terms and in the ordinary course of business.

(b) Balance with a Related Party

As at the end of the reporting period, trade balance due to Quanzhou Anda amounted to RMB2,430,000 (2011: RMB1,900,000). The amount due to Quanzhou Anda is unsecured, interest free and is 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 as disclosed in note 6 and certain of the highest paid employees as disclosed in note 7, is as follows:

	2012 RMB'000	2011 RMB'000
Short-term employee benefits	11,548	11,921
Equity-settled share-based payments	1,431	2,636
	12,979	14,557

Total remuneration is included in “staff costs” (see note 4(a)).

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31. Acquisition of Subsidiaries

Acquisition of HQ Business

Effective on 1 July 2012, the Group acquired the entire interest in Dongyida Light Industry Development Co., Limited Quanzhou and Chenfeng (Fujian) Material Supply Co., Limited and a 55% equity interest in Quanzhou Athletic Shoes & Garments Co., Limited (collectively "HQ Business") from their respective owners. The principal activities of Dongyida Light Industry Development Co., Limited Quanzhou and Chenfeng (Fujian) Material Supply Co., Limited are manufacturing of shoe sole in PRC. The principal activities of Quanzhou Athletic Shoes & Garments Co., Limited are manufacturing and trading of sporting goods in PRC.

HQ Business contributed turnover of RMB23,484,000 and incurred a loss of RMB602,000 to the Group for the period from 1 July 2012 to 31 December 2012. If the acquisition had occurred on 1 January 2012, the Group's turnover would have been approximately RMB7,643,644,000, and profit for the year would have been approximately RMB1,381,657,000.

The fair value of assets acquired and liabilities assumed as at the acquisition date are as follows:

	RMB'000
Property, plant and equipment (note 10)	170,904
Lease prepayments (note 12(a))	65,219
Intangible assets (note 13)	671
Inventories	57,338
Trade and other receivables	11,424
Cash and cash equivalents	187,932
Trade and other payables	(16,184)
Loan from the vendor of HQ Business (See below)	(85,356)
Current taxation	(1,194)
Net identifiable assets	390,754
Non-controlling interests	(136,694)
Consideration	254,060
Satisfied by:	
Purchase consideration settled/to be settled in cash	254,060
Net cash outflow on acquisition:	
Purchase consideration	254,060
Cash and cash equivalents acquired	(187,932)
Settlement of Loan from the vendor of HQ Business (See above)	85,356
Net cash outflow on acquisition (note)	151,484

Note: As at 31 December 2012, RMB136,317,000 out of RMB151,484,000 has been settled.

32. Significant Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical 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 consolidated financial statements. Other than the assumptions relating to the valuation of fair value of share options granted as set forth in note 23, the Group believes the following critical accounting policies involve the most significant estimates and judgements used in the preparation of the consolidated 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.

(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 35 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.

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33. Revised IFRSs

The IASB has issued a few amendments to International Financial Reporting Standards (“IFRSs”) that are first effective for the current accounting period of the Group. None of the developments are relevant to the Group’s financial statements.

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

34. 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.

35. Possible Impact of Amendments, New Standards and Interpretations Issued But Not Yet Effective for the Year Ended 31 December 2012

Up to the date of issue of these consolidated financial statements, the IASB has issued a number of amendments and interpretations and new standards which are not yet effective for the year ended 31 December 2012 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group:

		Effective for accounting periods beginning on or after
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
IAS 27	Separate financial statements (2011)	1 January 2013
Revised IAS 19	Employee benefits	1 January 2013
IFRS 9	Financial Instruments	1 January 2015

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.

36. Immediate and Ultimate Holding Company

The Directors consider the immediate and ultimate holding company of the Company as at 31 December 2012 to be Anta International Group Holdings Limited, which is incorporated in the BVI. This entity does not produce financial statements available for public use.

37. Approval of the Consolidated Financial Statements

The consolidated financial statements were approved and authorised for issue by the Board on 25 February 2013.

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 consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and related Interpretations, promulgated by the International Accounting Standards Board (“IASB”).

These consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and 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 2012 comprise the Company and its subsidiaries. The consolidated financial statements are presented in Renminbi (RMB), rounded to the nearest thousand, and are prepared on the historical cost basis except that the financial assets at fair value through profit or loss are stated at their fair value as explained in (L) below.

The preparation of the consolidated 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 consolidated financial statements and estimates with major sources of estimation uncertainty are discussed in note 32.

(C) Basis of Consolidation

The consolidated financial statements for the year ended 31 December 2012 include the financial statements of the Company and its subsidiaries.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

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 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.

SIGNIFICANT ACCOUNTING POLICIES

(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 jointly controlled entity.

In the statement of financial position, 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 5-10 years
- Motor vehicles 5 years
- Furniture and fixtures 3-10 years
- Retail outlets leasehold improvements 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.

(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 Investments in Equity Securities and Trade and Other Receivables

Investments in equity 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.

SIGNIFICANT ACCOUNTING POLICIES

(J) Impairment of Assets (Continued)

(i) Impairment of Investments in Equity Securities 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 recognised in profit or loss in respect of available-for-sale investments are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

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.

(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, the cumulative gain or loss is transferred from equity to profit or loss.

(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 on 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.

SIGNIFICANT ACCOUNTING POLICIES

(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 the 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.

- (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.

SIGNIFICANT ACCOUNTING POLICIES

(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.

(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 and fully paid up/ registered capital	Attributable equity interest		Principal activities
			Direct	Indirect	
Anta Enterprise Group Limited ("Anta Enterprise")	BVI/Hong Kong	USD10,000/ USD50,000	100%	–	Investment holding
Motive Force Sports Products Limited ("Motive Force")	BVI/Hong Kong	USD10,000/ USD50,000	100%	–	Investment holding
Anda International Investment Limited ("Anda Int'l Inv")	Hong Kong	HKD1,000,000/ HKD1,000,000	–	100%	Investment holding
ANTA International Limited ("ANTA Int'l")	Hong Kong	HKD1/HKD10,000	–	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	HKD600,000,000/ HKD600,000,000	–	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	HKD80,000,000/ HKD80,000,000	–	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	HKD50,000,000/ HKD50,000,000	–	100%	Manufacturing of sporting goods
安踏(泉州)體育用品有限公司 (「安踏泉州」) ANTA (Quanzhou) Sports Products Limited ("ANTA Quanzhou") (Notes (i) and (iii))	PRC	HKD100,000,000/ HKD100,000,000	–	100%	Manufacturing 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	HKD300,000,000/ HKD300,000,000	–	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/ 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/ RMB10,000,000	–	100%	Trading of sporting goods

PRINCIPAL SUBSIDIARIES

Name of company	Place of incorporation/ operation	Issued and fully paid up/ registered 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/ 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/ 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/ RMB50,000,000	–	100%	Trading of sporting goods
泉州安踏鞋材有限公司 (「鞋材」) Quanzhou ANTA Material Supply Limited ("Material Supply") (Notes (ii) and (iii))	PRC	RMB10,000,000/ RMB10,000,000	–	100%	Manufacturing of shoe sole
泉州東禕達輕工發展有限公司 (「東禕達」) Dongyida Light Industry Development Co., Limited Quanzhou ("Dongyida") (Note (ii) and (iii))	PRC	HKD3,680,000/ HKD3,680,000	–	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/ RMB49,626,900	–	100%	Manufacturing of shoe sole
Fila Marketing (Hong Kong) Limited ("Fila Marketing")	Hong Kong	HKD79,800,000/ HKD79,800,000	–	100%	Retailing of sporting goods
Fila (Macao) Limited ("Fila Macao")	Macao	MOP25,000/ MOP25,000	–	100%	Retailing of sporting goods
Full Prospect Limited ("Full Prospect")	Cayman Islands/ Hong Kong	USD100/ USD50,000	–	85%	Investment holding
Full Prospect (IP) PTE Ltd ("Full Prospect IP")	Singapore/ Hong Kong	USD200,000/ USD200,000	–	85%	Trademark holding
Speed Benefit Limited ("Speed Benefit")	Hong Kong	HKD1,000,000/ HKD1,000,000	–	85%	Investment holding

Name of company	Place of incorporation/ operation	Issued and fully paid up/ registered capital	Attributable equity interest		Principal activities
			Direct	Indirect	
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/ 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/ 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/ 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

Anda Holdings

Anda Holdings International Limited

Anda Investments

Anda Investments Capital Limited

ANTA

ANTA Brand

Anta International

Anta International Group Holdings Limited

ANTA Sports/ Company

ANTA Sports Products Limited

ANTA store(s)

ANTA authorised retail store(s)

ASP/Average Selling Price

Sales amount divided by sales quantity

Board

The Board of Directors of the Company

BVI

The British Virgin Islands

CBA

Chinese Basketball Association

CCTV

China Central Television

China/PRC

People's Republic of China

CNAS

China National Accreditation Service for Conformity Assessment

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

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

HQ Business

Entire interest in Dongyida, Chenfeng and 55% equity interest in Athletic

Independent Non-Executive Directors

Independent non-executive directors of the Company

IOC

International Olympic Committee

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

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

Sports Lifestyle series

ANTA's trendy leisure sportswear products for consumers aged between 15 and 28

TVC

Television Commercial

Year

The year ended 31 December 2012

INVESTORS INFORMATION

Share Information

Listing Day: 10 July 2007
Board lot size: 1,000 shares
Numbers of shares in outstanding: 2,494,163,000 shares
(As at 31 December 2012)

Stock Codes

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

Dividends

HK cents	2008	2009	2010	2011	2012
Interim dividend	10	12	20	26	23
Final dividend	10	12	25	26	17
Special dividend	8	11	-	-	8

Important Dates

25 February 2013 Annual results announcement
9 April 2013 Annual general meeting
15 April 2013 4:30 p.m. Record date of 2012 final dividend and special dividend
On or about 25 April 2013 Payment date of 2012 final dividend and special dividend
31 December 2013 Financial year end date of 2013

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 11 years, our footwear has been enjoying a leading position in China composed index on market share.

IR Contacts

If you have any inquiries, please contact:

IR 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
IR 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



www.anta.com

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the consolidated financial statements for the year ended 31 December 2012.

DIVIDENDS

The Board recommend the payment of a final dividend of HK17 cents per ordinary share and a special dividend of HK8 cents per ordinary share in respect of the year ended 31 December 2012 subject to the approval of the shareholders at the forthcoming annual general meeting. The proposed final dividend and special dividend will be payable on or about Thursday, 25 April 2013 to shareholders whose names appear on the register of members of the Company as at 4:30 p.m. on Monday, 15 April 2013.

ANNUAL GENERAL MEETING (“AGM”)

The AGM of the Company will be held in Hong Kong on Tuesday, 9 April 2013. Notice of the AGM will be issued and disseminated to shareholders in due course.

BOOK CLOSURE

The transfer books and register of members of the Company will be closed from Thursday, 4 April 2013, to Tuesday, 9 April 2013, both days inclusive, during which period no transfer of shares will be effect. In order to qualify for attending the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 3 April 2013.

PUBLICATION OF RESULTS ANNOUNCEMENT

This annual results announcement is available for viewing on the websites of The Stock Exchange of Hong Kong Limited at <http://www.hkexnews.hk> and the Company’s website at ir.anta.com.

By Order of the Board
ANTA Sports Products Limited
Ling Shing Ping
Company Secretary

Hong Kong, 25 February 2013

As at the date of this announcement, the executive Directors are Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian, Mr. Wang Wenmo, Mr. Wu Yonghua and Mr. Zheng Jie; and the independent non-executive Directors are Mr. Yeung Chi Tat, Mr. Lu Hong Te and Mr. Dai Zhongchuan.